

STAND. COM. REP. NO.

568

Honolulu, Hawaii

, 2023

**FEB 16**

RE: H.B. No. 1203

H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Labor & Government Operations, to which was referred H.B. No. 1203 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish an employer child care tax credit for employers who provide or sponsor approved child care.

Your Committee received testimony in support of this measure from the Chamber of Commerce Hawaii, Hawai'i Women Lawyers, Maui Chamber of Commerce, and one individual. Your Committee received comments on this measure from the Department of Taxation, Department of Human Services, and Tax Foundation of Hawaii.

Your Committee finds that the State would benefit from supporting businesses that support the child care needs of the State's workforce. Your Committee further finds that companies that offer child care benefits may see increased employee retention and loyalty, improved productivity, and a better work environment. This measure creates tax incentives for employers willing to invest in the well-being of their employees by providing or sponsoring approved child care.

Your Committee has amended this measure by:

2023-1704 HB1203 HD1 HSCR HMSO



- (1) Deleting the provision making the child care tax credit refundable if it exceeds the taxpayer's net income tax liability;
- (2) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1203, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1203, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Labor & Government  
Operations,



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SCOT Z. MATAYOSHI, Chair



