

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

House Committee on Human Services

Thursday, February 1, 2024

9:00 a.m.

State Capitol, Conference Room 329 and Videoconference

In Support of Intent

H.B. No. 1776 Relating to the Household and Dependent Care Services Tax Credit

Chair Marten, Vice Chair Amato, and members of the House Committee on Human Services.

The Office of the Governor supports the intent of H.B. No. 1776, Relating to the Household and Dependent Care Services Tax Credit. This bill increases the taxpayer's applicable percentage of employment-related expenses.

The Governor is in strong support of proposals that would be directed at helping Asset Limited, Income Constrained, Employed (ALICE) households. With our recent rises in inflation many families are struggling. As such, the relief proposed in this bill would be a welcome approach.

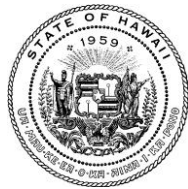
The Office of the Governor prefers the language on H.B. No. 2404 (administration bill) Relating to Income Tax as the administration bill is more comprehensive and extensive. H.B. No. 2404 will provide support for working families paying for daycare, babysitting, summer camps, after-school care, and dependent care. This tax credit will also provide relief for working families and help reduce the choice families may face in deciding whether to start a family or invest in a career.

Hawaii has the highest cost of living in the country at nearly twice the national average and our high cost of living is hurting families and individuals and our community well-being. The high cost of living in the State has made it extremely difficult for working families to afford necessities.

Thank you for the opportunity to provide testimony on this measure.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 1776, Relating to the Household and Dependent Care Services Tax Credit.

BEFORE THE:

House Committee on Human Services

DATE: Thursday, February 01, 2024

TIME: 9:00 a.m.

LOCATION: State Capitol, Room 329

Chair Marten, Vice-Chair Amato, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding H.B. 1776 for your consideration.

H.B. 1776 amends the household and dependent care services tax credit under section 235-55.6, Hawaii Revised Statutes (HRS), by increasing the applicable percentage of employment-related expenses that may be claimed by taxpayers for credit purposes. The current applicable percentages based on income brackets would be replaced with a set percentage of fifty per cent, to be reduced by one percentage point for every \$3,000 (or fraction thereof) that the taxpayer's income exceeds the threshold amount of \$150,000. The bill also empowers the Director of Taxation to annually recompute the threshold amount using a new "cost-of-living adjustment factor," and adds a definition of that term to section 235-1, HRS. The new cost-of-living adjustment factor will be calculated by adding 1.0 to the percentage change in the Consumer Price Index published annually by the U.S. Department of Labor.

The bill also adds a provision to the credit instituting disallowance periods of ten taxable years for an administrative or judicial decision that the taxpayer's claim was fraudulent, and two taxable years for an administrative or judicial decision to disallow the taxpayer's claim for credit. This measure would apply to taxable years beginning after December 31, 2023, and repeal on June 30, 2029.

The Department notes that if the Legislature wishes to expand the household and dependent care services tax credit, the Department prefers the more comprehensive changes proposed by H.B. 2404, an Administration measure.

Crucially, H.B. 1776's cost-of-living adjustment factor, as currently drafted, would not function properly. Should the Committee wish to advance this measure, the Department requests that the current language in section 2 be amended as follows:

"Cost-of-living adjustment factor" means a factor calculated by adding 1.0 to the quotient of the percent[age] change in the Urban Hawaii Consumer Price Index for all items divided by 100, as published by the United States Department of Labor, from July of the preceding calendar year to July of the current calendar year; provided that, if the Urban Hawaii Consumer Price Index is discontinued, the Chained Consumer Price Index for All Urban Consumers, as published by the United States Department of Labor, shall be used to calculate the cost-of-living adjustment factor."

The Department also recommends amending the proposed annual threshold amount recalculation language in section 235-55.6(a)(3)(B), HRS, to read as follows:

For each taxable year beginning after December 31, 2024, the director of taxation, no later than December 15 of the preceding calendar year, shall recompute the threshold amount by multiplying the dollar amount for the preceding taxable year by the cost-of-living adjustment factor, if the cost-of-living adjustment factor is greater than [~~zero~~] 1.0, and rounding off the resulting product to the nearest \$1. If the cost-of-living adjustment factor is less than or equal to [~~zero~~] 1.0 in a given year, then no adjustment will occur in the following year.

Thank you for the opportunity to provide comments on this measure.

Aloha Legislators:

The Hawai'i Association of School Psychologists supports **HB1776**. This measure represents a critical investment in working families, providing much-needed relief for the costs associated with child and dependent care services while also stimulating economic growth and workforce participation.

The household and dependent care services tax credit plays a vital role in supporting working families by helping to offset the expenses associated with child care, elder care, and other dependent care services. However, as the costs of these services continue to rise, many families find themselves struggling to afford quality care while also meeting their other financial obligations. By increasing the applicable percentage of employment-related expenses eligible for the tax credit, this legislation will provide meaningful relief to families facing these challenges, allowing them to better afford the care they need for their loved ones while also reducing financial strain.

Moreover, the temporary nature of the increase for a period of five years is a prudent and strategic approach to addressing the immediate needs of families while also allowing for flexibility and adaptability in the tax code. This temporary boost in the tax credit will provide immediate relief to families during a period of economic uncertainty, while also allowing policymakers to evaluate the effectiveness of the measure and make any necessary adjustments in the future.

Additionally, increasing the applicable percentage of employment-related expenses eligible for the tax credit will have positive ripple effects throughout the economy. By reducing the financial burden on working families, the legislation will help to increase workforce participation, particularly among women who are disproportionately affected by the high cost of child care. This, in turn, will stimulate economic growth and productivity, as more individuals are able to fully participate in the workforce without being hindered by the lack of affordable child and dependent care options.

In conclusion, I urge you to support the proposed legislation to increase a taxpayer's applicable percentage of employment-related expenses eligible for the household and dependent care services tax credit for a period of five years. By providing much-needed relief to working families and stimulating economic growth, this measure will have far-reaching benefits for individuals, families, and communities across our state. Thank you for your attention to this important issue.

Respectfully Submitted:

Alec Marentic, Ed.S., NCSP

HASP, Legislative Chair



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 1776: RE HOUSEHOLD AND DEPENDENT CARE SERVICES TAX CREDIT

TO: House Committee on Human Services

FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawaii

Hearing: **Thursday, 2/1/24; 9:00 AM; via Videoconference or Room 329**

Chair Marten, Vice Chair Amato, and Members, Committee on Human Services:

Thank you for the opportunity to provide testimony in **Support of HB 1776**, which increases a taxpayer's applicable percentage of employment-related expenses that may be claimed for the household and dependent care services tax credit for 5 years. I am Rob Van Tassell with Catholic Charities Hawaii.

Catholic Charities Hawaii (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawaii for over 75 years. CCH has programs serving elders, children, families, homeless and immigrants. Our mission is to provide services and advocacy to the most vulnerable of the people in Hawaii. This bill is one of our economic justice priorities.

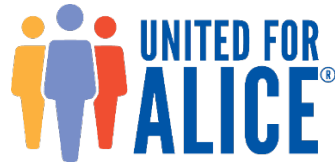
This bill is an important addition to a tax credit that will help many more families than a similar bill in 2023. At that time, the Legislature estimated that the 2023 bill would provide \$47,000,000 in tax relief. Unfortunately, the Department of Taxation later estimated the cost of the provisions of Act 163 relating to the household and dependent care services tax credit at only about \$9,500,000. This discrepancy can be rectified by amending the tax credit to increase the percentage of child and dependent care expenses for which the credit may be applied, thereby fulfilling the legislature's original intent for Act 163.

This is a critical change to help families struggling with the very high cost for child care as well as dependent care in our state. Many of the vulnerable in Hawaii are the working poor as well as the ALICE population. They are working hard, often with more than one job, but due to our high cost of living, they struggle to make ends meet. This tax credit will help with the child care they must pay in order to work. The tax credit for dependent care services also will assist families to continue to take care of their ohana without giving up their jobs to meet these needs. Finding child care or dependent care services is hard, and paying for them puts a big dent in many families' budgets.

We urge you to amend this tax credit to fulfill the Legislature's original intent.

If you have any questions, please contact our Legislative Liaison, Betty Lou Larson at (808) 527-4813.





COMMITTEE ON HUMAN SERVICES

BILL HB1776
POSITION: SUPPORT

Hearing Date: February 1, 2024

Aloha Chair Marten, Vice Chair Amato, and Committee Members:

Aloha United Way supports HB1776, which increases a taxpayer's applicable percentage of employment-related expenses that may be claimed for the household and dependent care services tax credit for five years.

Child and dependent care remain one of the largest cost burdens for Hawai'i families after housing, and yet it remains a crucial expense should parents and guardians require care to continue work outside the home. Hawaii already has the highest cost of living in the nation and imposes one of the highest tax burdens on low-income households, and we urge you to pass this bill and support Hawaii's working families, including ALICE households.

ALICE stands for Asset Limited, Income Constrained, Employed, and refers to households who are employed but whose incomes are not sufficient to meet their basic costs. According to our 2022 report an estimated **44% of Hawaii's households are ALICE households**, with an increasing number falling into poverty. Most ALICE households, 54%, have children that require care.

Tax credits like HB1776 have been shown to be one of the most effective tools policy makers have to decrease poverty and stabilize families. This tax credit will go a long way to helping ALICE families continue to live and work in Hawaii and will put a meaningful amount of money back into the pockets of working families to cover increasing childcare, housing, and food costs.

Thank you for the opportunity to testify and for your action to support ALICE families and the non-profit programs working to improve financial stability in Hawaii. We urge you to pass HB1776.

Sincerely,

Handwritten signature of Kayla Keehu-Alexander in black ink.

Kayla Keehu- Alexander
Vice President, Community Impact
Aloha United Way

Handwritten signature of Suzanne Skjold in blue ink.

Suzanne Skjold
Chief Operating Officer
Aloha United Way

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME TAX; Household and Dependent Care Services; Tax Credit

BILL NUMBER: HB 1776

INTRODUCED BY: SAIKI, AMATO, BELATTI, CHUN, COCHRAN, EVSLIN, GARRETT, HUSSEY-BURDICK, ICHiyAMA, KAHALOA, KAPELA, KITAGAWA, LAMOSAO, LOWEN, MARTEN, MATAYOSHI, MIYAKE, MORIKAWA, NAKASHIMA, NISHIMOTO, PERRUSO, PIERICK, TAKAYAMA, TAKENOUCI, TAM, TARNAS (Keiki Caucus)

EXECUTIVE SUMMARY: Increases a taxpayer's applicable percentage of employment-related expenses that may be claimed for the household and dependent care services tax credit for five years.

SYNOPSIS: Adds a new definition to HRS section 235-1 of “Cost-of-living adjustment factor” as a factor calculated by adding 1.0 to the percentage change in the Urban Hawaii Consumer Price Index for all items, as published by the United States Department of Labor, from July of the prior calendar year to July of the current calendar year; provided that if the Urban Hawaii Consumer Price Index is discontinued, the Chained Consumer Price Index for all urban areas for all items, as published by the United States Department of Labor, shall be used to calculate the cost-of-living adjustment factor.

Amends section 235-55.6, HRS (credit for expenses for household and dependent care services necessary for gainful employment), to change the applicable percentage to 50% minus one percentage point for each \$3,000 or fraction thereof by which the taxpayer’s AGI exceeds the threshold amount, with a floor of 25%. The threshold amount is \$150,000 initially, and is annually adjusted by the cost-of-living adjustment factor described above. The limit on expenses is increased to \$10,000 for one qualifying individual or \$20,000 for two or more qualifying individuals. There is also an earned income limitation that is not changed by the bill.

Also adds a debarment period of: (1) 2 years if the taxpayer’s claim for this credit is disallowed, or (2) 10 years if the taxpayer’s claim for this credit is disallowed due to fraud.

EFFECTIVE DATE: Upon approval, shall applicable to taxable years beginning after December 31, 2023; sunset date June 30, 2029.

STAFF COMMENTS: While it appears that this measure proposes tax relief to lower income taxpayers, consideration should be given to adjusting the income tax rates or the threshold amounts so those taxpayers that these credits are aimed to help will not need to claim these credits to get tax relief (or forfeit the credits if they fail to do so).

We in Hawaii have several disparate programs and tax credits aimed at poverty relief. This measure adjusts two of them: tax credit allowed to household renters (HRS section 235-55.7) and credit for those with dependent care expenses necessary for gainful employment (HRS

section 235-55.6). Other credits that fall into this category are the food/excise tax credit (HRS section 235-55.85) and the earned income tax credit (HRS section 235-55.75). Many of these credits have non-duplication provisions and all have strict time limits on when they may be claimed upon pain of credit forfeiture. Apparently, lawmakers of the past had many different ideas on how to address the problem of poverty in Paradise but couldn't figure out which program to go with, so they adopted them all. The principal disadvantage of this is that people can and do get confused over which credits they can and can't claim, and as a result are exposed to credit disallowance, penalties, and other undesirable consequences. We note that this bill appears to make the two credits affected somewhat more complex than the table lookups provided for in existing law. Woe be to any taxpayer who is attempting to claim either or both of these credits without a computer!

Now, we simply can't afford tax credits and business as usual. Yes, we need to help those who need it, but the shotgun style used in the past has not produced results. Perhaps a better approach would be lopping off the income tax brackets applicable to lower-income taxpayers and designing ONE credit to encourage social behavior necessary to lift the taxpayer out of poverty.

Digested: 1/30/2024



February 1, 2024

Members of the House Committee on Human Services:

Chair Lisa Marten

Vice Chair Terez Amato

Rep. Della Au Belatti

Rep. Greggor Ilagan

Rep. Bertrand Kobayashi

Rep. Scott Y. Nishimoto

Rep. Jenna Takenouchi

Rep. Diamond Garcia

Re: HB1776 RELATING TO THE HOUSEHOLD AND DEPENDENT CARE SERVICES TAX CREDIT.

Dear Chair Marten, Vice Chair Amato, and Members of the House Committee on Human Services:

The Hawai'i State Coalition Against Domestic Violence (HSCADV) addresses the social, political, and economic impacts of domestic violence on individuals, families, and communities. We are a statewide partnership of domestic violence programs and shelters. On behalf of HSCADV and our 27 member programs statewide, I respectfully submit testimony in **support of HB1776**.

Last session, the legislature took an important first step to boost the Child and Dependent Care Tax Credit. They more than quadrupled the maximum amount that taxpayers can claim for child and dependent care expenses, but they did not increase the maximum *percent* of care expenses that can be claimed. This loophole makes it difficult for families to realize the full value of the credit. HB1776 would increase the percentage of claimable expenses, which will allow many more taxpayers to benefit from the increase that lawmakers passed last session.

Survivors of domestic violence face many challenges when making decisions about their safety. One of the most crucial factors is their finances. The ability to provide for themselves and their families is a key economic consideration for survivors when deciding to leave an abusive partner. It's important to recognize the impact that financial abuse can have on survivors and to support them in any way possible, including the ability to take full advantage of tax credits.

Thank you for the opportunity to testify on this important matter.

Sincerely,

Angelina Mercado, Executive Director



HOUSE BILL 1776, RELATING TO RELATING TO THE HOUSEHOLD AND DEPENDENT CARE SERVICES TAX CREDIT

FEBRUARY 1, 2024 · HUS HEARING

POSITION: Support.

RATIONALE: The Democratic Party of Hawai'i Education Caucus **supports** HB 1776, relating to the household and dependent care services tax credit, which increases a taxpayer's applicable percentage of employment-related expenses that may be claimed for the household and dependent care services tax credit for five years.

The average cost of full-time child care in Hawai'i currently exceeds \$13,000 per year for working families. That figure is only getting higher with each passing year, as inflation increases. Thus, the rising cost of child care should be reflected in the income tax credits allowed for expenses for household and dependent care services, which include child care services. Such services facilitate the academic and social development of young children and allow parents to obtain stable employment, thereby increasing the economic well-being of working families.

Act 163, Session Laws of Hawai'i 2023 (Act 163) partially strengthened the household and dependent care services tax credit by raising the amount of the employment-related expenses incurred during any taxable year that may be taken into account for the purposes of the credit. **Yet, Act 163 did not increase the maximum percentage of household and dependent care expenses that may be claimed for the purposes of the tax credit.** Without adjusting the

maximum percentage of expenses that taxpayers can claim, the increases to the claimable amounts of the household and dependent care services tax credit provide limited benefit to working families.

Public officials repeatedly stated in local media stories that they intended to provide approximately \$47,000,000 worth of financial relief to working families through the household and dependent care services tax credit under Act 163. The Hawai'i Department of Taxation later estimated the cost of the provisions of Act 163 to be worth only about \$9,500,000 of tax relief. **This discrepancy can be rectified by amending the tax credit to increase the percentage of child and dependent care expenses for which the credit may be applied, thereby fulfilling the legislature's original intent for Act 163.**

Kris Coffield · Chairperson, DPH Education Caucus · (808) 679-7454 · kriscoffield@gmail.com



TESTIMONY FROM THE DEMOCRATIC PARTY OF HAWAII

HOUSE COMMITTEE ON HUMAN SERVICES

FEBRUARY 1, 2024

HB 1776, RELATING TO THE HOUSEHOLD AND DEPENDENT CARE SERVICES TAX CREDIT

POSITION: SUPPORT

The Democratic Party of Hawaii supports HB 1776, relating to the household and dependent care services tax credit. Pursuant to the “Economic Justice and Labor” section of the official Democratic Party of Hawaii platform, the party supports “policies that circulate currency through our economy, helping businesses to thrive, including tax policy that lessens the tax burden of low- and middle-income earners and increases the tax burden of high-income earners and the wealthy. We support government investments of tax revenue in community development, government anti-poverty programs, and the transition to a sustainable, green economy.”

The average cost of full-time child care in Hawaii currently exceeds \$13,000 per year for working families. That figure is only getting higher with each passing year, as inflation increases. Thus, the rising cost of child care should be reflected in the income tax credits allowed for expenses for household and dependent care services, which include child care services. Such services facilitate the academic and social development of young children and allow parents to obtain stable employment, thereby increasing the economic well-being of working families.

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employment-related expenses incurred during any taxable year that may be taken into account for the purposes of the credit. **Yet, Act 163 did not increase the maximum percentage of household and dependent care expenses that may be claimed for the purposes of the tax credit.** Without adjusting the maximum percentage of expenses that taxpayers can claim, the increases to the claimable amounts of the household and dependent care services tax credit provide limited benefit to working families.

Public officials repeatedly stated in local media stories that they intended to provide approximately \$47,000,000 worth of financial relief to working families through the household and dependent care services tax credit under Act 163. The Hawai'i Department of Taxation later estimated the cost of the provisions of Act 163 to be worth only about \$9,500,000 of tax relief. **This discrepancy can be rectified by amending the tax credit to increase the percentage of child and dependent care expenses for which the credit may be applied, thereby fulfilling the legislature's original intent for Act 163.**

Mahalo nui loa,

Kris Coffield

Co-Chair, Legislative Committee

(808) 679-7454

kriscoffield@gmail.com

Abby Simmons

Co-Chair, Legislative Committee

(808) 352-6818

abbyalana808@gmail.com



HB 1776, RELATING TO THE HOUSEHOLD AND DEPENDENT CARE SERVICES TAX CREDIT

FEBRUARY 1, 2024 · HUS HEARING

POSITION: Support.

RATIONALE: Imua Alliance **supports** HB 1776, relating to the household and dependent care services tax credit, which increases a taxpayer's applicable percentage of employment-related expenses that may be claimed for the household and dependent care tax credit for five years.

The average cost of full-time child care in Hawai'i currently exceeds \$13,000 per year for working families. That figure is only getting higher with each passing year, as inflation increases. Thus, the rising cost of child care should be reflected in the income tax credits allowed for expenses for household and dependent care services, which include child care services. Such services facilitate the academic and social development of young children and allow parents to obtain stable employment, thereby increasing the economic well-being of working families.

Act 163, Session Laws of Hawai'i 2023 (Act 163) partially strengthened the household and dependent care services tax credit by raising the amount of the employment-related expenses incurred during any taxable year that may be taken into account for the purposes of the credit. **Yet, Act 163 did not increase the maximum percentage of household and dependent care expenses that may be claimed for the purposes of the tax credit.** Without adjusting the maximum percentage of expenses that taxpayers can claim, the increases to the claimable

amounts of the household and dependent care services tax credit provide limited benefit to working families.

Public officials repeatedly stated in local media stories that they intended to provide approximately \$47,000,000 worth of financial relief to working families through the household and dependent care services tax credit under Act 163. The Hawai'i Department of Taxation later estimated the cost of the provisions of Act 163 to be worth only about \$9,500,000 of tax relief. **This discrepancy can be rectified by amending the tax credit to increase the percentage of child and dependent care expenses for which the credit may be applied, thereby fulfilling the legislature's original intent for Act 163.**

Kris Coffield · Executive Director, Imua Alliance · (808) 679-7454 · kris@imuaalliance.org

To: House Committee on Human Services
Re: **HB 1776 – Relating to the Household and Dependent Care Services Tax Credit**
Hawai'i State Capitol & Via Videoconference
February 1, 2024, 9:00 AM

Dear Chair Marten, Vice Chair Amato, and Committee Members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing in **SUPPORT of HB 1776**. This bill increases a taxpayer's applicable percentage of employment-related expenses that may be claimed for the household and dependent care services tax credit for five years.

This bill would help working families make ends meet and stay in Hawai'i. Nearly half of children in Hawai'i live in households experiencing financial hardship. While almost 1 in 8 are in poverty, an additional 1 in 3 aren't officially poor but still don't earn enough to afford the basic life essentials.¹

That's where tax credits come in. They help people keep more of their hard-earned money, and when targeted for lower- to middle-income families, help reduce financial hardship.

A main source of financial hardship is the skyrocketing cost of child and dependent care in Hawai'i. With the median cost of preschool exceeding \$13,000 per year,² families need more support. **The Child and Dependent Care Tax Credit (CDCTC) was created to provide such support, but it needs to be improved to ensure that it truly reflects the economic reality of working families.**

Last year, you and your fellow lawmakers took an important first step to boost the CDCTC. The maximum *amount* that taxpayers can claim for child and dependent care expenses was increased from \$2,400 to \$10,000 for one dependent, and from \$4,800 to \$20,000 for two or more dependents.

To allow more working families to benefit from the increase that lawmakers passed last session, we also need to increase the *percent* of care expenses that can be claimed with the CDCTC. The current cap limits the credit to 25% of care expenses for those earning less than \$25,000 per year, stepping down to 15% for those earning more than \$50,000.

This bill would raise the cap to as much as 50% of care expenses for those earning less than \$150,000, stepping down to 25% for those earning over \$225,000. That would enable more families to access the new higher amounts of the credit that you passed last year.

Mahalo for the opportunity to provide this testimony. Please pass this bill.

Thank you,
Deborah Zysman
Executive Director

¹ <https://www.auw.org/sites/default/files/pictures/ALICE-in-Focus-Children-Hawaii%20%283%29.pdf>

² <https://www.dol.gov/agencies/wb/topics/childcare/price-by-age-care-setting>



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LATE

**The State Legislature
The House Committee on Human Services
Thursday, Feb 1, 2024
Conference Room 320, 9:00 a.m.**

TO: The Honorable Lisa Marten, Chair
FROM: Keali'i S. López, State Director
RE: Support for H.B. 1776 Relating to the Household and Dependent Care Services Tax Credit

Aloha Chair Martin, Vice-Chair Amato and Members of the Committee:

My name is Keali'i Lopez and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social impact organization that advocates for individuals aged 50 and older. We have a membership of nearly 38 million nationwide and nearly 140,000 in Hawaii. We advocate at the state and federal level for the issues that matter most to older adults and their families.

AARP is in support of HB. 1776 which increases the taxpayer's applicable percentage of employment-related expenses that can be claimed for the household and dependent care services tax credit for five years.

AARP supports the efforts in this bill to expand the Child and Dependent Tax Credit. The increase to the existing credit would help to alleviate some of the financial challenges family caregivers in Hawai'i experience when providing care for loved ones while also working. They include adults with disabilities or aging family members who need care and supervision.

Family caregivers do this work often with many physical, emotional, and financial challenges, and often while balancing caregiving with work and other personal responsibilities. On average, family caregivers spend 26% of their income on caregiving activities. Nearly eight in 10 caregivers report having routine out-of-pocket expenses related to looking after their loved one. Increasing the taxpayer percentage of employment-related expenses will be a welcome relief to more working caregivers. This allows them to benefit from needed respite services when they are at work while ensuring their older loved ones can remain in their homes and communities, where most want to be.

Thank you for the opportunity to testify in strong support H.B. 1776.





LATE

COMMITTEE: House Committee on Human Services
DATE: Thursday, February 1, 2024
TIME: 9:00 a.m.
PLACE: Via Videoconference and Room 329

TO: Representative Lisa Marten, Chair
Representative Terez Amato, Vice Chair
And members of the House Committee on Human Services
RE: HB 1776 Relating to the Household and Dependent Care Tax Credit

Chair Marten, Vice Chair Amato and members of the House Human Services Committee, the Hawaii State Democratic Women's Caucus is a catalyst for progressive, social, economic, and political change through action on critical issues facing Hawaii's women and girls. The Women's Caucus SUPPORTS HB 1776 Relating to the Household and Dependent Care Tax Credit.

The purpose of this bill is to rectify a discrepancy in Act 163, Session Laws of Hawaii 2023, by amending the tax credit for household and dependent care services to increase the percentage of employment-related expenses that may be claimed for the household and dependent care services.

Women are often the caregivers for children and older adults. In an article published in the Journal of Cross-Cultural Gerontology (2022) 37:339–353 (<https://doi.org/10.1007/s10823-022-09462-2>) by Dr. Colette Browne, Dr. Jeanette C. Takamura, and Dr. Jin Young Seo entitled "Global Gender Inequality, Older Women, and the Call for Change in the United States" they state that: "Worldwide, 606 million women compared to 41 million men were out of the labor force due to meeting caregiving needs (Addati et al., 2018). Across the Organization for Economic Cooperation and Development (OECD) nations, 60% of informal caregivers over the age of 50 are women. If informal carers are employed, they are more likely employed part-time due to the demands of caregiving. Both informal and formal caregiving remain stubbornly feminized throughout girls and women's lives, too often contributing to poverty in caregivers' later years (OECD, 2017; UN 75, 2021)."

HB 1776 will be a significant financial help to the women of our state.
Thank you for the opportunity to testify.

Members of Hawaii State Democratic Women's Caucus

HB-1776

Submitted on: 1/29/2024 7:08:01 PM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Melvin Amaral	Individual	Oppose	Written Testimony Only

Comments:

I oppose this Bill.

HB-1776

Submitted on: 1/30/2024 8:13:56 AM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Jessie L Gonsalves	Individual	Support	Written Testimony Only

Comments:

SUPPORT HB1776 This needs to stay for the keiki.

Jessie Gonsalves

HB-1776

Submitted on: 1/30/2024 8:40:26 AM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Tricia-Lee Lum Ho	Individual	Support	Written Testimony Only

Comments:

Aloha,

Please pass this bill!

Mahalo,

Tricia-Lee Lum Ho

HB-1776

Submitted on: 1/30/2024 9:00:34 AM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Nanea Lo	Individual	Support	Written Testimony Only

Comments:

Hello Chair, Vice Chair, and Committee Members,

My name is Nanea Lo. I am testifying in support of bill HB1776.

me ke aloha 'āina,

Nanea Lo

HB-1776

Submitted on: 1/30/2024 9:18:23 AM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Younghee Overly	Individual	Support	Written Testimony Only

Comments:

Thank you for hearing HB1776 which would help working families with paying for dependent care.

HB-1776

Submitted on: 1/30/2024 9:36:18 AM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Terri Yoshinaga	Individual	Support	Written Testimony Only

Comments:

More working families may benefit from tax credits. More money will be put into the pockets of hard-working families.

HB-1776

Submitted on: 1/30/2024 9:59:22 AM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Ryan Samonte	Individual	Support	Written Testimony Only

Comments:

I **support** HB1776. Please pass this bill.

Thank you!

Ryan S.

HB-1776

Submitted on: 1/30/2024 10:03:11 AM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Krystal Baba	Individual	Support	Written Testimony Only

Comments:

Aloha Chair, Vice Chair, and Committee Members,

Please pass HB1776 as I **support** this measure.

Mahalo,
Krystal Baba

HB-1776

Submitted on: 1/30/2024 10:52:43 AM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Wesley Palmer-Lasky	Individual	Support	Written Testimony Only

Comments:

Aloha Chair, Vice Chair, and Committee Members,

I am testifying in **support** of bill HB1776, Relating to Child Care Tax Refund.

This bill is important to me because child care is extremely expensive. Hawaii has an extremely high cost of living. Wages for workers do not typically reflect the high cost of living they face. Having this credit will help make childcare more accessible to our workers who cannot afford it. Additionally, this will allow people who have decided not to join the workforce (because they can't afford childcare), to enter (or re-enter) it, once they can access childcare within their budgets.

Additionally, for those potential workers that choose to stay home rather than have employment (due to cost of childcare), the State ends up paying health care costs for many of these people through the Quest program.

Mahalo for listening and allowing me to share my support.

Sincerely,

Wesley Palmer-Lasky, MD

HB-1776

Submitted on: 1/30/2024 2:47:32 PM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kristy Arias	Individual	Support	Written Testimony Only

Comments:

Aloha Chair, Vice Chair and Committee members,

My name is Kristy Arias. I am testifying in support of Bill HB#1776. This bill is important to me because it is much needed for survival. It's hard enough as it is, and this will help alleviate all of the worry and stress. Please consider this bill and approve it to help our community.

Mahalo for listening and allowing me to share my support.

Kristy Arias

HB-1776

Submitted on: 1/30/2024 2:58:10 PM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Camile Cleveland	Individual	Support	Written Testimony Only

Comments:

I am testifying on this measure as an individual citizen, and I strongly support this measure.

HB-1776

Submitted on: 1/30/2024 3:22:59 PM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

Last session, lawmakers took an important first step to boost the Child & Dependent Care Tax Credit by quadrupling the maximum amount that taxpayers can claim for child and dependent care expenses. However, lawmakers did not increase the maximum percent of care expenses that can be claimed. This loophole makes it difficult for families to realize the full value of the credit.

HB1776 would increase the percentage of claimable expenses, which will allow many more taxpayers to benefit from the increase that lawmakers passed last session. Please pass this measure to support working families and our keiki.

HB-1776

Submitted on: 1/30/2024 3:50:41 PM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Rev. Samuel L Domingo	Individual	Support	Written Testimony Only

Comments:

Last session, our lawmakers took an important first step to boost the Child and Dependent Care Tax Credit. They more than quadrupled the maximum amount that taxpayers can claim for child and dependent care expenses, but they did not increase the maximum percent of care expenses that can be claimed. This loophole makes it difficult for families to realize the full value of the credit. HB 1776 would increase the percentage of claimable expenses, which will allow many more taxpayers to benefit from the increase that lawmakers passed last session. Please pass this measure to support working families and our keiki.

HB-1776

Submitted on: 1/30/2024 7:43:42 PM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Raymond Catania	Individual	Support	Written Testimony Only

Comments:

Chair and Committee members,

I fully support HB1776 that supports working families and their children.

Mahalo,

Raymond Catania, Lihue

HB-1776

Submitted on: 1/30/2024 8:13:21 PM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kathy Shimata	Individual	Support	Written Testimony Only

Comments:

Last session, lawmakers took an important first step to boost the Child & Dependent Care Tax Credit by quadrupling the maximum amount that taxpayers can claim for child and dependent care expenses. However, lawmakers did not increase the maximum percent of care expenses that can be claimed. This loophole makes it difficult for families to realize the full value of the credit.

HB1776 would increase the percentage of claimable expenses, which will allow many more taxpayers to benefit from the increase that lawmakers passed last session. Please pass this measure to support working families and our keiki.

Mahalo for your consideration.

HB-1776

Submitted on: 1/30/2024 9:14:22 PM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Marya Grambs	Individual	Support	Written Testimony Only

Comments:

My name is Marya Grambs

Last session, our lawmakers took an important first step to boost the Child and Dependent Care Tax Credit. They more than quadrupled the maximum amount that taxpayers can claim for child and dependent care expenses, **but they did not increase the maximum percent of care expenses that can be claimed. This loophole makes it difficult for families to realize the full value of the credit.** HB 1776 would increase the percentage of claimable expenses, which will allow many more taxpayers to benefit from the increase that lawmakers passed last session. **Please pass this measure to support working families and our keiki.**

Thank you for the opportunity to submit this testimony.

HB-1776

Submitted on: 1/30/2024 9:31:40 PM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Mamiko Carroll	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Marten, Vice Chair Amato, Rep. Au Belatti, Rep. Ilagan, Rep. Kobayashi, Rep. Nishimoto, Rep. Yakenouchi, and Rep. Garcia,

I am writing to testify in SUPPORT of HB1776, allowing more working families to benefit from the child care tax refund credit. Please pass this bill to support children in our communities!

Thank you for this opportunity to testify in SUPPORT of HB1776.

HB-1776

Submitted on: 1/31/2024 7:04:20 AM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Linda Wakatake	Individual	Support	Written Testimony Only

Comments:

Last session, lawmakers took an important first step to boost the Child & Dependent Care Tax Credit by quadrupling the maximum amount that taxpayers can claim for child and dependent care expenses. However, lawmakers did not increase the maximum percent of care expenses that can be claimed. This loophole makes it difficult for families to realize the full value of the credit.

HB1776 would increase the percentage of claimable expenses, which will allow many more taxpayers to benefit from the increase that lawmakers passed last session. Please pass this measure to support working families and our keiki.

HB-1776

Submitted on: 1/31/2024 7:49:14 AM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Chris Barzman	Individual	Support	Written Testimony Only

Comments:

Aloha Chair, Vice Chair, and Committee Members,

My name is Chris Barzman. I am testifying in **support** of bill HB1776

This bill is important to me because with this bill, more working families may benefit from tax credits. More money will be put into the pockets of hard working families!

Mahalo for listening and allowing me to share my support.

HB-1776

Submitted on: 1/31/2024 8:58:38 AM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Ka`iulani Galon	Individual	Support	Written Testimony Only

Comments:

As resident of Maui and origin generations of Native Hawaiian family in Hawai`i, I am support HB 1776 as a effective pathway to close the wealth gap, support existing inequities created by systemic racism and promote economic justice. This bill is a pivotal start toward supporting the diverse populations of Hawai`i whose data point for social determinants of health continue to significantly lower than the dominant culture that colonized us. Help make things right. and pass this bill.

HB-1776

Submitted on: 1/31/2024 10:01:53 AM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Alapa?i	Individual	Support	Written Testimony Only

Comments:

More working families may benefit from tax credits. More money will be put into the pockets of hard-working families where the monies should be!

LATE

HB-1776

Submitted on: 1/31/2024 11:39:48 AM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Nate Hix	Individual	Support	Written Testimony Only

Comments:

Please fix this loophole.

LATE

HB-1776

Submitted on: 1/31/2024 2:21:09 PM

Testimony for HUS on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Jesus Guillen	Individual	Support	Written Testimony Only

Comments:

Please pass this Bill!