

STAND. COM. REP. NO.

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Honolulu, Hawaii

JAN 30 , 2025

RE: H.B. No. 753
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Human Services & Homelessness, to which was referred H.B. No. 753 entitled:

"A BILL FOR AN ACT RELATING TO THE HOUSEHOLD AND DEPENDENT CARE SERVICES TAX CREDIT,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Increase a taxpayer's applicable percentage of employment-related expenses that is used to calculate the Household and Dependent Care Services Tax Credit; and
- (2) Extend the sunset date of the temporary increase in maximum employment-related expenses that are used to calculate the tax credit.

Your Committee received testimony in support of this measure from the Executive Office on Aging; Catholic Charities Hawai'i; AAUW of Hawaii; Hawai'i Children's Action Network Speaks!; AARP Hawai'i; Early Childhood Action Strategy; Chamber of Sustainable Commerce; and numerous individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

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Your Committee finds that because the average cost of full-time child care in Hawaii currently exceeds \$13,000 per year for working families, the rising cost of child care should be reflected in the income tax credits allowed for expenses for household and dependent care services. While Act 163, Session Laws of Hawaii 2023 (Act 163), partially improved the Household and Dependent Care Services Tax Credit by increasing the claimable expenses, it did not raise the maximum percentage of expenses that can be claimed for the purposes of the tax credit, limiting its benefit. This measure increases the percentage of child and dependent care expenses eligible for the Household and Dependent Care Services Tax Credit, providing greater support for Hawaii's working families, and also fulfilling the Legislature's original intent for Act 163.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion;
- (2) Changing the sunset date to June 30, 3005; 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 Human Services & Homelessness that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 753, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 753, H.D. 1, and be referred to your Committee on Economic Development & Technology.

Respectfully submitted on
behalf of the members of the
Committee on Human Services &
Homelessness,



LISA MARTEN, Chair



