STAND. COM. REP. NO. 618 -26

Honolulu, Hawaii

FEB 20, 2026

RE: H.B. No. 2007
H.D. 2

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Economic Development & Technology, to which was referred H.B. No. 2007, H.D. 1, 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 increase a taxpayer's applicable percentage of employment-related expenses that may be claimed for the Household and Dependent Care Services Tax Credit.

Your Committee received testimony in support of this measure from AAUW of Hawaii; Indivisible Hawai'i; AARP Hawai'i; Hawai'i Children's Action Network Speaks!; Hawai'i Public Health Institute; Nurture Mental Health; and numerous individuals. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that Hawaii's high cost of child and dependent care continues to strain working families and limit their economic participation. Your Committee further finds that updating the Household and Dependent Care Services Tax Credit to better reflect actual care expenses will provide meaningful relief and support greater financial stability for households across the State. This measure strengthens the State's workforce and

economic resilience by reducing a major cost burden that disproportionately affects working parents and caregivers.

Your Committee notes the alternative formula included in the testimony from Hawaii Children's Action Network Speaks! that provides a phase out of tax benefits that can be claimed for the Household and Dependent Care Services Tax Credit. Specifically, the alternative formula would establish a cap of fifty percent of care expenses for those with income up to $100,000, stepping down to fifteen percent of care expenses for those earning $170,000 or more.

Your Committee has amended this measure by 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 Economic Development & Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2007, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 2007, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Technology,
Development & Technology,

GREGGOR ILAGAN, Chair

State of Hawaii
House of Representatives
The Thirty-third Legislature

HSCR 618-26

# Record of Votes of the Committee on Economic Development & Technology

| Bill/Resolution No.: | Committee Referral: | Date: |
|---|---|---|
| HB 2007 HD1 | HSH, ECD, FIN | 2/18/26 |

☐ The committee is reconsidering its previous decision on the measure.

**The recommendation is to:** ☐ Pass, unamended (as is) ☑ Pass, with amendments (HD) ☐ Hold
☐ Pass short form bill with HD to recommit for future public hearing (recommit)

| ECD Members | Ayes | Ayes (WR) | Nays | Excused |
|---|---|---|---|---|
| 1. ILAGAN, Greggor (C) | — | | | |
| 2. HUSSEY, Ikaika (VC) | — | | | |
| ~~3. HOLT, Daniel~~ | | | | |
| 4. TAM, Adrian K. | — | | | |
| 5. TEMPLO, Shirley Ann | — | | | |
| 6. YAMASHITA, Kyle T. | — | | | |
| 7. GEDEON, Joe | — | | | |
| TOTAL (7) | 6 | — | — | — |

**The recommendation is:** ☑ Adopted ☐ Not Adopted

If joint referral, _____ did not support recommendation.
committee acronym(s)

**Vice Chair's or designee's signature:** _____

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