STAND. COM. REP. NO. 3332

Honolulu, Hawaii

MAR 30 2026

RE: H.B. No. 2007
H.D. 3
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Health and Human Services, to which was referred H.B. No. 2007, H.D. 3, entitled:

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

begs leave to report as follows:

The purpose and intent 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;

(2) Establish certain disallowance periods following a final decision that a claim for the credit was due to fraud and that the claim was disallowed; and

(3) Extend the sunset date of the temporary increase in maximum employment-related expenses that are used to calculate the household and dependent care services tax credit, established by Act 163, Session Laws of Hawaii 2023, to June 30, 2030.

Your Committee received testimony in support of this measure from the Office of Hawaiian Affairs, one member of the Hawaii County Council, Hawai'i Public Health Institute, Hawai'i Children's

Action Network Speaks!, Hawaii Appleseed Center for Law & Economic Justice, AlohaCare, AARP Hawai'i, AAUW of Hawaii, Prince Kūhiō Hawaiian Civic Club, Kona Indivisible & Matriarchy Rising, and twenty-nine individuals.

Your Committee received comments on this measure from the Department of Taxation.

Your Committee finds that Act 163, Session Laws of Hawaii 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. However, 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. Your Committee further finds that without adjusting the maximum percentage of expenses that taxpayers can claim, the increases to the claimable amounts of the tax credit provide limited benefit to working families. By increasing eligible expenses and adjusting thresholds under the Household and Dependent Care Services Tax Credit, this measure provides meaningful relief to working families caring for keiki and kupuna.

Your Committee has amended this measure by:

(1) Inserting an effective date of January 1, 2050, to encourage further discussion; and

(2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Health and Human Services that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2007, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2007, H.D. 3, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Health and Human
Services,

JOY A. SAN BUENAVENTURA, Chair

The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Health and Human Services
HHS

Bill / Resolution No.:*	Committee Referral:	Date:
HB 2007 HD3	HHS, WAM	3/25/2026

☐ The Committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to: _____

The Recommendation is:

☐ Pass, unamended 2312 ☑ Pass, with amendments 2311 ☐ Hold 2310 ☐ Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
SAN BUENAVENTURA, Joy A. (C)	✓			
MCKELVEY, Angus L.K. (VC)	✓			
KANUHA, Dru Mamo	✓			
KEOHOKALOLE, Jarrett				✓
FEVELLA, Kurt				✓
TOTAL	3	Ø	Ø	2

Recommendation: ☑ Adopted ☐ Not Adopted

Chair's or Designee's Signature:

Distribution: Original — File with Committee Report; Yellow — Committee; Pink — Drafting Agency

*Only one measure per Record of Votes

Revised: 01/21/26