JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAIʻI
DEPARTMENT OF TAXATION
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TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION

TESTIMONY ON THE FOLLOWING MEASURE:
H.B. No. 2214, H.D.1, Relating to Tax Credits

BEFORE THE:
House Committee on Finance

DATE:	Thursday, February 26, 2026
TIME:	2:00 p.m.
LOCATION:	State Capitol, Conference Room 308

Chair Todd, Vice-Chair Takenouchi, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 2214, H.D.1, for your consideration.

Section 2 of the bill adds a new section to chapter 235, Hawaii Revised Statutes (HRS), establishing a refundable diaper tax credit of $50 that an “eligible taxpayer” may claim for each “qualifying child” for the taxable year.

“Diaper expenses” are defined as “amounts paid by the taxpayer for the purchase of diapers, including disposable diapers, washable diapers, and diaper covers.”

An “eligible taxpayer” is defined as an individual taxpayer who has at least one “qualifying child” and has incurred at least $250 in “diaper expenses” during the taxable year for one or more dependent children in the household. A head of household filer qualifies as an “eligible taxpayer” if their federal adjusted gross income (AGI) is less than $90,000, and a joint return or surviving spouse filer qualifies if their federal AGI is less than $120,000. An "eligible taxpayer" does not include a married couple filing separate tax returns for a taxable year if they could have filed a joint return.

"Qualifying child" is defined as "a dependent, as defined by section 152 of the Internal Revenue Code, who is under five years of age at any time during the taxable year and who resides with the eligible taxpayer in the State."

The credit must be claimed against the taxpayer's net income tax liability, on or before the end of the twelfth month following the close of the taxable year. If the credit exceeds taxpayer's net income tax liability, any excess must be refunded to the taxpayer. The director of taxation is authorized to prepare necessary forms, require the taxpayer to prove the validity of a claim for the tax credit, and to adopt rules necessary for implementation.

The bill is effective upon approval and applies to taxable years beginning after December 31, 2025.

DOTAX recommends making the credit nonrefundable as refundable credits are more susceptible to fraud and abuse.

DOTAX further notes that it can implement the tax law changes in this bill with the current effective date.

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

AAUW of Hawaii

Hearing Date: Thursday, February 26, 2026, 2:00 PM, Rm. 308

To: Committee on Finance
Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair

Re: TESTIMONY IN SUPPORT OF HB 2214, HD1 Relating to Tax Credits

Dear Chair Todd, Vice Chair Takenouchi, and the Members of the Committee,

Members of AAUW of Hawaii thank you for this opportunity to testify in **strong support of HB 2214, HD1 which will establish a refundable tax credit on the purchase of diapers.**

Hawaii has one of the highest costs of living in the nation coupled with lower wages creating an extremely challenging environment to make ends meet. This is especially true for young families with infants and children. A major cost to these families is the purchase of necessities including diapers.

High costs here often result in members of the younger generation moving the mainland where costs are more reasonable. We are losing our next generation of productive citizens and future leaders. By providing a refundable tax credit for diapers, this measure is actually an investment in the future of Hawaii and will help young families meet expenses and remain in Hawaii.

We encourage you to support this important measure.

Mahalo for your consideration.

Sincerely,

Jean Evans

Jean Evans
Public Policy Committee, AAUW of Hawaii
publicpolicy-hi@aauw.net

The American Association of University Women (AAUW) of Hawaii is an all-volunteer, statewide chapter of a national organization and is made up of six branches: Hilo, Honolulu, Kaua'i, Kona, Maui, and Windward Oahu. AAUW's mission is to advance gender equity through research, education, and advocacy. Our goal is economic security for women and their families.

Date: February 26, 2026

To: Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
Members of the House Committee on Finance

From: Early Childhood Action Strategy

Re: House Bill 2214 HD1, Relating to Tax Credits

Early Childhood Action Strategy (ECAS) is a statewide cross-sector collaborative designed to improve the system of care for Hawai‘i's youngest children and their families. ECAS partners work to align priorities for children prenatal to age eight, streamline services, maximize resources, and improve programs to support our youngest keiki.

ECAS supports House Bill 2214 HD1, which would establish a refundable diaper income tax credit.

Our organization recognizes the immense financial strain that many local families feel while living and raising a family in Hawai‘i where we currently have the highest cost of living in the nation. As such, we strongly support policy proposals like HB2214 which would lessen the financial strain of families around the state—especially those of lower socioeconomic status.

Diapers are a significant cost for families with young children, with each child wearing diapers costing their parents or caregivers up to $1,500 annually. This measure would help to alleviate some of this financial burden.

Moreover, as noted in the measure's preamble, many child care facilities require that parents provide diapers for their children while in child care. For many families, being unable to meet this requirement would significantly increase the likelihood of a parent or caregiver being forced to miss work to care for their child. The potential effects to the local workforce are numerous.

We feel strongly that a tax credit like the one laid out in this measure would help countless local families who are living, working, and raising families here in Hawai‘i.

For this reason, we support House Bill 2214 HD1.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417 Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Refundable Tax Credit for Diapers

BILL NUMBER: HB 2214 HD1

INTRODUCED BY: HSH

EXECUTIVE SUMMARY: Establishes a refundable diaper income tax credit.

SYNOPSIS: Adds a new section to chapter 235, HRS, to allow a $50 refundable income tax credit per qualifying child to each eligible taxpayer for the taxable year.

An "Eligible taxpayer" is one who:

1) Files a household return with federal adjusted gross income of less than $90,000; or Joint return or return of surviving spouse with federal adjusted gross income of less than $120,000;

2) Has one or more qualifying child; and

3) Incurred at least $250 in diaper expenses during the taxable year for one or more dependent children in the household.

"Qualifying child" means a dependent, as defined by IRC section 152, who is under five years of age at any time during the taxable year and who resides with the eligible taxpayer in the State.

"Diaper expenses" means amounts paid by the taxpayer for the purchase of diapers, including disposable diapers, washable diapers, and diaper covers.

All claims for the tax credit under this section, including amended claims, shall be filed on or before the end of the twelfth month following the close of the taxable year for which the credit may be claimed. Failure to comply with the foregoing provision shall constitute a waiver of the right to claim the credit.

Requires the director of taxation to prepare any forms necessary to claim a credit, may require a taxpayer to furnish reasonable information to validate a claim for the credit, and adopt rules pursuant to HRS chapter 91.

EFFECTIVE DATE: Taxable years beginning after December 31, 2025.

STAFF COMMENTS: The measure is intended to alleviate the burden on low-income families at risk of not having financial resources to provide necessities, such as diapers, for their children. The same rationale could be applied to baby formula, food or any cost of raising a child, so it is questionable why diaper products are being singled out for special treatment.

Additionally, the additional credit would require changes to tax forms and instructions, reprogramming, staff training, and other costs that could be massive in amount compared to the benefit expected to accrue because of the creditable activity.

Digested: 2/24/2026

February 24, 2026

RE: HB 2214 – RELATING TO TAX CREDITS

Aloha Rep. Todd, Rep. Takenouchi, and other members of the Committee on Finance -

My name is Hannah London, and I am the Deputy Director of the Hawaiʻi Diaper Bank, the state's first nonprofit organization dedicated to providing diapers, wipes and other basic essentials to low-income families with young children. I am writing in support of **HB 2214, which would establish a refundable diaper income tax credit**.

One out of every two families struggle with diaper need (the inability to provide a sufficient supply of diapers to keep their child clean, dry, and healthy). Unlike many other necessities, there is currently no governmental assistance for purchasing diapers. As a result, the average low-income family spends about **$1,000/year on diapers**, a substantial portion of their annual income. To make ends meet, some families report "stretching" the time between diaper changes. This can and often does lead to diaper rash, skin breakdown and other painful infections. Aside from the obvious health issues that are implicated when there is not an adequate supply of diapers for a child, almost **three in five parents who experience diaper need report missing work or school** because they do not have enough diapers to drop their children off at childcare. Therefore, lack of diapers not only prevents children from accessing early educational, it also prevents their parents from returning to the work force, thereby reinforcing the cycle of diaper need. **HB 2214 helps solve the problem of diaper need for those already working hard to make their families economically stable by eliminating barriers to employment and/or education**.

I appreciate the opportunity to provide testimony in support of HB 2214. A sufficient diaper supply provides immediate relief to families who are struggling to provide the basics for their children and allows parents to tackle other issues like paying rent and utilities, getting food on the table, and supporting the healthy development of their children. I respectfully request your support of HB 2214 so that the families we serve, who fight every day to keep their children safe and healthy, have a chance to succeed.

Mahalo nui loa,

Hannah London
Deputy Director

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Honokaʻa, HI 96727
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hannah@hawaiidiaperbank.org
@Hawaiidiaperbank

National Diaper Bank Network

February 25, 2026

The Honorable Chris Todd
House Committee on Finance
Hawaiʻi State Capitol, Room 306
415 South Beretania St.
Honolulu, HI 96813

Re: HB 2214- Support

Dear Representative Chris Todd,

I write to convey our support of HB 2214 establishing a refundable diaper income tax credit to support Hawaii families. This legislation recognizes the economic importance of clean diapers to children and aims to alleviate the financial burden on local families and individuals throughout Hawaii.

The National Diaper Bank Network supports the work of over 240 member diaper banks across all the U.S., Washington, D.C. and Puerto Rico. In Hawaii, 2 member diaper banks are hard at work to meet the growing needs of our communities and end diaper need for children and families across the state.

Passing this legislation would produce three important economic benefits. First, the money claimed by families and individuals receiving this benefit would be reinvested in the economy as families spend their income on meeting other basic needs or investing in their future. Research in Connecticut showed that adult income increased by $11 for every $1 invested in diaper assistance, as better access to child care created more time for employment and to attend educational and training programs.

Second, 1 in 2 U.S. families struggle to provide enough diapers to keep their baby clean, dry, and healthy. Most child care providers require families to provide a full day's worth of diapers when they drop their child off at the center. When parents are not able to provide the 5-10 diapers required, they are often forced to miss work. This costs the family a day's wages and the employer loses productivity - according to *The NDBN Diaper Check 2023*, 25% of caregivers who reported having to miss work or school because they didn't have enough diapers to drop their child off at daycare reported missing out on an average of 5.1 workdays over the past 30 days.

Third, children need diapers to stay healthy and avoid infection risks. Children go through six-12 diapers each day during the two to three years they wear diapers. Without enough diapers, infants and toddlers are at risk of skin infections, open sores, urinary tract infections, and other conditions that may require medical attention. Infections or other medical conditions resulting from a lack of these basic necessities are completely preventable. Increasing the resources for families to purchase these products they need will help prevent unnecessary medical costs.

We urge the House Committee on Finance to pass HB 2214, a measure that is vital towards the effort to end diaper need for children and families in Hawaii.

Thank you for your attention to this crucial matter. The National Diaper Bank Network stands ready to support and collaborate with you in any way possible to ensure the successful passage and implementation of this critical legislation.

Sincerely,
Lacey Gero
Chief of Government Relations
National Diaper Bank Network

HCAN Speaks!
Hawai'i Children's Action Network

Hawai'i Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.

To: House Committee on Finance
Re: **HB2214 HD1 – Relating to Tax Credits**
Hawaii State Capitol & Via Videoconference
February 26, 2026, 2:00 PM

Dear Chair Todd, Vice Chair Takenouchi, and Committee Members,

On behalf of Hawaiʻi Children's Action Network (HCAN) Speaks!, I am writing in **SUPPORT of HB2214 HD1,** which would establish a refundable diaper income tax credit.

Diapers are a major expense for Hawaii families with small children. Hawaiʻi families can easily spend over $1,000 annually on diapers. For some families, that's a significant portion of their income.

This bill would establish a state tax credit for the purchase of diapers, similar to the existing tax credit for the purchase of car seats, and make it a little easier for families with keiki to afford to live here.

Diapers are essential to babies' and toddlers' health, and they each require at least 50 diaper changes per week, or 200 diaper changes per month. Nearly half of U.S. families struggle to afford enough diapers, leading to missed work and lost wages. One in four parents with diaper need report missing about 5 workdays per month because they didn't have enough diapers to drop their child off at childcare, according to the National Diaper Bank Network.[1]

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

Thank you,

Nicole Woo
Director of Research and Economic Policy

[1] National Diaper Bank Network, https://nationaldiaperbanknetwork.org/the-need/

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