

RE: S.B. No. 2291  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii  
Sir:

Your Committee on Human Services, to which was referred S.B. No. 2291 entitled:  
"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a refundable tax credit equal to an unspecified percentage of a taxpayer's eligible child care expenses to mean the sum of the taxpayer paid to a child care facility in the State to:

- (1) Support the child care needs of the taxpayer's employees in the taxable year; and
- (2) Purchase child care slots at the child care facility that are actually provided or reserved for children of the taxpayer's employees.

Your Committee received testimony in support of this measure from the Department of Human Services, American Association of University Women of Hawaii, and Early Learning Board. Your Committee received comments on this measure from the Department of Taxation and Executive Office on Early Learning.

Your Committee recognizes a responsibility to develop the State's early childhood system that delivers a spectrum of superior development and learning opportunities for children from prenatal care to entry into kindergarten, with priority given to underserved or at-risk children.

Your Committee finds that families of young children in Hawaii need more affordable, high-quality child care options. Incentivizing employers to address their employees' child care needs through tax credits would help provide our families with the support they need.

Your Committee learned through testimony that it is not specified how the tax credit will be distributed if the taxpayer is a pass-through entity.

Therefore, your Committee has amended this measure by:

- (1) Adding language suggested by the Department of Taxation; and
- (2) Making the tax credit effective for taxable years beginning after December 31, 2020.

As affirmed by the record of votes of the members of your Committee on Human Services that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2291, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2291, S.D. 1, and be referred to your Committee on Ways and Means.

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

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RUSSELL E. RUDERMAN, Chair