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Chamber of
Sustainable
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Rep. Kyle T. Yamashita, Chair
Rep. Lisa Kitagawa, Vice Chair
Committee on Finance

Monday, February 26, 2024
10:00 AM, Room 325 Via Videoconference

RE: **HB1776 HD1** Dependent Care Tax Credit - **Support w/Amendments**

Dear Chair Yamashita, Vice Chair Kitagawa & Committee Members,

The Chamber of Sustainable Commerce represents over 100 small businesses across the State that strive for a triple bottom line: people, planet and prosperity; we know Hawaii can strengthen its economy without hurting workers, consumers, communities or the environment.

This is why we support HB1776 HD1, which increases a taxpayer's applicable percentage of employment-related expenses that may be claimed for the household and dependent care services tax credit for five years. **We also urge this committee to amend the bill by removing the 5-year sunset date.**

Too many working families struggle to secure affordable, quality childcare and kupuna care; they are unable to return to the workforce and contribute to a vibrant economy. When employers look around and say, "Where did our workforce go; why can't we find anyone to work?" One response is that they are staying home to take care of their keiki and kupuna.

If an employer offered keiki and kupuna care as a benefit to their employees, the company would be able to deduct this expense and bring down the company's tax payment. When families pay for this expense directly, they should also be able to reduce their tax burden in the same way. For the state, the result is the same: higher workforce productivity means increased General Excise Tax and income tax collection from a broader base.

As long as we allow employers to claim the child care they offer to their employees as a tax deduction, we should continue to offer families the same deduction for their direct expenditures; therefore, there should be no sunset date in HB1776 HD1.