

SB 48



Extension of the tax credit for employer provision of dependent care services

Testimony before Senate Human Services and Early Childhood - 3.18.2015 - Jody Wiser

We appreciate the serious attention this committee is giving to the tax credits before you. However, before you vote to extend this tax credit, we believe you need to know more about those who use it and to hear from them. It has been part of our law since 1987, and this is likely the first in depth review it has received.

It is reasonable to assume that except for the child care center, most businesses providing dependent care support as an employee recruitment and retention tool are amongst our most successful and best-paying businesses; the credit is, thus, serving the least needy rather than the most needy of our citizens. Even the child care centers find that providing care in-house for the children of their staff is a good business practice.

If the business owners who receive the benefit wish to come forward and fully disclose who they are and the benefits they derive, then perhaps you'll know enough to believe it is a good use of state funds. We would think you'd want to hear from representatives receiving at least 75% of the benefit. If the employers are unwilling or too busy to step forward, then clearly it is not essential to them.

It should be noted that absent this tax credit, these costs remain deductible business expenses, and thus are subsidized, just to a lesser extent.

We believe this tax credit should be allowed to sunset unless our assumption is proven wrong by clear transparency. The money saved would be better used providing services to those with documented need.