

HB 2114



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

Testimony before House Business and Labor 3.4.2015 Jody Wiser

We appreciate the serious attention this committee is giving to the tax credits before you. Before you vote to extend this tax credit, we believe you need to know who uses it. It has been part of our law since 1987, and this is likely the first deep review it has received.

Our guess is that businesses provide dependent care support is a recruitment and retention tool and that it is the tool of a few of our very best-paying businesses, thus serving the least needy rather than the most needy of our citizens.

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 taxpayers are unwilling or too busy to step forward, then clearly it is not essential to them.

These costs don't need a tax credit for the businesses. The costs are deductible business expenses, just as are the provision of free meals, sports courts, and business meetings in exotic locations. None of these other employer provided benefits receive a tax credit.

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