



HB 89

REPRESENTATIVE JULIE COULOMBE



What is the Problem?

Lack of affordable, quality child care

- Worsens labor shortages
- Endangers children
- Undermines families' economic security
- Decreases workforce participation



Solution

Strengthen child care sector to improve access for families and help parents return to the workforce



Alaska's child care is in crisis as a result of:

- Labor shortages
- A declining number of child care providers
- Low wages



HB 89 Solution

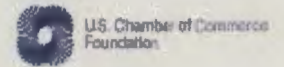
- Expands the number of families who can use child care assistance
- Incentivizes tax breaks for employers to donate to child care facilities
- Increases the maximum tax credit
- Aligns the assistance level to reflect the actual cost of care



Untapped
Potential in

AK

-\$152M



Annual estimated cost to Alaska
employers due to absences and
employee turnover



Assistance needs to
be tied to actual
cost of care!

- Currently, state rate is based on market rate study.
- Alaska Department of Health is contracting with McKinley Group to complete the study by July 31, 2024
- Must be approved by the Federal Government

Who is eligible for assistance?

Now:

- Families up to 85% State Median Income: \$60,144 in Alaska for one earner.
- Leaves most of middle-class without affordable care
- Lack of affordable care = severe labor shortages in every industry
- There is a 9% cap

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- Raises eligibility threshold to 105% State Median Income: \$73,920 in Alaska for one earner
- Departments will scale subsidy level based on need
- Expands number of families who can afford care = more Alaskans going back to work
- Will change cap to 7% of family income





Child Tax Credits

HOW DO THEY WORK?



Credits offset taxes

- ▶ State net income tax (Corporate)
- ▶ Mining License tax
- ▶ Fisheries Business Tax
- ▶ Fishery Resource Landing Tax
- ▶ Oil and Gas Production tax
- ▶ Oil and Gas Property tax and Insurance tax



HB 223- lowered tax credits in phases

	Up to \$100K	\$100K-\$300K	>\$300K	CAP
2018	50%	100%	50%	\$5m
2019	50%	75%	50%	\$1m
2021	50%	50%	50%	\$1m

A colorful illustration of a sunny day. A large yellow sun with rays is in the top right corner. The sky is light blue with several white, fluffy clouds. Numerous small orange and brown butterflies are scattered throughout the sky. In the foreground, a green grassy field is visible. Two children are standing in the field: a boy on the left wearing a blue long-sleeved shirt and black shorts, and a girl on the right wearing a red short-sleeved shirt with blue stars and blue shorts. They are both reaching up towards a red ball with a blue star on it, which is suspended in the air between them. The text "Thank you for considering HB 89." is centered in the upper half of the image, and "Representative Julie Coulombe (907)865-3871" is centered below it.

Thank you for considering HB 89.

Representative Julie
Coulombe
(907)865-3871