Honolulu, Hawaii

Feb 5 , 2010

RE: H.B. No. 1915
    H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Human Services, to which was referred H.B. No. 1915 entitled:

"A BILL FOR AN ACT RELATING TO ASSET BUILDING,"

begs leave to report as follows:

The purpose of this bill is to move families and individuals out of poverty by:

(1) Establishing a State Earned Income Tax Credit;

(2) Requiring and appropriating funds for the Department of Human Services (DHS) to offer financial education to applicants for and recipients of Temporary Assistance to Needy Families;

(3) Amending the Individual Development Account (IDA) law to, among other things, require DHS to:

     (A) Assist entities to become fiduciary organizations under the IDA law; and

     (B) Increase to 25 percent, the amount of state funds that may be used by fiduciary organizations to cover operating costs; and

(4) Appropriating funds to allow fiduciary organizations to conduct IDA programs.

HB1915 HD1 HSCR HUS HMS 2010-1507

Goodwill Industries of Hawaii, Inc.; Hawai'i Alliance for Community Based Economic Development; and Aloha United Way testified in support of this measure. The Tax Foundation of Hawaii commented.

Your Committee notes that the Tax Foundation of Hawaii had numerous concerns about establishing a state earned income tax credit (EITC). Among those concerns were that:
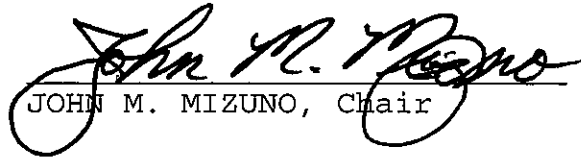
(1)   Basing Hawaii's credit on the federal EITC would import problems with the federal EITC. Administrators and practitioners agree that it is one of the most difficult and complicated federal credits to implement, and the Internal Revenue Service reports an error rate of greater than 25 percent;

(2)   By taking a percentage of the federal EITC, Hawaii's lawmakers are surrendering their oversight over this tax policy to the federal government, because it bears no relationship to state tax burdens or whether it will assist recipients to leave welfare, and will change when the federal government changes its EITC policy; and

(3)   It will result in an estimated $23,200,000 decline in tax revenues, based on 2003 tax returns, funds that may be unavailable during this downturn, and if available, may be better spent on state programs that assist persons in gaining skills needed to move out of poverty.

To encourage further discussion of this measure your Committee has changed its effective date to January 1, 2050. Technical, nonsubstantive amendments were also made for clarity and consistency.

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 H.B. No. 1915, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1915, H.D. 1, and be referred to the Committee on Finance.

HB1915 HD1 HSCR HUS HMS 2010-1507

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

_____
JOHN M. MIZUNO, Chair

State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HSCR 15710

Record of Votes of the Committee on Human Services

Bill/Resolution No.: HB 1915	Committee Referral: HUS, FIN	Date: 2/01/10

☐ The committee is reconsidering its previous decision on the measure.

The recommendation is to: ☐ Pass, unamended (as is)   ☒ Pass, with amendments (HD)   ☐ Hold
☐ Pass short form bill with HD to recommit for future public hearing (recommit)

HUS Members	Ayes	Ayes (WR)	Nays	Excused
1. MIZUNO, John M. (C)	✓			
2. BROWER, Tom (VC)	✓			
3. BELATTI, Della Au	✓			
4. BERTRAM, Joe, III				✓
5. CARROLL, Mele	✓			
6. NISHIMOTO, Scott Y.	✓			
7. SHIMABUKURO, Maile S.L.				✓
8. YAMANE, Ryan I.				✓
9. WARD, Gene	✓			
TOTAL (9)	6	0	0	3

The recommendation is: ☒ Adopted   ☐ Not Adopted
If joint referral, _____ did not support recommendation.
committee acronym(s)

Vice Chair's or designee's signature: _Tom Brown_

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