

STAND. COM. REP. NO. 782

Honolulu, Hawaii
March 6, 2009

RE: H.B. No. 333
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 333, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to help low-income working families build assets by:

- (1) Establishing a refundable state earned income tax credit (EITC) that is a certain percentage of the federal EITC amount they are entitled to, to be initially funded with federal Temporary Assistance for Needy Families funds; and
- (2) Restricting the interest charged by tax preparers to clients who claim the EITC.

The Hawaii Alliance for Community-Based Economic Development and Aloha United Way testified in support of this bill. The Department of Taxation, Department of Human Services, and Tax Foundation of Hawaii provided comments.

Your Committee finds that by establishing the state EITC rate at a certain percentage of the federal EITC amount, the state EITC amount would be inadvertently increased if the federal EITC amount were to be raised. Accordingly, your Committee has amended this

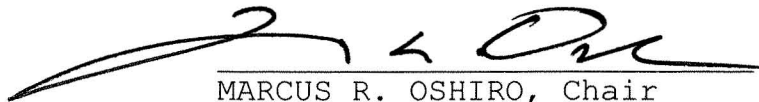


bill by stating that the reference to section 32 of the Internal Revenue Code is the section in effect on December 31, 2008.

This bill has also been amended by making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 333, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 333, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



MARCUS R. OSHIRO, Chair



