
A BILL FOR AN ACT

RELATING TO THE FEDERAL EARNED INCOME TAX CREDIT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the federal earned
2 income tax credit is a mechanism by which families in certain
3 earned income tax categories can reduce the federal tax on their
4 income and even, in some cases, reduce the tax to below zero,
5 resulting in the taxpayer receiving a cash refund. Nationally,
6 the credit has been widely heralded for its success in
7 supporting work, raising income, and reducing poverty.

8 About one hundred five thousand low-income families in
9 Hawaii claim the credit. An estimated nineteen thousand
10 additional families could claim the credit if properly informed,
11 thereby improving their financial situation. Moreover, since
12 low-income families tend to spend their earned income tax credit
13 on necessities such as rent, food, utilities, and household
14 goods, more widespread use of the credit could help the local
15 economy.

16 A collaborative of nonprofit agencies in conjunction with
17 the United States Internal Revenue Service has begun a volunteer
18 tax assistance program in Hawaii to help low-income families



1 claim the federal earned income tax credit. However, the
2 State's partnership in and coordination of an outreach program
3 for the credit could be critical to its success.

4 The purpose of this Act is to require the department of
5 taxation to coordinate an outreach initiative to increase
6 awareness and use of the federal earned income tax credit.

7 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
8 amended by adding a new section to be appropriately designated
9 and to read as follows:

10 "§235- Outreach for earned income tax credit. The
11 department of taxation shall coordinate an outreach initiative
12 designed to ensure that the maximum number of eligible families
13 apply for and receive the federal earned income tax credit. The
14 department may contract with a nonprofit agency to coordinate
15 the outreach initiative on behalf of the department."

16 SECTION 3. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$ or so much
18 thereof as may be necessary for fiscal year 2012-2013 for the
19 coordination of outreach for an earned income tax credit
20 initiative.

21 The sum appropriated shall be expended by the department of
22 taxation for the purposes of this Act.



- 1 SECTION 4. New statutory material is underscored.
- 2 SECTION 5. This Act shall take effect on July 1, 2050.



Report Title:

Office of Hawaiian Affairs Package; Earned Income Tax Credit Outreach Program; Appropriation

Description:

Requires the department of taxation to coordinate an outreach initiative to increase awareness and use of the federal earned income tax credit. Makes an appropriation. Effective July 1, 2050. (HB1988 HD1)

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