

JAN 20 2012

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".

6 Nationally, the credit has been widely heralded for its success
7 in supporting work, raising income, and reducing poverty.

8 About 105,000 low-income families in Hawaii claim the
9 credit. An estimated 19,000 additional families could claim the
10 credit if properly informed, thereby improving their financial
11 situation. Moreover, since low-income families tend to spend
12 their earned income tax credit on necessities such as rent,
13 food, utilities, and household goods, more widespread use of the
14 credit could help the local economy.

15 A collaborative of nonprofit agencies in conjunction with
16 the United States Internal Revenue Service has begun a volunteer
17 tax assistance program in Hawaii to help low-income families
18 claim the federal earned income tax credit. However, the



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1 State's partnership in and coordination of an outreach program
2 for the credit could be critical to its success.

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

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

9 "§235- Outreach for earned income tax credit. The
10 department shall coordinate an outreach initiative designed to
11 ensure that the maximum number of eligible families apply for
12 and receive the federal earned income tax credit. The
13 department may contract with a nonprofit agency to coordinate
14 the outreach initiative on behalf of the department."

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

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

22 SECTION 4. New statutory material is underscored.



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1 SECTION 5. This Act shall take effect on July 1, 2012.

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INTRODUCED BY: 
BY REQUEST

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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.

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