

Honolulu, Hawaii

Feb 16 , 2012

RE: H.B. No. 1988
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Human Services, to which was referred H.B. No. 1988 entitled:

"A BILL FOR AN ACT RELATING TO THE FEDERAL EARNED INCOME TAX CREDIT,"

begs leave to report as follows:

The purpose of this measure is to assist low- and moderate-income working people by:

- (1) Requiring the Department of Taxation to coordinate an outreach initiative to increase awareness and use of the federal earned income tax credit; and
- (2) Appropriating funds for the outreach initiative.

The Department of Human Services, Office of Hawaiian Affairs, Hawaii Alliance for Community-Based Economic Development, Kewalo Hawaiian Homestead Community Association, Hawaii State Commission on the Status of Women, and a concerned individual supported the measure. The Department of Taxation and Tax Foundation of Hawaii offered comments on the measure.

Your Committee notes that the Office of Hawaiian Affairs testified that Hawaii workers fail to claim an estimated \$31,299,580 to \$41,732,301 in federal earned income tax credits annually. The Office of Hawaiian Affairs added that many of those families could use the credit to purchase goods and services which



would, in turn, generate more than \$4,600,000 in general excise tax revenues for the State.

Your Committee also notes the Department of Human Services' recommendations that the proposed outreach initiative partner with the Volunteer Income Tax Assistance (VITA) Program, which is closely associated with the Internal Revenue Service (IRS) and offers free tax help to persons earning \$50,000 or less who need assistance preparing their tax returns. The Department of Human Services added that the IRS-certified VITA volunteers can inform taxpayers about special tax credits for which they may qualify such as the earned income tax credit, child tax credit, and credit for the elderly and disabled. The VITA sites are generally located at community and neighborhood centers, libraries, schools, shopping malls, and other convenient locations.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive changes for clarity, consistency, and style.

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. 1988, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1988, H.D. 1, and be referred to the Committee on Finance.

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-sixth Legislature

Record of Votes of the Committee on Human Services

Bill/Resolution No.: HB 1988	Committee Referral: HUS, FIN	Date: Feb 9, 2012		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> 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. JORDAN, Jo (VC)	✓			
3. BELATTI, Della Au	✓			
4. HANOHANO, Faye P.	✓			
5. LEE, Chris				✓
6. MORIKAWA, Dee	✓			
7. WOOLEY, Jessica				✓
8. YAMANE, Ryan I.	✓			
9. CHING, Corinne W.L.				✓
10. PINE, Kymberly Marcos	✓			
TOTAL (10)	7			3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align:center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____				
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