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January 26, 2012

To: The Honorable Angus L.K. McKelvey, Chair
and Members of the House Committee on Economic Revitalization & Business

The Honorable Karl Rhoads, Chair
and the Members of the House Committee on Labor & Public Employment

Date: Friday, January 27, 2012
Time: 10:30 A.M.
Place: Conference Room 309, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: H.B. No. 812, Relating to Unemployment Compensation

H.B. 812 exempts unemployment compensation from the Hawaii State Income Tax. Currently, unemployment compensation is subject to state and federal income tax. Therefore this measure would result in a revenue loss to the general fund for the taxable years covered under this measure. We note that the effective date includes the taxable years after December 31, 2010; this would have an impact on the current fiscal budget.

Thank you for this opportunity to provide comments.