

NEIL ABERCROMBIE  
GOVERNOR



PATRICIA McMANAMAN  
DIRECTOR  
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STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

March 15, 2012

**MEMORANDUM**

TO: The Honorable John M. Mizuno, Chair  
House Committee on Human Services

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 2179, S.D. 1 - RELATING TO THE FEDERAL EARNED  
INCOME TAX CREDIT**

Hearing: Thursday, March 15, 2012; 9:00 a.m.  
Conference Room 329, State Capitol

**PURPOSE:** This bill proposes to require the Department of Taxation to coordinate an outreach initiative to increase awareness and use of the federal earned income tax credit and makes an appropriation.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports this bill and respectfully defers to the Department of Taxation (DOTAX) on the feasibility of its implementation.

Thank you for the opportunity to provide comments on this bill.



**SB2179 SD1**  
**RELATING TO THE FEDERAL EARNED INCOME TAX CREDIT**  
**House Committee on Human Services**

March 15, 2012

9:00 a.m.

Room 329

The Office of Hawaiian Affairs (OHA) strongly **SUPPORTS** SB2179 SD1, which requires the Hawaii State Department of Taxation to coordinate an outreach initiative to increase awareness and use of the federal earned income tax credit (EITC) and makes an appropriation. OHA supports this bill because it furthers our strategic priority of improving the economic self-sufficiency of Native Hawaiians, who have the highest rate of poverty in the state at 12.1%.

To ease the burden on working families, the United States Congress established the federal EITC in 1975. Today, the federal EITC is considered one of the nation's largest and most successful anti-poverty and work incentive programs. According to the Center on Budget and Policy Priorities—a national policy organization working at the federal and state levels on fiscal policy and public programs affecting low to moderate income families and individuals—in 2009, the federal EITC lifted about 6 million people out of poverty, including approximately 3 million children.

Although the federal EITC is widely known to reduce poverty, it can also help to stimulate the economy. According to the Family and Individual Self Sufficiency Program of the Hawaii Alliance for Community-Based Economic Development (a non-profit that encourages and supports community centered economic development in Hawaii), 104,000 families take advantage of the federal EITC, and another 19,000 families could claim the credit if they were aware of it. It is estimated that annually, Hawai'i workers fail to claim between \$31,299,580 and \$41,732,301 in federal EITC benefits. Many of Hawai'i's families could use the credit to purchase goods and services which would, in turn, generate more than \$4.6 million in general excise taxes for the State.

As part of the ongoing efforts to reduce poverty and stimulate the economy in Hawai'i, it is critical for the Department of Taxation to coordinate an outreach initiative so that Hawai'i families are aware of this program.

Therefore, OHA respectfully urges the committee to **PASS** SB2179 SD1. Mahalo for the opportunity to testify on this important measure.

# HACBED

Hawai'i Alliance for Community-Based Economic Development  
677 Ala Moana Blvd., Suite 702 Honolulu, HI 96813  
Ph. 808.550.2661 Fax 808.534.1199  
Email [info@hacbed.org](mailto:info@hacbed.org) [www.hacbed.org](http://www.hacbed.org)

Community Voice, Collective Action

## **Board Members**

### *President*

Jason Okuhama (*at large*)  
Managing Partner,  
Commercial & Business  
Lending

### *Secretary*

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Keikialoha Kekipi &  
Susie Osborne (*Hawai'i*)  
Ho'oulu Lahui/ Kua O Ka La  
Public Charter School

Kukui & Gary Maunakea-Forth  
(*O'ahu*)  
WCRC/Mala Ai 'Opio (MA'O)

Tommy Otake (*at large*)  
Attorney At Law

## **HACBED Staff**

Robert Agres, Jr  
*Executive Director*

Brent Dillabaugh  
*Asset Policy Coordinator*

Susan Tamanaha  
*VITA Program Coordinator*

Briana Monroe  
*Program Support Assistant*

Athena Esene  
*Administrative Coordinator*

Thursday, March 15, 2012

House Committee on Human Services

### **Testimony in Support for SB 2179**

Requiring DoTAX to conduct EITC Outreach

Dear Chair Mizuno and Committee Members:

The Hawai'i Alliance for Community Based Economic Development (HACBED) **supports SB 2179** which requires the Department of Taxation to conduct Earned Income Tax Credit (EITC) Outreach.

The Earned Income Tax Credit (EITC) is a federal tax credit for low- and moderate-income working people. It is designed to encourage and reward work as well as offset federal payroll and income taxes. The EITC is "refundable," which means that if it exceeds a low-wage worker's income tax liability, the IRS will refund the balance. Twenty-five states, including DC, have established their own EITCs to supplement the federal credit.

Each year, Hawaii workers fail to claim approximately \$44 million in Earned Income Tax Credits. For the past several years HACBED has coordinated support for Volunteer Income Tax (VITA) preparation ([www.hawaiiitaxhelp.org](http://www.hawaiiitaxhelp.org)). In the past, the Department of Human Services has supported these efforts through eligible TANF expenditures.

HACBED supports the expansion of outreach efforts to insure Hawaii families receive their eligible benefits. **We do suggest that any state effort to expand outreach efforts would be best coordinated through the network of VITA providers already in existence. This may require specific language inserted into SB2179.**

Thank you for the opportunity to submit testimony in support of SB2179.

Sincerely,

Brent Dillabaugh  
Asset Policy Coordinator

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Outreach for earned income credit

BILL NUMBER: SB 2179, SD-1

INTRODUCED BY: Senate Committee on Ways and Means

BRIEF SUMMARY: Adds a new section to HRS chapter 235 to require the department of taxation to coordinate an outreach initiative to ensure that the maximum number of eligible families applies to receive the federal earned income credit. Permits the department of taxation to contract with a nonprofit agency to coordinate the outreach initiative on behalf of the department.

Appropriates \$ \_\_\_\_\_ in general funds for fiscal 2013 to the department of taxation to coordinate the outreach for the earned income tax credit initiative.

EFFECTIVE DATE: July 1, 2010

STAFF COMMENTS: While this measure would require the department of taxation to inform and educate the public in an attempt to increase the number of families claiming the federal earned income credit, it proposes to amend HRS chapter 235 to accomplish this purpose. If this measure is adopted, it may lead to other similar requests and result in other "mandates" rather than statutory law.

Given that the legislature is the policymaking body of the state and the administration is charged with executing those policies, this proposal amounts to nothing more than the legislature's attempt to micro-manage state government. Such educational outreach programs should be a part of the department's efforts to improve compliance.

Digested 3/13/12



DEMOCRATIC PARTY OF HAWAII

March 15, 2012

To: Rep. John Mizuno, Chair  
Rep. Jo Jordan, Vice Chair and  
Members of the Committee on Human Services

From: Jeanne Ohta, Co-Chair  
Hawai'i State Democratic Women's Caucus

RE: SB 2179 SD1 Relating to the Federal Earned Income Tax Credit  
Hearing: March 15, 2012, 9:00 a.m., Room 329

Position: Support

The Hawai'i State Democratic Women's Caucus writes in support of SB 2179 SD1 Relating to the Federal Earned Income Tax Credit (EITC) which requires the Hawai'i State Department of Taxation to coordinate an outreach initiative to increase awareness and use of the federal EITC.

The EITC is a federal tax credit for moderate and low income working families. In the late 1980s and early 1990s increases in the program turned the EITC into the largest federal aid program targeted to the working poor. In tax year 2009, the EITC was expanded by Congress as part of measures passed to encourage economic recovery; that year, 6.6 million Americans were lifted above the poverty line due to the EITC.<sup>1</sup>

It is estimated that 20%-25% of families nation-wide fail to claim the EITC they have earned. Those not claiming the credit generally fall into two categories: (1) those that file and do not claim the credit since they were not aware of the credit and (2) those that don't file at all, either because they are afraid to file or because they have no tax liability and are not aware that EITC is refundable even if there is no tax liability.

This large gap between who is eligible and who actually files is the reason this measure is needed. It is important to note that poor families spend the money they receive in the communities in which they live. These funds will help stimulate Hawaii's economy and provide additional tax revenue to the state.

The Hawai'i State Democratic Women's Caucus is a catalyst for progressive, social, economic, and political change through action on critical issues facing Hawai'i's women and girls. It is because of this mission, the Women's Caucus supports this measure. We respectfully ask the committee to pass it out.

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<sup>1</sup> Center on Budget and Policy Priorities

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Chairman Kamaki Kanahele  
Organization: SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/13/2012

Comments:

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Mike Kahikina, Legislative Chair  
Organization: SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/13/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Beatrice Hew Len, Secretary  
Organization: Sovereign Mokupuni Council o Oahu  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/13/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Lorraine Rapozo, President  
Organization: Sovereign Mokupuni Council o Kauai, SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/13/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Kammy Purdy, President  
Organization: Sovereign MokuPuni Council O Molokai, SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Jared Aiwohi, President  
Organization: Sovereign MokuPuni Council O Molokai, SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Dr. Agnes Cope, Kupuna Council Chair  
Organization: SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Myron Brumaghim, Education Co-Chair  
Organization: SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Dr. Margie Maaka, Education Co-Chair  
Organization: SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Helen O Connor, Health Chair  
Organization: SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Tasha Kama, Geneology Chair  
Organization: SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Al Harrington, Native Hawaiian Tourism Chair  
Organization: SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:



Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329

Testifier position: Comments Only

Testifier will be present: No

Submitted by: Brandscombe Richmond, Telecomm /Production Chair

Organization: SCHHA

E-mail: [info@schha.com](mailto:info@schha.com)

Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329

Testifier position: Support

Testifier will be present: No

Submitted by: Audrey Loo, President

Organization: Anahola Hawaiian Lands Farms Assn, SCHHA

E-mail: [info@schha.com](mailto:info@schha.com)

Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329

Testifier position: Support

Testifier will be present: No

Submitted by: Oochie Bush, President

Organization: Hoolehua Homestead Assn, SCHHA

E-mail: [info@schha.com](mailto:info@schha.com)

Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329

Testifier position: Support

Testifier will be present: No

Submitted by: Aimoku Pali, President

Organization: Ka Ohana Kahikinui, SCHHA

E-mail: [info@schha.com](mailto:info@schha.com)

Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Vivian Ainoa, President  
Organization: Kamiloloa One-Alii Homestead Comm Assn, SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Leilani Wallace, President  
Organization: Kapaakea Homestead Association, SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Colleen Aiwohi, President  
Organization: Kaupe'a Homestead Community Assn, SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Kelly Lincoln, President  
Organization: Panaewa Hawaiian Home Lands Community Assn, SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Rodney Paahana, President  
Organization: Villages of Leialii Assn, SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Alapake Heanu, President  
Organization: Waiehu Kou Homestead Assn, SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Roy Oliver, President  
Organization: Waiehu Kou III Homestead Assn, SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Aloha Planesi, Secretary  
Organization: Waiehu Kou II Homestead Assn, SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Danny Kanahale, President  
Organization: Waiehu Kou IV Homestead Assn, SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Micheal Hodson, President  
Organization: Waimea Hawaiian Homesteaders Assn Inc, SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Blossom Feiteira, President  
Organization: Anahola Hawaiian Lands Farms Assn, SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/14/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Herbert Hew Len, President  
Organization: Waianae Kai Homestead Community Association  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/13/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Annie Au Hoon, President  
Organization: Kewalo Hawaiian Homestead Community Association  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/13/2012

Comments:

Testimony for HUS 3/15/2012 9:00:00 AM SB2179

Conference room: 329  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Kimo Keli, President  
Organization: Nanakuli Hawaiian Homestead Community Association  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 3/13/2012

Comments: