



**LATE**

**SB2205 SD1**  
**Relating to Taxation**  
House Committee on Human Services

March 18, 2014

9:45 a.m.

Room 329

The Office of Hawaiian Affairs (OHA) **SUPPORTS** SB2205 SD1, which would establish a state earned-income tax credit. This bill aligns with OHA's strategic priority of improving the economic self-sufficiency of Native Hawaiians.

According to a report by the Institute on Taxation and Economic Policy (ITEP), Hawai'i is one of the ten states with the highest taxes on the poor. Notably, these taxes are applied to a disproportionate number of Native Hawaiian families with children. For example, while 13.2 percent of all Hawai'i families with children live in poverty, the percentage of Native Hawaiian families with children living in poverty is a much higher 20.9 percent. Although there are many ways to address poverty, SB2205 SD1 proposes a pragmatic way to reduce the tax burden on our neediest populations, including Native Hawaiians.

This measure proposes to establish a state Earned Income Tax Credit (EITC). Currently, there are 42 states that have an income tax and 24 of those states have enacted a state EITC. Under this measure, the state EITC would equal 10 percent of the federal EITC; therefore, a family receiving a federal EITC of \$2,500 would receive \$250 in state EITC. Such a credit may address economic disparities in a systemic way, by providing our indigent families with additional funds to purchase basic necessities and contribute to Hawai'i's economy.

Accordingly, OHA urges the Committee to **PASS** SB2205 SD1. Mahalo nui for the opportunity to testify on this important measure.

**kobayashi1-Joni**

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**SB2205**

Submitted on: 3/18/2014

Testimony for HUS on Mar 18, 2014 09:45AM in Conference Room 329

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Paul A. komara, Jr. | Individual          | Oppose                    | No                        |

Comments:

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