

Honolulu, Hawaii

February 14, 2014

RE: H.B. No. 2371
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Human Services, to which was referred H.B. No. 2371 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to reduce the tax burden on our lowest income residents by:

- (1) Amending the amount and threshold of the refundable food/excise tax credit;
- (2) Amending the income threshold allowing an individual to claim the low-income household renters credit from \$30,000 to \$59,700, and increasing the amount of the credit from \$50 to \$146;
- (3) Creating a low-income tax credit to:
 - (A) Reduce state tax liability for low-income taxpayers by 50 percent if a taxpayer has federal adjusted gross income between 100 and 125 percent of the federal poverty level; or
 - (B) Eliminate state income tax liability for low-income taxpayers whose federal adjusted gross income is below the federal poverty guidelines; and



- (4) Creating an earned income tax credit allowing taxpayers to claim a tax credit equal to an unspecified percentage of the federal earned income tax credit amount.

Aloha United Way; PHOCUSED; Catholic Charities Hawai'i; UNITE HERE Local 5 Hawaii; Hawaii Alliance for Retired Americans; Partners in Care; Americans for Democratic Action, Hawai'i; Hawaii Food Industry Association; Hawai'i Appleseed Center for Law and Economic Justice; Hawai'i State Democratic Women's Caucus; Goodwill Industries of Hawaii, Inc.; Hawai'i Women's Coalition; Faith Action for Community Equity; National Community Tax Coalition; Hawaii State Commission on the Status of Women; and a number of concerned individuals supported this bill. The Department of Taxation and Tax Foundation of Hawaii provided comments on this bill.

Your Committee has amended this measure by:

- (1) Inserting an unspecified date for the taxable year in which the credits begin to apply;
- (2) Changing its effective date to July 1, 2050, to facilitate discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee respectfully notes that your Committee on Finance is best equipped to address issues regarding the implementation of tax matters. Should your Committee on Finance choose to hear this measure, your Committee encourages further discussion as to questions raised regarding implementation of these credits.

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. 2371, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2371, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Human Services,

B-D Kobayashi for
MELE CARROLL, Chair



State of Hawaii
House of Representatives
The Twenty-seventh Legislature

HSCR 533-14

Record of Votes of the Committee on Human Services

Bill/Resolution No.: HB 2371	Committee Referral: HUS, FIN	Date: 2/13/14		
<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. CARROLL, Mele (C)				✓
2. KOBAYASHI, Bertrand (VC)	✓			
3. BELATTI, Della Au				✓
4. CREAGAN, Richard				✓
5. HASHEM, Mark J.	✓			
6. JORDAN, Jo		✓		
7. MORIKAWA, Dee	✓			
8. OSHIRO, Marcus R.				✓
9. WOODSON, Justin H.	✓			
10. FUKUMOTO, Beth	✓			
TOTAL (10)	5	1		4
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; margin-left: 100px;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____				
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