

Honolulu, Hawaii

February 28, 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 Finance, to which was referred H.B. No. 2371, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to reduce taxes on the State's 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 income tax credit for low-income household renters, 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 of at least 100 percent but not more than 125 percent of the federal poverty guidelines; and
 - (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 that allows taxpayers to claim a tax credit equal to an unspecified percentage of the federal earned income tax credit amount.

The Hawaii Alliance for Community-Based Economic Development, National Community Tax Coalition, Hawai'i Appleseed Center for Law and Economic Justice, Aloha United Way, Hawaii Food Industry Association, Hawaii Catholic Conference, Pride At Work Hawai'i, PHOCUSED, Partners In Care, UNITE HERE Local 5, Goodwill Industries of Hawaii, Inc., Hawaii Alliance for Retired Americans, Catholic Charities Hawaii, League of Women Voters of Hawaii, and several individuals supported this measure. The Department of Taxation and Tax Foundation of Hawaii commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2371, H.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA DUKE, Chair



