

Honolulu, Hawaii

FEB 13 2014

RE: S.B. No. 2206

S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Human Services, to which was referred S.B. No. 2206 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to provide relief for low-income individuals by:

- (1) Establishing a state earned income tax credit and low-income tax credit; and
- (2) Updating the low-income household renters credit and the refundable food/excise tax credit.

Your Committee received testimony in support of this measure from the Office of Hawaiian Affairs, Hawaii State Commission on the Status of Women, Aloha United Way, Americans for Democratic Action, Catholic Charities Hawaii, Hawaii Alliance for Community-Based Economic Development, Hawaii Appleseed Center for Law and Economic Justice, Hawaii Catholic Conference, Hawaii Primary Care Association, Hawaii State Democratic Women's Caucus, Helping Hands Hawaii, League of Women Voters, National Community Tax Coalition, Partners in Care, PHOCUSED, UNITE HERE Local 5 Hawaii, International Longshore and Warehouse Union Local 142 Hawaii, and five individuals. Your Committee received comments on this measure from the Department of Taxation, Department of the Attorney General, and Tax Foundation of Hawaii.



Your Committee finds that it is important to provide relief for Hawaii's working and low-income individuals and families, as Hawaii is one of the poorest states in the nation, has an extremely high cost of living, and taxes the low-income population heavily compared to other states. Your Committee recognizes the concerns expressed about this measure, including the difficulty of enforcement and the unknown revenue loss that the measure would cost the State.

Accordingly, your Committee has amended this measure by deleting its contents and inserting language to:

- (1) Provide a general excise tax exemption for food; and
- (2) Insert an effective date of July 1, 2050, to encourage further discussion.

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 S.B. No. 2206, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2206, S.D. 1, and be referred to the Committee on Ways and Means.

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



SUZANNE CHUN OAKLAND, Chair



