

Honolulu, Hawaii

**FEB 14**, 2020

RE: H.B. No. 2708  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2708 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure to require the Department of Taxation to authorize individual taxpayers with one or more dependents and income not exceeding forty percent of the median family income to elect to reduce their withholding by the amount of the expected earned income tax credit.

Your Committee received comments on this measure from the Department of Taxation.

Your Committee finds that this measure is designed to help working families by allowing qualified families to benefit from the earned income tax credit as they receive their regular paychecks, rather than having to wait a year to claim the tax credit. Your Committee finds that receiving part of the tax credit in each paycheck throughout the year is more beneficial for low-income families who tend to face liquidity constraints.



Your Committee has amended this measure by:

- (1) Deleting the requirement that limits the withholding reduction to taxpayers with one or more dependents and income not exceeding forty percent of the median family income;
- (2) Creating a definition of "qualifying individual taxpayer" for the purposes of this measure;
- (3) Changing its effective date to January 1, 2050, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2708, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2708, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Labor & Public  
Employment,



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AARON LING JOHANSON, Chair



