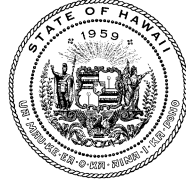


DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
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RONA M. SUZUKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

To: The Honorable Sylvia Luke, Chair;
The Honorable Ty J.K. Cullen, Vice Chair;
and Members of the House Committee on Finance

From: Rona M. Suzuki, Director
Department of Taxation

Re: **H.B. 1980, H.D. 1, Relating to the Earned Income Tax Credit**

Date: Thursday, February 20, 2020

Time: 12:00 P.M.

Place: Conference Room 308, State Capitol

The Department of Taxation (Department) supports H.B. 1980, S.D. 1, and provides the following comments. H.B. 1980 adds a requirement to HRS, Chapter 235, Income Tax Law, to require employers to notify their employees in writing of the availability of the federal and state earned income tax credits (EITC). H.D. 1 has a defective effective date of January 1, 2050.

As indicated in our "*Annual Earned Income Tax Credit Report for Tax Year 2018*" report, the EITC was claimed on 55,656 returns, totaling \$15 million.

The Department will notify employers of this new requirement using forms and instructions.

Thank you for the opportunity to testify in support of this measure.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME; Require Employers to Notify Employees of EITC

BILL NUMBER: HB 1980, HD-1

INTRODUCED BY: House Committee on Labor & Public Employment

EXECUTIVE SUMMARY: Requires all employers to notify their employees in writing of the availability of the federal and state earned income tax credits. Effective 1/1/2050.

SYNOPSIS: Adds a new section to chapter 235, HRS, stating that all employers shall notify their employees in writing of the availability of the earned income tax credits under section 235-55.75 and under section 32 of the IRC.

EFFECTIVE DATE: January 1, 2050.

STAFF COMMENTS: This bill, if enacted, would be a broad-based employer mandate. It would be another in a long list of employer mandates that we already impose upon employers. While encouraging EITC claims may be a good idea in the abstract, we question whether the benefit to be gained would be worth the administrative burdens and broad-based pain that this bill would inflict.

Instead, the Committee may wish to consider encouraging the Department to revise Form HW-4 to take anticipated credits into consideration in figuring withholding, as contemplated by HRS section 235-61(g). The current Form HW-4 does not appear to allow consideration of any credits and warns that “**Hawaii law does NOT allow ‘EXEMPT’ status for withholding purposes**” although withholding exempt status may be appropriate for persons whose entire tax liability would be offset by their Hawaii EITC.

Digested 2/18/2020

The Thirtieth Legislature
Regular Session of 2020

HOUSE OF REPRESENTATIVES

Committee on Finance

Rep. Sylvia Luke, Chair

Rep. Ty J.K. Cullen, Vice Chair

State Capitol, Conference Room 308

Thursday, February 20, 2020; 12:00 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 1980, H.D.1
RELATING TO THE EARNED INCOME TAX CREDIT**

The ILWU Local 142 supports H.B. 1980, H.D.1, which requires all employers to notify their employees in writing of the availability of the federal and state earned income tax credits.

The earned income tax credit (EITC) helps many working families in the state of Hawaii. Unfortunately, many workers are unaware they can claim the EITC when they file their taxes. H.B. 1980, H.D.1, will hopefully rectify that situation.

The ILWU recommends passage of H.B. 1980, H.D.1 Thank you for the opportunity to testify.



Pono Hawai'i Initiative

Josh Frost - President • Patrick Shea - Treasurer • Kristin Hamada
Nelson Ho • Summer Starr

Wednesday, February 19, 2020

Relating to the Earned Income Tax Credit
Testifying in Support

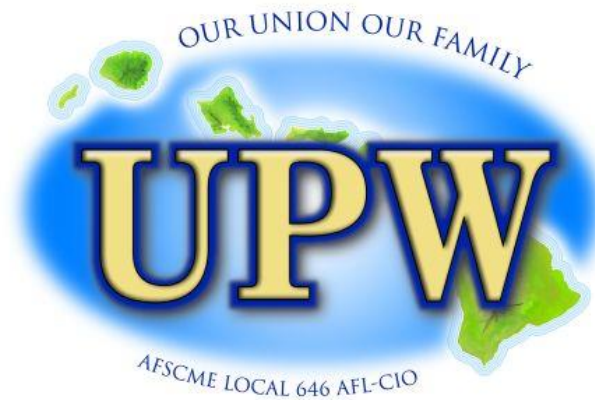
Aloha Chair and members of the committee,

The Pono Hawai'i Initiative (PHI) **supports HB1980, HD1 Relating to the Earned Income Tax Credit**, which requires all employers to notify their employees in writing of the availability of the federal and state earned income tax credit.

Many workers are unaware that they qualify for EITC and lose out on this resource. This measure will help to spread the word of what could be a very valuable resource for many workers and their families. Helping these families recoup these credits can help generate more money for household expenses and our local economy.

For all these reasons, we urge you to vote in favor of this measure.

Mahalo for the opportunity,
Gary Hooser
Executive Director
Pono Hawai'i Initiative



LATE

THE HAWAII STATE HOUSE OF REPRESENTATIVES

The Thirtieth Legislature
Regular Session of 2020

COMMITTEE ON FINANCE

Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Date of Hearing: Thursday, February 20, 2020
Time of Hearing: 12:00 p.m.
Place of Hearing: Conference Room 308
State Capitol
415 South Beretania Street

Testimony on HB 1980, HD1 Relating to Earned Income Tax Credit

By DAYTON M. NAKANELUA,
State Director of the United Public Workers,
AFSCME Local 646, AFL-CIO ("UPW")

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO. The UPW is the exclusive bargaining representative for approximately 13,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and four counties. The UPW also represents about 1,500 members in the private sector.

HB 1980, HD1 requires all employers to notify their employees in writing of the availability of federal and state earned income tax credits. This will remind qualifying taxpayers to take advantage of this opportunity to reduce their income taxes. This is another way to help working families manage their monies. The UPW supports this measure.

Thank you for the opportunity to submit this testimony.

