

Honolulu, Hawaii

FEB 15 , 2022

RE: H.B. No. 2406

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred
H.B. No. 2406 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to amend the Earned Income Tax
Credit by:

- (1) Making it refundable and permanent; and
- (2) Allowing tax credits claimed for certain taxable years
that exceed tax liability for the original claim year to
be credited against the net tax liability in subsequent
years, until exhausted.

Your Committee received testimony in support of this measure
from the Hawaii State Teachers Association, Hawai'i Appleseed
Center for Law and Economic Justice, Hawai'i Alliance for
Community-Based Economic Development, Catholic Charities Hawai'i,
Hawaii Children's Action Network Speaks!, Imua Alliance,
Democratic Party of Hawai'i Education Caucus, Pono Hawai'i
Initiative, Hawai'i Association of School Psychologists, Hawaii
Chapter of the American Academy of Pediatrics, Chamber of Commerce
Hawaii, Parents And Children Together, Aloha United Way, Hawai'i
Public Health Institute, and nine individuals. Your Committee



received comments on this measure from the Department of Taxation, Department of Budget and Finance, and Tax Foundation of Hawaii.

Your Committee finds that in 2017 Hawaii enacted its own Earned Income Tax Credit. However, unlike many other states and the federal government, Hawaii's Earned Income Tax Credit is non-refundable, meaning households can only use the state credit to reduce their tax liability. This hurts low-income households because they are not able to make full use of the tax credit as they often have little to no tax liability. Your Committee believes that making the Earned Income Tax Credit refundable will provide a pathway to economic stability for Hawaii's working families. This measure would relieve financial pressure that working families face every day as the State's cost of living continues to rise and wages remain stagnant.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2406 and recommends that it pass Second Reading and be referred to your Committee on Finance.

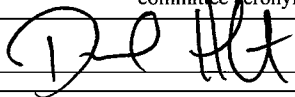
Respectfully submitted on
behalf of the members of the
Committee on Economic
Development,



SEAN QUINLAN, Chair



Record of Votes of the Committee on Economic Development

Bill/Resolution No.: HB 2406	Committee Referral: ECD, FIN	Date: 2/9/22		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input 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)				
ECD Members	Ayes	Ayes (WR)	Nays	Excused
1. QUINLAN, Sean (C)	✓			
2. HOLT, Daniel (VC)	✓			
3. BELATTI, Della Au	✓			
4. KOBAYASHI, Dale T.	✓			
5. ONISHI, Richard H.K.		✓		
6. SAYAMA, Jackson D.	✓			
7. TAKAYAMA, Gregg	✓			
8. OKIMOTO, Val		✓		
TOTAL (8)	6	2	0	0
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				