

STAND. COM. REP. NO. 3892

Honolulu, Hawaii

APR 08 2022

RE: H.B. No. 510
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 510, H.D. 1, 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 to low-income persons from taxes and fees associated with vehicles.

More specifically, this measure establishes a refundable income tax credit to offset vehicle registration fees for persons who are eligible to receive a refundable food/excise tax credit in an amount greater than \$0.

Prior to a public hearing on this measure, your Committee made available for public review a Proposed S.D. 1 of this measure. The Proposed S.D. 1 amends the measure by adding a provision to extend the availability of the state earned income tax credit.

Your Committee received testimony in support of this measure from Catholic Charities Hawaii, Hawaii Health and Harm Reduction Center, and Stonewall Caucus of the Democratic Party of Hawaii.



Your Committee received comments on this measure from the Department of Budget and Finance, Department of Taxation, Americans for Democratic Action, Early Childhood Action Strategy, Hawaii Appleseed Center for Law and Economic Justice, Hawaii Children's Action Network Speaks!, Hawaii Public Health Institute, and nine individuals.

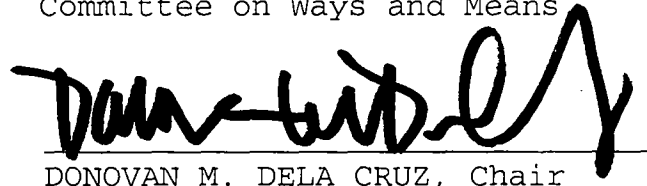
Your Committee finds that the state earned income tax credit, codified as section 235-55.75, Hawaii Revised Statutes, provides an incentive for taxpayers to work, while also reducing the tax burden on low- and moderate-income families. Your Committee also finds that, under present law, the state earned income tax credit shall not apply to taxable years beginning after December 31, 2022. Your Committee further finds that the Proposed S.D. 1 would extend the availability of the state earned income tax credit by an additional six years.

Your Committee has amended this measure by adopting the Proposed S.D. 1 and further amending the Proposed S.D. 1 by:

- (1) Removing the provisions related to the vehicle registration fee income tax credit;
- (2) Making the earned income tax credit refundable; and
- (3) Changing the effective date to upon approval and applying the measure to taxable years beginning after December 31, 2021.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 510, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 510, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means


DONOVAN M. DELA CRUZ, Chair



