

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



ISAAC W. CHOY
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
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To: The Honorable Donovan M. Dela Cruz, Chair;
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair;
and Members of the Senate Committee on Ways and Means

From: Isaac W. Choy, Director
Department of Taxation

Date: Thursday, April 7, 2022
Time: 10:40 A.M.
Place: Via Video Conference, State Capitol

Re: H.B. 510, H.D. 1, Proposed S.D. 1, Relating to Taxation

The Department of Taxation (Department) offers the following comments regarding H.B. 510, H.D.1, Proposed S.D. 1, for your consideration.

Proposed S.D. 1 establishes a new vehicle registration fee tax credit for persons who are otherwise eligible for a refundable food/excise tax credit greater than \$0. The credit is \$50 for joint filers who pay for at least two vehicle registrations and \$25 for other filers who have paid for at least one vehicle registration. The measure has a defective effective date of July 1, 2050.

The Department notes that it will be able to administer this measure provided that it is made applicable to taxable years beginning after December 31, 2021.

Thank you for the opportunity to testify on this measure.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 510, H.D. 1, PROPOSED S.D. 1

April 7, 2022

10:40 a.m.

Room 211 and Videoconference

RELATING TO TAXATION

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 510, H.D. 1, Proposed S.D. 1, amends Sections 23-96 and 235-55.85, HRS, to add a new vehicle registration fee tax credit component for taxpayers who can claim a refundable food/excise tax credit greater than \$0; and amends Section 235-55.7, HRS, to extend the availability of the earned income tax credit until tax year 2028.

B&F notes that the federal American Rescue Plan (ARP) Act restricts states from using ARP Coronavirus State Fiscal Recovery Funds (CSFRF) to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation beginning on March 3, 2021, through the last day of the fiscal year in which the CSFRF have been spent. If a state cuts taxes during this period, it must demonstrate how it paid for the tax cuts from sources other than the CSFRF, such as:

- By enacting policies to raise other sources of revenue;
- By cutting spending; or

- Through higher revenue due to economic growth.

If the CSFRF provided have been used to offset tax cuts, the amount used for this purpose must be repaid to the U.S. Treasury.

The U.S. Department of Treasury has issued rules governing how this restriction is to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with this ARP restriction.

Thank you for your consideration of our comments.



Testimony for HB510 HD1 - Relating to Taxation
Senate Committee on Ways and Means
Thursday, April 7th 10:40AM

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee,

Hawaii Appleseed Center for Law and Economic Justice thanks the committee for the opportunity to offer **comments** on HB510 HD1, which extends the state's Earned Income Tax Credit to tax year 2028.

Since being created in 2017, Hawaii's earned income tax credit (EITC) has helped deliver tax relief to the state's working families, particularly those with low and moderate incomes. In 2020, the state EITC benefited over 64,000 tax payers with the average size of the credit being \$328 per claim.ⁱ Working in tandem with the federal EITC, Hawaii's credit helps to ensure working families keep more of the income they earn at tax time.

However, under current statute, Hawaii's EITC is non-refundable, making it difficult for workers with the lowest incomes to take full advantage of the credit. A non-refundable EITC only allows a taxpayer to reduce their tax liability, which for many low-income workers does very little, as they often have little to no tax liability. In 2020, workers with incomes below \$15,000 received on average \$83 in state EITC, while workers with incomes at \$55,000 annually received \$484 on average.ⁱⁱ

Under a refundable EITC, if an individual's tax liability is smaller than the size of the credit, the taxpayer is issued a refund check for the difference. In this way, refundable EITCs are a much stronger tool for encouraging economic stability—particularly for workers with the lowest incomes. The power of a refundable EITC becomes even more critical now, as working families continue to contend with the rising cost of living and the economic fallout from the COVID-19 pandemic.

While extending the life of the EITC represents a step in the right direction, the legislature has an opportunity to amend the EITC, so that it works better for Hawaii's working families. We would like to respectfully offer two potential amendments that will increase the impact of the state's EITC:

1. Make Hawaii's EITC **refundable**. A refundable credit would allow workers with the lowest incomes to make full use of the credit's value. Workers in the lowest income quintile would see their EITC benefits increase from \$149 on average to \$386 on average.ⁱⁱⁱ
2. Make Hawaii's EITC **permanent**. By eliminating the sunset for the state EITC, the legislature will ensure the state's working families can continue to benefit from the EITC in future years, without the threat of the credit expiring in 2027.

Language for making the state EITC permanent and refundable can be replicated from Section 3 of HB1507 HD1. Thank you for the opportunity to provide comments and suggested amendments on HB510 HD1. Making the credit refundable and permanent will ensure that workers with the lowest incomes can fully leverage the credit to improve family economic security.

ⁱ Department of Taxation, “Earned Income Tax Credit Report Tax Year 2020”,
https://files.hawaii.gov/tax/stats/stats/act107_2017/act107_earnedincome_txcredit_2020.pdf

ⁱⁱ Ibid

ⁱⁱⁱ Hawaii Budget and Policy Center “Refunding Hawaii,”
https://static1.squarespace.com/static/5ef66d594879125d04f91774/t/61f207dc896d102d30606d6f/1643251680283/EITC+Report_REV3_FINAL.pdf

LATE

HB-510-HD-1

Submitted on: 4/6/2022 3:56:15 PM

Testimony for WAM on 4/7/2022 10:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael Golojuch Jr	Testifying for Stonewall Caucus of the Democratic Party of Hawaii	Support	Written Testimony Only

Comments:

Aloha Senators,

The Stonewall Caucus of the Democratic Party of Hawai'i (formerly the LGBT Caucus) fully supports HB 510 HD 1.

We hope you all will support this important piece of legislation.

Mahalo nui loa,

Michael Golojuch, Jr.
Chair and SCC Representative
Stonewall Caucus for the DPH



Hawaii
Children's Action Network Speaks!
Building a unified voice for Hawaii's children

LATE

Hawai'i Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.

To: Senate Committee on Ways and Means

Re: **HB 510, HD1, Proposed SD1 - Relating to Taxation**
Hawai'i State Capitol, Conference Room 211 & Videoconference
April 7, 2022, 10:40 AM

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members,

On behalf of Hawai'i Children's Action Network Speaks!, I am submitting COMMENTS on HB 510, HD1, Proposed SD1, relating to taxation. This bill would establish a vehicle registration fee tax credit for persons who are eligible for a refundable food/excise tax credit as well as extend the availability of the state earned income tax credit (EITC) until tax year 2028.

The state EITC has helped balance our tax system by providing a boost to lower to middle-income working families for the last four years. **While we appreciate the extension of it through 2028, we respectfully request that this bill be amended to make the EITC permanent and refundable.** By doing so, the state EITC will be able help the families who need it most, without the worry of a future expiration date.

Making a tax credit refundable allows those families that need tax credits the most to get the FULL amounts that they qualify for. In other words, if a family qualifies for a tax credit that's LARGER than what they owe in taxes, they get the extra amount back as a TAX REFUND. The federal EITC is refundable, and **of the 31 states that have EITCs, Hawai'i is one of only five that are not refundable.**¹

Researchers have found that the federal EITC leads to good health through better birth outcomes and greater food security, better academic achievement as evidenced by higher high school graduation rates and increased college enrollment, and stronger economic growth as every \$1 in EITC creates \$1.24 in local economic activity.²

Imagine a single parent, with one child, earning minimum wage, or \$21,000 per year. Their state income tax is \$424, and they're eligible for a state EITC of \$663. However, with the current non-refundable EITC, that parent can only claim a credit of \$424 to zero out their tax liability. But with a **refundable EITC**, that parent can claim the full \$663 credit and **get a tax refund** of \$239.

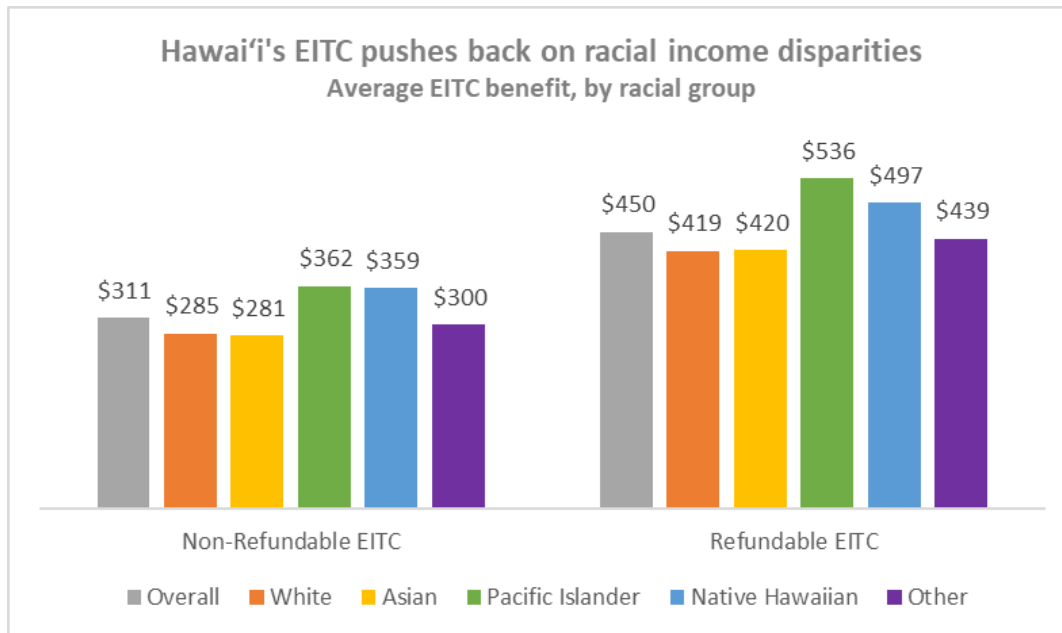
Making the EITC refundable would also **push back on racial income disparities.** Native Hawaiians and Pacific Islanders' average EITC benefit currently is larger than the overall state average, and they would see the biggest extra boost from a refundable EITC.³

¹ Center on Budget and Policy Priorities, <https://www.cbpp.org/research/state-budget-and-tax/state-earned-income-tax-credits>

² Hawai'i Kids Count,

https://d3n8a8pro7vhm.cloudfront.net/goodbeginnings/pages/2185/attachments/original/1643319710/EITC_Report_REV3_FINAL.pdf

³ Institute on Taxation and Economic Policy, unpublished analysis, January 2022



While there were concerns when the federal American Rescue Plan (ARP) passed in 2021 that it might forbid states from increasing tax credits like the EITC, in January 2022, the IRS published a final rule⁴ that reassured states that they are allowed to increase their EITCs without running afoul of the ARP. The fact that 12 states and the District of Columbia increased their EITCs during their 2021 legislative sessions proves that point.⁵

The IRS final rule explains (on page 330) that states do not need to identify other sources of funding to pay for revenue reductions if those reductions are less than one percent of the reporting year baseline, which is FY 2019. The cost of making Hawaii's EITC refundable would be below that level.

In addition, the IRS final rule explains (on page 332) that **states are not subject to this requirement to find other revenue offsets if state revenues come in higher than they were in FY 2019** (adjusted for inflation). The Council on Revenues projects that revenues in FY 2022 will be significantly higher than in FY 2019.⁶

Mahalo for the opportunity to provide this testimony. Please add our suggested amendments to this bill.

Thank you,

Nicole Woo
Director of Research and Economic Policy

⁴ Internal Revenue Service, <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf>

⁵ Institute on Taxation and Economic Policy, <https://itep.org/state-level-eitc-victories-in-2021/>

⁶ Council on Revenues, https://tax.hawaii.gov/useful/a9_1cor/

Date: April 6, 2022

To: Senate Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

From: Early Childhood Action Strategy

Re: **Comments on HB510 HD1, Proposed SD1 – Relating to Taxation**

Early Childhood Action Strategy (ECAS) is a statewide cross-sector collaborative designed to improve the system of care for Hawai'i's youngest children and their families. ECAS partners work to align priorities for children prenatal to age eight, streamline services, maximize resources, and improve programs to support our youngest keiki.

ECAS offers COMMENTS on HB 510, HD1, Proposed SD1, relating to taxation. This bill would establish a vehicle registration fee tax credit for persons who are eligible for a refundable food/excise tax credit as well as extend the availability of the state earned income tax credit (EITC) until tax year 2028.

The state EITC has helped balance our tax system by providing a boost to lower to middle-income working families for the last four years. While we appreciate the extension of it through 2028, **we respectfully request that this bill be amended to make the EITC permanent and refundable**. By doing so, the state EITC will be able help the families who need it most, without the worry of a future expiration date.

Making a tax credit refundable allows those families that need tax credits the most to get the FULL amounts that they qualify for. In other words, if a family qualifies for a tax credit that's LARGER than what they owe in taxes, they get the extra amount back as a TAX REFUND. The federal EITC is refundable, and of the 31 states that have EITCs, Hawai'i is one of only five that are not refundable.¹

A permanent, refundable EITC would do the following:

- Improve the health, education, and economic stability of children and families. Every \$1 in EITC creates \$1.24 in local economic activity²;
- Create opportunities for low-income families to better afford the basics - food, housing and child care;
- Push back on racial income disparities. Native Hawaiians and Pacific Islanders' average EITC benefit currently is larger than the overall state average, and they would see the biggest extra boost from a refundable EITC.³

¹ Center on Budget and Policy Priorities, <https://www.cbpp.org/research/state-budget-and-tax/state-earned-income-tax-credits>

² Hawai'i Kids Count, https://d3n8a8pro7vhmx.cloudfront.net/goodbeginnings/pages/2185/attachments/original/1643319710/EITC_Report_REV3_FINAL.pdf

³ Institute on Taxation and Economic Policy, unpublished analysis, January 2022

- Fix Hawai'i's upside-down state and local tax system. Hawai'i is one of only nine states that allows capital gains—profits from the sale of stocks, bonds, investment real estate, art, and antiques—to be taxed at a lower rate than ordinary working people's income;
- Create an equitable tax system AND generate revenue for the State that could be used for infrastructure and social service expenditures.

More than 1 in 7 Hawai'i residents (roughly 2016,557 people) were eligible for the federal EITC in 2015, including 105,575 children in EITC qualifying households. By making EITC permanent and expanding it, more of our keiki will be cared for and supported.

Mahalo for the opportunity to provide this testimony. Please add our suggested amendments to this bill.



LATE

CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 510, HD1: RELATING TO TAXATION

TO: Senate Committee on Ways and Means

FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawaii

Hearing: **Thursday, April 7, 2022; 10:40 am; via videoconference**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways & Means:

Thank you for the opportunity to provide testimony **in Support** of HB 510, HD1, Proposed SD1, for the section that extends **the availability of the state earned income tax credit (EITC) until tax year 2028**. I am Rob Van Tassell, with Catholic Charities Hawaii.

Catholic Charities Hawaii (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawaii for 75 years. CCH has programs serving elders, children, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawaii. Catholic Charities Hawaii has a long history of working in the areas of affordable housing and homelessness.

Catholic Charities Hawaii strongly supports the EITC and **we urge you to make the state earned income tax credit both refundable and permanent**. Local workers are struggling. Our state's high cost of living puts tremendous stress on our families. Many are living on the edge, struggling to pay all their bills and rent with their work income. This tax credit would give an annual shot in the arm to help Hawaii's workers. Studies have also shown that these workers put this tax credit refund back into the economy, so this also benefits our local businesses.

Hawaii Perspectives 2019, a large survey of Hawaii voters, reports that "compared with 2015, far fewer Hawaii voters think they are "better off" than they were 12 months prior (35% vs 51% in 2015). An amazing 45% of residents may leave Hawaii largely due to the cost of living. The report found that "Voters say to improve life, make it more affordable." **In this environment, making the Earned Income Tax Credit (EITC) permanent and refundable shows our struggling working families that the State is creating initiatives to improve living conditions for our residents.**

We urge your support to make the EITC permanent and refundable, as one important measure to improve the lives of Hawaii workers. Please contact our Legislative Liaison, Betty Lou Larson at bettylou.larson@catholiccharitieshawaii.org or (808) 373-0356 if you have any questions.



TESTIMONY on HB 510 Proposed SD1 – Support with Comments

TO: Chair Dela Cruz, Vice Chair Keith-Agaran , & Committee Members – Senate
Committee on Ways and Means

FROM: Trisha Kajimura
Deputy Director - Community

DATE: April 7, 2022 at 10:40 AM

Hawai'i Health & Harm Reduction Center (HHRC) **supports the proposed HB 510 SD1 with a request for amendment**. This proposed draft adds a refundable vehicle registration fee tax credit to taxpayers eligible to receive a food/excise tax credit. The bill also extends the current state Earned Income Tax Credit program for five more years.

HHRC's mission is to reduce harm, promote health, create wellness, and fight stigma in Hawai'i and the Pacific. We work with many individuals who are impacted by poverty, housing instability, and other social determinants of health. Many of our program participants are unable to afford housing despite working full-time because their wages are too low to pay for their basic needs. Living in poverty negatively impacts individuals' ability to address their health needs and results in higher costs of care and suffering.

HHRC supports the Earned Income Tax Credit as an important anti-poverty measure that should be **permanent and refundable**. *We respectfully request that Section 3 of the proposed draft is amended to make the Earned Income Tax Credit permanent and refundable.* This will further strengthen our consumer economy. The EITC improves the health, education, and economic stability of children and families. Every \$1 in EITC creates \$1.24 in local economic activity.

Thank you for the opportunity to testify on this measure.



AMERICANS FOR DEMOCRATIC ACTION

LATE

OFFICERS	DIRECTORS		MAILING ADDRESS	
John Bickel, President	Melodie Aduja	Jan Lubin	Bill South	P.O. Box 23404
Alan Burdick, Vice President	Keola Akana	John Miller	Zahava Zaidoff	Honolulu
Dave Nagajji, Treasurer	Juliet Begley	Jenny Nomura		Hawaii 96823
Doug Pyle, Secretary	Stephanie Fitzpatrick	Stephen O'Harrow		

April 6, 2022

TO: Chair Dela Cruz and Members of the WAM Committee

RE: HB 510 HD1 Relaiing to Taxation

Comments for hearing on April 7

Americans for Democratic Action is an organization founded in the 1950s by leading supporters of the New Deal and led by Patsy Mink in the 1970s. We are devoted to the promotion of progressive public policies.

We support making the state earned income tax credit refundable and permanent.

According to the Institute on Taxation and Economic Policy, Hawaii places the second-highest tax burden on low-income households, with Hawaii's lowest-income households paying approximately fifteen per cent of their income in state and local taxes. In comparison, Hawaii's highest earning households pay roughly nine per cent of their income in state and local taxes. The legislature additionally finds that the earned income tax credit is essential to helping local families maintain financial security. Moody's Analytics has estimated that every dollar provided through the Earned Income Tax Credit creates a net benefit to Hawaii's economy of \$1.24. Yet, Hawaii's earned income tax credit is not refundable, unlike twenty-three of the twenty-eight states that had an effective state earned income tax credit as of 2021. Making the State's earned income tax credit refundable would strengthen its ability to offset the regressivity of Hawaii's tax system and increase equity in Hawaii's tax code.

Thank you for your favorable consideration.

Sincerely,

John Bickel, President



LATE

HIPHI Board

Kilikina Mahi, MBA
Chair
KM Consulting LLC

JoAnn Tsark, MPH
Secretary
John A. Burns School of Medicine,
Native Hawaiian Research Office

Debbie Erskine
Treasurer

Keshia Adolpho, LCSW
Molokai Community Health Center

Camonia Graham - Tutt, PhD
University of Hawai'i - West O'ahu

Carissa Holley, MEd
Hale Makuu Health Services

May Okihiro, MD, MS
John A. Burns School of Medicine,
Department of Pediatrics

Misty Pacheco, DrPH
University of Hawai'i at Hilo

Michael Robinson, MBA, MA
Hawai'i Pacific Health

Kathleen Roche, MS, RN, CENP
Kaiser Permanente

Dina Shek, JD
Medical-Legal Partnership
For Children in Hawai'i

Garret Sugai
Pharmacare Hawai'i

Titiimaea Ta'ase, JD
State of Hawai'i, Deputy Public Defender

HIPHI Initiatives

Coalition for a
Tobacco-Free Hawai'i

Community Health
Worker Initiative

COVID-19 Response

Hawai'i Drug & Alcohol Free
Coalitions

Hawai'i Farm to School Hui

Hawai'i Oral Health Coalition

Hawai'i Public Health Training Hui

Healthy Eating + Active Living

Kūpuna Food Security Coalition

Date: April 7, 2022

To: Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Committee on Ways and Means

Re: Comments on HB 510, HD1, Proposed SD1, Relating to
Taxation

Hrg: April 7, 2022 at 10:40 AM in Conference Room 211 and via
Videoconference

The Hawai'i Public Health Instituteⁱ provides **comments on HB 510, HD1, proposed SD1**, which would establish a vehicle registration fee tax credit for persons who are eligible for a refundable food/excise tax credit greater than \$0 and provide a five year extension of the state earned income tax credit (EITC) through 2028.

The EITC is designed to help working families more of keep more of their income by reducing their tax liability. In 2017, Hawai'i passed a non-refundable state EITC of up to 20 percent of the federal EITC. One in four Hawai'i residents qualify for the tax credit and by 2023, it is estimated that Hawai'i's EITC will have provided more than \$135 million in tax relief. However, Hawaii's EITC is non-refundable and set to sunset on December 31, 2022. HB 510, HD1, proposed SD1 will only extend the current, non-refundable EITC for five years.

We respectfully request that the committee amend the measure to strengthen EITC for working families by making it refundable and permanent. With refundable EITCs, taxpayers receive a refund if EITC is greater than the income tax owed. This puts more money into the pockets of working families, who can use it towards essentials like groceries, rent, or childcare.

Health improves with increasing income, and the impacts of a rise in income are greatest for those at the lowest end of the wage scale. Research shows that those who move out of the lowest income level to the next receive the greatest percentage increase in life expectancy and health status. According to the Center on Budget and Policy Priorities, the 2018 federal EITC lifted about 5.6 million people out of poverty, including about 3 million children, and reduced the severity of poverty for another 16.5 million people, including 6.1 million childrenⁱⁱ.

Making the state EITC both permanent and refundable would boost the income of 98,810 Hawai'i families by \$425 on average, and would add an estimated \$50,364,240 in economic activity. This is an effective policy that pays for itself. **We respectfully request the committee to amend the bill to adopt language pertaining to the EITC from HB1507 instead.**

Mahalo for the opportunity to provide testimony.

Mahalo,

A handwritten signature in black ink, appearing to read 'Amanda Fernandes', written in a cursive style.

Amanda Fernandes, JD
Policy and Advocacy Director

ⁱ Hawai'i Public Health Institute is a hub for building healthy communities, providing issue-based advocacy, education, and technical assistance through partnerships with government, academia, foundations, business, and community-based organizations.

ⁱⁱ Center on Budget and Policy Priorities. (2019, December 10). *Policy Basics: The Earned Income Tax Credit*. Accessed at <https://www.cbpp.org/research/federal-tax/the-earned-income-tax-credit>.

LATE

HB-510-HD-1

Submitted on: 4/6/2022 6:33:52 PM

Testimony for WAM on 4/7/2022 10:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Comments	Written Testimony Only

Comments:

Dear Senate Committee on Ways & Means,

I offer comments regarding the proposed draft of HB510 concerning the newly proposed section that would extend the state Earned Income Tax Credit (EITC) through 2028.

While an extension through 2028 is better than nothing, the legislature can and should do better for Hawai'i's people. There is no good reason not to expand this important program to make it both permanent and fully refundable.

The EITC is an investment in working families and in Hawai'i's economy. It helps low-income and working-class families keep more what they earn, which they then spend at local businesses.

Families that receive the EITC see better birth outcomes, improved food security and better overall health. Children in families that receive the EITC have higher rates of both high school graduation and college enrollment. They also see more earnings as adults. The EITC is also an excellent economic stimulus, generating up to \$2 in economic activity for every \$1 distributed through the program.

A refundable credit lets families get a tax refund when their credit is worth more than what they owe in taxes. In Hawai'i, 14% of tax filers claimed the EITC for 2019, but the majority did not get the full amount that they qualified for because it was not refundable. Of the 31 states that have EITCs, Hawai'i's is 1 of only 5 where the credit is not refundable.

In the State of Hawai'i, making the state EITC both permanent and refundable would boost the income of 98,810 families by \$425 on average, and would add an estimated \$50,364,240 in economic activity. This is an effective policy that pays for itself. Please amend the bill to adopt language pertaining to the EITC from HB1507 instead.

Mahalo for the opportunity to testify.

Will Caron
Palolo Valley

LATE

HB-510-HD-1

Submitted on: 4/6/2022 6:46:58 PM

Testimony for WAM on 4/7/2022 10:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Barbara Barry	Individual	Comments	Written Testimony Only

Comments:

Dear Senate Committee on Ways & Means,

I offer comments regarding the proposed draft of HB510 concerning the newly proposed section that would extend the state Earned Income Tax Credit (EITC) through 2028.

While an extension through 2028 is better than nothing, the legislature can and must do better for Hawai'i's people. There is no good reason not to expand this important program to make it both permanent and fully refundable.

The EITC is an investment in working families and in Hawai'i's economy. It helps low-income and working-class families keep more what they earn, which they then spend at local businesses.

Families that receive the EITC see better birth outcomes, improved food security and better overall health. Children in families that receive the EITC have higher rates of both high school graduation and college enrollment. They also see more earnings as adults. The EITC is also an excellent economic stimulus, generating up to \$2 in economic activity for every \$1 distributed through the program.

A refundable credit lets families get a tax refund when their credit is worth more than what they owe in taxes. In Hawai'i, 14% of tax filers claimed the EITC for 2019, but the majority did not get the full amount that they qualified for because it was not refundable. Of the 31 states that have EITCs, Hawai'i's is 1 of only 5 where the credit is not refundable.

In the State of Hawai'i, making the state EITC both permanent and refundable would boost the income of 98,810 families by \$425 on average, and would add an estimated \$50,364,240 in economic activity. This is an effective policy that pays for itself.

Please, kindly amend the bill to adopt language pertaining to the EITC from HB1507 instead.

I appreciate you watching out for our families in need of this kind of support. Unfortunately there are way too many families that are disadvantaged in Hawai'i

Mahalo.

Ms. Barbara Barry

Ha'ikū, HI 96708

LATE

HB-510-HD-1

Submitted on: 4/6/2022 10:14:10 PM

Testimony for WAM on 4/7/2022 10:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Thomas Brandt	Individual	Comments	Written Testimony Only

Comments:

Chair Dela Cruz and Members of the Senate Committee on Ways and Means:

The language of this bill does not support an expanded, fully-refundable, and permanent Earned Income Tax Credit (EITC).

I think an expanded, fully-refundable, and permanent EITC is completely justified and long past due for the following reasons.

Hawaii's middle class has been shrinking for at least the past 30 years, and poverty, inequality, and homelessness reached record highs--before Covid--at the same time Hawaii's visitor industry was breaking its own record-high annual number of visitors and visitor spending.

Before Covid, Aloha United Way estimated about 42% of Hawaii families were "ALICE"--Asset-limited, Income-constrained, Employed--a number which has increased to nearly 60% due to the Covid pandemic.

And we know all too well how much the cost of housing has increased during the Covid pandemic, along with record-high inflation in the cost of most other goods and services, especially fuel and food.

Furthermore, unlike last year, the state government's treasury is full, and

legislators once again intend to give themselves a raise.

So the VERY LEAST I think the Legislature can and should do is to

increase the minimum wage to \$18 per hour by 2026

AND

increase the State EITC while also making it fully refundable AND permanent NOW--this year--

when legislators also intend to give themselves a raise

so they are less tempted to take bribes,

or so one hopes.

Thank you for the opportunity to offer these comments.

Thomas Brandt

Downtown Honolulu

LATE

HB-510-HD-1

Submitted on: 4/6/2022 10:16:42 PM

Testimony for WAM on 4/7/2022 10:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Nikos Leverenz	Individual	Comments	Written Testimony Only

Comments:

Chair Dela Cruz, Vice-Chair Keith-Agaran, & Committee Members:

I support the newly proposed section that would extend the state Earned Income Tax Credit (EITC) through 2028.

However, the legislature can and should do better for Hawaii's people. There is no good reason not to expand this important program to make it both permanent and fully refundable.

Families that receive the EITC see better birth outcomes, improved food security and better overall health.

The EITC is also an excellent economic stimulus, generating up to \$2 in economic activity for every \$1 distributed through the program.

In Hawaii, 14% of tax filers claimed the EITC for 2019, but the majority did not get the full amount that they qualified for because it was not refundable. Of the 31 states that have EITCs, Hawaii is 1 of only 5 where the credit is not refundable.

Mahalo for the opportunity to provide testimony.

LATE

HB-510-HD-1

Submitted on: 4/7/2022 1:09:35 AM

Testimony for WAM on 4/7/2022 10:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Christy MacPherson	Individual	Comments	In Person

Comments:

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Senate Committee on Ways and Means,

I appreciate the opportunity to provide **comments** on the proposed Senate draft for HB510 HD1.

When I suddenly found myself a single mother of my newborn and 2-yr old boys back in 2005, I couldn't work full-time because it didn't make sense to work just so I could pay for childcare. It was a very trying and tiring year. After paying for my monthly rent and car insurance, I was broke with no child support whatsoever and had to use my credit card to pay for other necessities like food and toiletries. Unfortunately, this is such a common situation for thousands of other single parents in Hawai`i. And then there are thousands of other families who work at low-wage jobs. I don't need to mention how hard it is for them because I'm sure you know these folks, many of whom are your constituents.

When I received the federal EITC that year, it increased my tax return by an additional \$4,000. Can you imagine the relief that a broke Mom like I was might feel when they receive that extra income? I used that money to immediately pay off my credit card that I used to take care of my boys that year, reducing my personal debt. It was extremely helpful to me and I know it is for the other families that struggle day in and day out there in Hawai`i nei.

Our low-income workers need this tax credit and they will *continue* needing it for years to come. Making the EITC *permanent* and *refundable* will guarantee that more money is placed in people's hands to improve their livelihoods and they, in turn, will put that money right back into our own economy.

Mahalo for your consideration.

LATE

HB-510-HD-1

Submitted on: 4/7/2022 6:58:26 AM

Testimony for WAM on 4/7/2022 10:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Jessica Kawamura	Individual	Comments	Written Testimony Only

Comments:

Dear Honorable Commitee Members,

I offer comments regarding the proposed draft of HB510 concerning the newly proposed section that would extend the state Earned Income Tax Credit (EITC) through 2028.

While an extension through 2028 is better than nothing, the legislature can and should do better for Hawai'i's people. There is no good reason not to expand this important program to make it both permanent and fully refundable.

The EITC is an investment in working families and in Hawai'i's economy. It helps low-income and working-class families keep more what they earn, which they then spend at local businesses.

Families that receive the EITC see better birth outcomes, improved food security and better overall health. Children in families that receive the EITC have higher rates of both high school graduation and college enrollment. They also see more earnings as adults. The EITC is also an excellent economic stimulus, generating up to \$2 in economic activity for every \$1 distributed through the program.

A refundable credit lets families get a tax refund when their credit is worth more than what they owe in taxes. In Hawai'i, 14% of tax filers claimed the EITC for 2019, but the majority did not get the full amount that they qualified for because it was not refundable. Of the 31 states that have EITCs, Hawai'i's is 1 of only 5 where the credit is not refundable.

In the State of Hawai'i, making the state EITC both permanent and refundable would boost the income of 98,810 families by \$425 on average, and would add an estimated \$50,364,240 in economic activity. This is an effective policy that pays for itself. Please amend the bill to adopt language pertaining to the EITC from HB1507 instead.

Thank you for the opportunity to testify,

Jessica Kawamura
Wahiawa

LATE

HB-510-HD-1

Submitted on: 4/7/2022 7:24:15 AM

Testimony for WAM on 4/7/2022 10:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Zack Stoddard	Individual	Comments	Written Testimony Only

Comments:

Dear Senate Committee on Ways & Means,

I offer comments regarding the proposed draft of HB510 concerning the newly proposed section that would extend the state Earned Income Tax Credit (EITC) through 2028. The EITC should be made both permanent and refundable.

The EITC is an investment in working families and in Hawai'i's economy. It helps low-income and working-class families keep more of what they earn, which they then spend at local businesses.

Families that receive the EITC see better birth outcomes, improved food security and better overall health. Children in families that receive the EITC have higher rates of both high school graduation and college enrollment. They also see more earnings as adults. The EITC is also an excellent economic stimulus, generating up to \$2 in economic activity for every \$1 distributed through the program.

A refundable credit lets families get a tax refund when their credit is worth more than what they owe in taxes. In Hawai'i, 14% of tax filers claimed the EITC for 2019, but the majority did not get the full amount that they qualified for because it was not refundable. Of the 31 states that have EITCs, Hawai'i's is 1 of only 5 where the credit is not refundable.

In the State of Hawai'i, making the state EITC both permanent and refundable would boost the income of 98,810 families by \$425 on average, and would add an estimated \$50,364,240 in economic activity. This is an effective policy that pays for itself. Please amend the bill to adopt language pertaining to the EITC from HB1507 instead.

Mahalo!

Zack Stoddard

Makiki

LATE

HB-510-HD-1

Submitted on: 4/7/2022 9:08:11 AM

Testimony for WAM on 4/7/2022 10:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Beth Giesting	Individual	Comments	Written Testimony Only

Comments:

Comments on H.B. 510, Relating to Taxation

Thank you for proposing to update a variety of tax credits that help low- to middle-income families afford to live in Hawaii. I am disappointed, however, that the SD1 draft does not make the EITC refundable. **Please amend this bill to ensure that the lowest income workers benefit from this program by making the tax credit refundable.** EITC is one of the most successful anti-poverty programs on the national level because it puts money into the pockets of working families. It also helps communities across the state because the money taxpayers get as a refund is typically spent close to home for food, school supplies, car repairs and other necessities.

HB-510-HD-1

Submitted on: 4/7/2022 11:08:35 AM

Testimony for WAM on 4/7/2022 10:40:00 AM



Submitted By	Organization	Testifier Position	Testify
Regina Gregory	Individual	Comments	Written Testimony Only

Comments:

Please make the EITC permanent and refundable.