

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
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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: Wednesday, February 2, 2022
Time: 10:00 A.M.
Place: Via Video Conference, State Capitol

Re: S.B. 3099, Relating to Earned Income Tax Credit

The Department of Taxation (Department) supports S.B. 3099, an Administration measure, and offers the following analysis for your consideration.

S.B. 3099 extends the availability of the state earned income tax credit (EITC) until tax year 2028. The measure is effective upon approval.

The Department is able to administer this measure as it is written as it will not have a significant administrative impact.

Thank you for the opportunity to provide testimony in support of 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)

**TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 3099**

**February 2, 2022
10:00 a.m.
Room 211 & Videoconference**

RELATING TO EARNED INCOME TAX CREDIT

The Department of Budget and Finance (B&F) supports Senate Bill (S.B.) No. 3099, or Administration Proposal GOV-1(22), and offers the following comments.

S.B. No. 3099 amends Section 235-55.75, HRS, to extend the availability of the State 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:

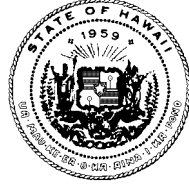
- By enacting policies to raise other sources of revenue;
- By cutting spending; or
- Through higher revenue due to economic growth.

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.

DAVID Y. IGE
GOVERNOR



CATHY BETTS
DIRECTOR

JOSEPH CAMPOS II
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

February 1, 2022

TO: The Honorable Senator Donovan M. Dela Cruz, Chair
Senate Committee on Ways & Means

FROM: Cathy Betts, Director

SUBJECT: **SB 3099 – RELATING TO EARNED INCOME TAX CREDIT.**

Hearing: Wednesday, February 2, 2022, 10:00 a.m.
Via Videoconference

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports this administration measure.

PURPOSE: The purpose of the bill extends the availability of the State earned income tax credit until tax year 2028.

Extending the State's earned income tax credit will give working low- to moderate-income families additional relief as the pandemic's continuing health and economic consequences have increased costs for rent, food, and household goods. For tax year 2020, the average amount per claim was \$328.

Thank you for the opportunity to provide testimony on this measure.



HAWAII

AMERICANS FOR DEMOCRATIC ACTION

OFFICERS

John Bickel, President
Alan Burdick, Vice President
Dave Nagajji, Treasurer
Doug Pyle, Secretary

DIRECTORS

Melodie Aduja
Keola Akana
Juliet Begley
Stephanie Fitzpatrick
Jan Lubin
John Miller
Jenny Nomura
Stephen O'Harrow

MAILING ADDRESS

P.O. Box 23404
Honolulu
Hawaii 96823

January 28, 2022

TO: Chair Dela Cruz and Members of the WAM Committee

RE: SB 3099 Relating to Earned Income Tax Credit

Support for a Hearing on February 2

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.

Americans for Democratic Action Hawaii supports this bill as it promotes a more progressive tax structure. We would like it to be refundable and permanent. It is such an effective program even Reagan supported it.

Thank you for your consideration.

Sincerely,

John Bickel, President



Monday, January 31, 2022

Relating to Earned Income Tax Credit
Testifying in Support

Aloha Chair and members of the committee,

The Pono Hawai'i Initiative (PHI) **supports SB3099 Relating to Earned Income Tax Credit**, which extends the availability of the earned Income Tax Credit (EITC). This measure will help low-income and working families.

Unfortunately, Hawaii's regressive General Excise Tax (GET) hits low-wage working parents the hardest resulting in them paying far more in GET than in state income tax. By extending the EITC we will enable families to keep more of their earnings that would have otherwise been lost to the GET. This is especially helpful and necessary for those single parent or income homes where every penny counts.

EITC has also been shown to be one of the most effective means to fiscal stimulus, providing \$1.24 in community benefits for ever \$1.00 spent. If the EITC is non-refundable it is stifled in its ability to help the economy and job creation.

Helping Hawaii's families who are most at risk for poverty should be a top priority. Reduce financial stress on these families will help to lower overall stress, and lead to better physical and mental health and will help them to create a better future for themselves and their families.

For all these reasons, we urge you to **vote in favor of SB3099**.

Mahalo for the opportunity to testify,

Gary Hooser
Executive Director
Pono Hawai'i Initiative

SB-3099

Submitted on: 1/31/2022 12:54:15 PM

Testimony for WAM on 2/2/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Laurie Field	Testifying for Planned Parenthood Alliance Advocates	Support	No

Comments:

Planned Parenthood Alliance Advocates supports SB 3099 as an effort to improve economic security for Hawaii families. Thank you for your support.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Ways and Means
Wednesday, February 2, 2022, at 10:00 A.M.
Via Videoconference**

RE: SB 3099 Related to Earned Income Tax Credit

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 3099, which extends the availability of the state earned income tax credit until tax year 2028

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber recognizes and appreciates the intent of this measure to help the economic security of low-income working families with children. Hawaii is placed among the top states with the heaviest tax burden on low-income households in the nation.

The main reason for this inequity is the general excise tax (GET), which is applied at different points along the supply chain, causing its true cost to be compounded many times higher than the percentage that retailers charge at the point-of-sale to consumers. As a result, the GET disproportionately burdens low-income families, who spend virtually all their earnings on goods and services that are subject to the GET.

Given the State's Earned Income Tax Credit is scheduled to sunset after December 31, 2022, the Chamber supports the six-year extension as proposed in SB 3099.

Thank you for the opportunity to testify.



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony for SB3099 - Relating to the Earned Income Tax Credit
Senate Committee on Ways and Means
Wednesday, February 2nd 10AM

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

Hawaii Appleseed Center for Law and Economic Justice thanks the committee for the opportunity to offer **comments** on SB3099, which extends the state's Earned Income Tax Credit to December 31st 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.

Thank you for the opportunity to provide comments and suggested amendments on SB3099. 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/ETC+Report_REV3_FINAL.pdf



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

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: **SB 3099 - Relating to earned income tax credit**
Hawai'i State Capitol, Conference Room 211 & Videoconference
February 2, 2022, 10:00 AM

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and committee members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing in SUPPORT with SUGGESTED AMENDMENTS to SB 3099, relating to earned income tax credit. This bill extend the availability of the state earned income tax credit (EITC) until tax year 2028.

Hawai'i's tax system currently is upside down. Families who earn less than \$20,000 per year pay 15% of their income in state and local taxes, while those who make over \$450,000 pay only about 9%. In fact, our state saddles our low-income families with the second-heaviest state and local tax burden in the nation.¹

The state EITC has helped balance our tax system by providing a boost to low- to moderate-income families for the last four years. But it will end this year, if it's not renewed, and it hasn't been helping the families who need it the most. That's why it's so important to make the EITC permanent, beyond tax year 2028, **and** refundable.

There are reams of evidence showing that the federal EITC helps kids from before they're even born through their adult lives. It improves their physical and mental health by freeing up money for families to spend on healthcare and healthy food. It improves education results, which has economic benefits down the road. And every \$1 in EITC creates \$1.24 in local economic activity.²

Refundability 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.³

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,

¹ Institute on Taxation and Economic Policy, <https://itep.org/whopays/hawaii/>

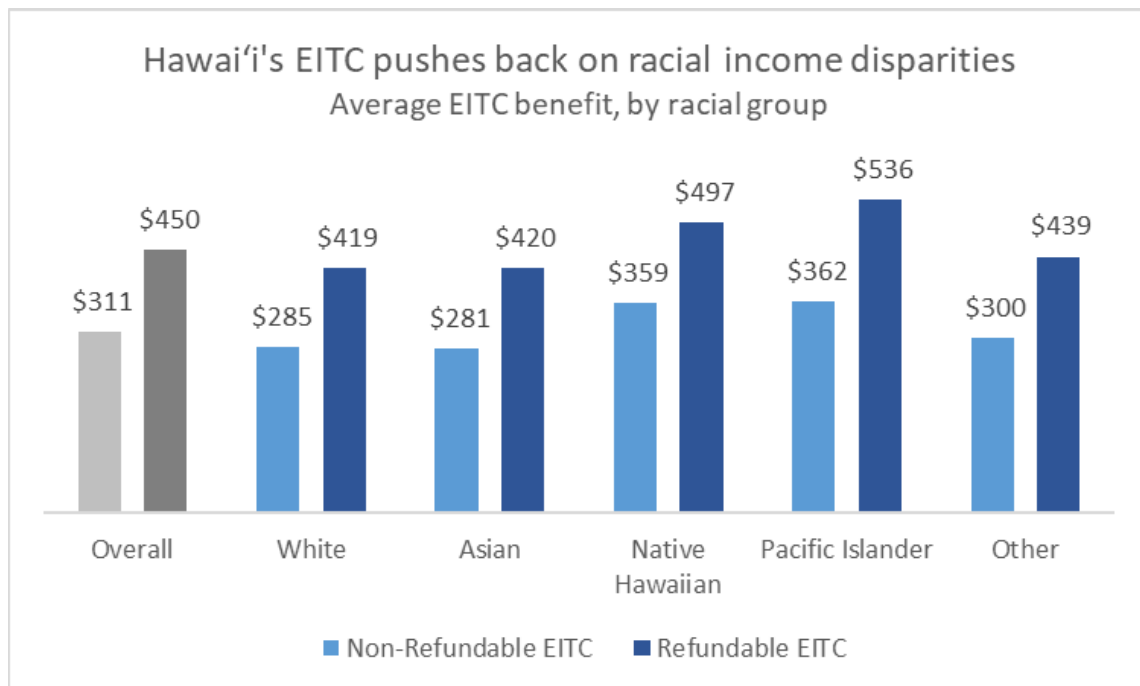
² Hawai'i Kids Count, https://d3n8a8pro7vhmx.cloudfront.net/goodbeginnings/pages/2185/attachments/original/1643319710/EITC_Report_REV3_FINAL.pdf

³ Center on Budget and Policy Priorities, <https://www.cbpp.org/research/state-budget-and-tax/state-earned-income-tax-credits>



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** is \$239.

Making the EITC refundable would also push back on racial income disparities. Native Hawaiians and Pacific Islanders' average EITC benefit is currently larger than the overall state average, and they would see the biggest extra boost from a refundable EITC.⁴



In order to make our state's EITC permanent and refundable, we SUGGEST AMENDMENTS to this bill that would adopt the language pertaining to the EITC as contained in SB 2485.

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

Thank you,

Nicole Woo
Director of Research and Economic Policy

⁴ Institute on Taxation and Economic Policy, unpublished analysis, January 2022

TESTIMONY IN SUPPORT OF SB 3099 with Amendments

TO: Chair Dela Cruz, Vice Chair Keith-Agaran, & Members – Senate Committee on Ways and Means
FROM: Trisha Kajimura
Deputy Director - Community
DATE: February 2, 2022 at 10:00 AM

Hawai'i Health & Harm Reduction Center (HHHRC) **supports** SB 3099, which extends the state Earned Income Tax Credit to tax year 2028. *HHHRC supports amendments that would make the EITC permanent and refundable.*

HHHRC'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 even as they work a full-time job or multiple jobs. Many have experienced the direct consequences of the lack of health equity and healthcare access experienced by people struggling with the unforgivingly high cost of living in Hawai'i.

Hawai'i's working families have been hit especially hard during the protracted economic downturn precipitated by the COVID-19 pandemic. Increasing levels of housing instability and food insecurity have accompanied job losses and reductions in working hours. Prior to the pandemic DOE determined that almost half of its students were economically disadvantaged.

Passing SB 3099 with amendments making the EITC permanent and refundable will help bring greater fairness to our working families.

- Improving the EITC would give a boost to the lowest-income workers. Because the state EITC is not currently "refundable," low-wage workers cannot take full advantage of the credit.
- The EITC improves the health, education, and economic stability of children and families. In fact, every \$1 in EITC creates \$1.24 in local economic activity.

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



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

FROM: Ryan Kusumoto, President & CEO of Parents And Children Together (PACT)

DATE/LOCATION: February 2, 2022; 10:00 a.m., Conference Room 211/Video Conference

RE: COMMENTS REGARDING SB 3099 – RELATING TO EARNED INCOME TAX CREDIT

We would like to provide comments on SB 3099 which extends the availability of the state earned income tax credit until tax year 2028.

Thank you for creating the Hawaii EITC in 2017. We would suggest making this tax credit refundable and permanent to benefit Hawaii's families. Approximately 300,000 residents are eligible for this tax credit; roughly 1 in every 4 Hawaii residents. Making the Hawaii EITC refundable allows more people to keep what they earn and will also help tax filers get more back more through the credit than what they owe in state income taxes. Hawaii places the second-highest tax burden on low-income families and continues to have one of the highest costs of living in the United States. Wages are still far below to close any livable wage gap. While the minimum wage has increased over time, it is still not adequate enough to deal with the price disparity. As a result, many of our families continue to struggle to make ends meet or even to meet their basic needs.

History has shown that the landscape of our economy has changed, exacerbated by the stressors of the global pandemic, to negatively impact the most vulnerable and disadvantaged in our society. It has a direct tie to increased financial instability, housing instability, health instability, increased crime and substance abuse, and strained social, emotional and mental well-being. These impacts have long-lasting and multi-generational consequences and impacts our ability to create healthy and thriving communities. Supporting working families strengthens the fabric of our entire community.

EITC makes sense and pays for itself while putting money back into our local economy. Estimations for 2022 were that it would cost \$41 million and that it would also boost revenue collections by \$57 million. Every \$1 in EITC creates \$1.24 in local economic activity. **We urge you to consider making the Hawaii EITC refundable and permanent to allow more families, especially those with young children, to benefit by keeping more of their paycheck.**

Founded in 1968, Parents And Children Together (PACT) is one of Hawaii's not-for-profit organizations providing a wide array of innovative and educational social services to under-resourced families. Assisting more than 17,000 people across the state annually, PACT helps families identify, address and successfully resolve challenges through its 20 programs. Among its services are: early education programs, domestic violence prevention and intervention programs, child abuse prevention and intervention programs, childhood sexual abuse supportive group services, child and adolescent behavioral health programs, sex trafficking intervention, poverty prevention and community strengthening programs.

Thank you for the opportunity to testify regarding **SB 3099**, please contact me at (808) 847-3285 or rkusumoto@pacthawaii.org if you have any questions.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Earned Income Tax Credit Extension

BILL NUMBER: SB 3099, HB 2131

INTRODUCED BY: SB by KOUCHI by request, HB by SAIKI by request

EXECUTIVE SUMMARY: Extends the availability of the state earned income tax credit until tax year 2028.

SYNOPSIS: Amends section 235-55.75(g), HRS, to change the sunset date to Dec. 31, 2028.

EFFECTIVE DATE: Upon Approval

STAFF COMMENTS: This is an Administration bill sponsored by the Office of the Governor and designated GOV-01 (22).

According to the bill's justification sheet, the projected revenue losses for the next few years are:

FY 2023-2024	(\$11.8 million)
FY 2024-2025	(\$14.1 million)
FY 2025-2026	(\$17.3 million)
FY 2026-2027	(\$20.3 million)

In Act 107, SLH 2017, the earned income tax credit (EITC) was adopted. Its supporters maintained it's the best solution to lift families out of poverty since sliced bread. At the Department of Taxation's urging, however, the EITC was made nonrefundable. Other bills would make the credit refundable.

Well, what's the difference? Let's start with a nonrefundable credit, which is current law. Suppose you either have lots of credits or not very much income, so you have more credits than tax liability. If you have made tax payments throughout the year, through wage withholding perhaps, you still can get all your payments back. But once the tax liability hits zero, there's no more. The state does not cut you a check, but you get a credit carryover which can be used against next year's tax liability.

In contrast, a refundable credit is just as good as cash. Not only can this type of credit reduce the amount of tax owed, but if the tax liability is less than the credit the State will cut the taxpayer a check for the difference.

Why is the Department concerned about issuing refundable credits? There are several reasons.

First, issuing a refund is administratively expensive. In most businesses, the internal process necessary to send money to someone goes through several checks and balances to make sure that no mistakes are made. In our state government, we need to do those processes twice. At the

Department of Taxation, staff can ask for a refund to be issued but no one can issue a check. Instead, a document called a “refund voucher” is sent to a different department altogether, the Department of Accounting and General Services (DAGS). Once DAGS gets the refund voucher, it goes through its own processes, checking to see if the recipient doesn’t owe another agency for example, and then issues the check.

Second, a refund can become a target for bad actors. We earlier pointed to reports from the U.S. Treasury Inspector General for Tax Administration estimating that more than 20% of all federal EITC payouts were improper. Other studies estimated that about half of these so-called improper payments were paid out because someone made a mistake. Perhaps the taxpayer was confused by the tax form, which is admittedly complex. The other half were paid out because of bad actors. Maybe a taxpayer claimed credits for kids they don’t have. Maybe an unethical tax preparation service filled in data claiming credits for people who exist but aren’t part of the taxpayer’s family. Once the cash goes out, however, it’s tough to get back. In Hawaii, our credit is 20% of the federal credit so a smaller check would go out, and because the number is smaller the Department of Taxation might not be motivated to chase down the improper payments given the number and severity of other items on their plate.

Indeed, the Department recently estimated that changing the Hawaii EITC to a refundable one would cost the State \$32 million more than a nonrefundable credit. It’s not clear how they came up with that number. But that amount of money could cool a few sweltering classrooms, or perhaps fix a few plumbing facilities at the airport. In this situation, what are our priorities? Where is the need greatest?

We are also wondering why the revenue loss is estimated to increase from year to year. The increases average around 20%, which is more than an inflationary adjustment.

Digested: 2/1/2022



LATE

CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 3099: RELATING TO EARNED INCOME TAX CREDIT

TO: Senate Committees on Ways and Means

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

Hearing: Wednesday, February 2, 2022; 10:00 am; via videoconference

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

Thank you for the opportunity to provide testimony **in Support** of SB 3099, which extends the availability of the state Earned Income Tax Credit 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 respectfully requests to **amend this bill to make the Earned Income Tax Credit permanent, instead of expiring in 2028.**

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 shows our struggling working families that the State is creating initiatives to improve living conditions for our residents.

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.

We urge your support for this bill, with the suggested amendment. Please contact our Legislative Liaison, Betty Lou Larson at bettylou.larson@catholiccharitieshawaii.org or (808) 373-0356 if you have any questions.



Will Caron
Pālolo Valley
willcaronforhawaii@gmail.com

January 31, 2022

TO: Senate Committee on Ways & Means
RE: Testimony in Opposition to SB3099

Aloha Committee Members,

While I support extending the Hawai'i State Earned Income Tax Credit (EITC), this bill does nothing to help the lowest income earners in Hawai'i who currently cannot take full advantage of the state credit due to its non-refundability.

In addition, we now know exactly how much good the EITC does for both working families and the state economy, we know how much an extended EITC would cost, and we know how much revenue the program would contribute to the state through economic activity. Therefore, there is no good reason to settle for a timid half-measure like this.

I urge the committee to pass SB2485 instead. If the committee does wish to advance this bill as well, then I would urge the committee to make two amendments:

- Make the EITC permanent.
- Make the EITC refundable.

Roughly 300,000 Hawai'i residents qualify for the EITC, or 1 in 4 residents. We know that this credit for working families is not only a highly successful anti-poverty program, but also one of the best economic stimulus tools available, contributing \$1.24 in economic activity for every one dollar distributed to taxpayers as part of the EITC program. Source:
<https://www.economy.com/mark-zandi/documents/2012-02-07-JEC-Payroll-Tax.pdf>

There is no good reason to put another sunset date on this important program. Make the credit permanent.

We should also make the credit refundable. Doing so would double the economic benefit of the EITC and harness its full potential to offset the regressive impact of the General Excise Tax. A refundable EITC would boost the incomes of more than 100,000 Hawai'i families by an average of \$443 and would add more than \$57 million in economic activity. Source:
<https://www.hitaxfairness.org/earned-income-tax-credit>

Low-income families work just as hard as everyone else, but because they work low-wage jobs, their incomes are too small to take advantage of the full size of the EITC. These families deserve to be able to claim the full size of the credit, just like everyone else.

Working families pay 15 percent of their incomes in state and local taxes; incomes that are already deeply strained by the high cost of living. By contrast, the wealthiest earners pay only 8.9 percent of their abundant incomes. Source: <https://itep.org/whopays/hawaii/>

When you are barely making ends meet, that 15 percent tax burden doesn't leave a whole lot leftover. An expanded EITC is a great way to help working families keep more of what they've earned through their hard work and boost the economy at the same time.

Mahalo for the opportunity to testify.

SB-3099

Submitted on: 1/31/2022 6:43:28 PM

Testimony for WAM on 2/2/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Christy MacPherson	Individual	Support	No

Comments:

Aloha members of the Committee on Ways and Means,

I support SB 3099 with amendments. The EITC should be refundable and permanent in order to ensure that this much-needed financial benefit to Hawai'i's low-income earners is maximized. They have enough anxiety about how to make ends meet without also having to worry about whether or not this will be taken away in the future.

Mahalo for your consideration.

LATE

SB-3099

Submitted on: 2/1/2022 12:11:54 PM
Testimony for WAM on 2/2/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Ann S Freed	Individual	Support	No

Comments:

Aloha Chair and members,

I am in strong support of this measure, which has been a priority for women advocates for decades as women are among the most adversely affected by the growing income inequality in our state.

Please pass,

Mahalo,

Ann S. Freed

Life-time feminist, Mililani

LATE

SB-3099

Submitted on: 2/1/2022 1:56:58 PM

Testimony for WAM on 2/2/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Nanea Lo	Individual	Support	No

Comments:

Hello,

My name is Nanea Lo. I come from Papakōlea, O‘ahu and I'm born and rased from this land. I support SB3099 with amendments.

There's no good reason to only extend the EITC to 2028. Let's make it permanent. Without making the EITC refundable, Hawai‘i's lowest-income families—those who need the EITC the most—can't take advantage of its full value. That doesn't make sense. Let's make it refundable.

Support this with amendments.

me ke aloha ‘āina,

Nanea Lo