STAND. COM. REP. NO. (DO)

Honolulu, Hawaii

FEB 28 , 2025

RE: H.B. No. 1147 H.D. 1

Honorable Nadine K. Nakamura Speaker, House of Representatives Thirty-Third State Legislature Regular Session of 2025 State of Hawaii

Madame:

Your Committee on Finance, to which was referred H.B. No. 1147 entitled:

"A BILL FOR AN ACT RELATING TO THE EARNED INCOME TAX CREDIT," begs leave to report as follows:

The purpose of this measure is to:

- (1) Clarify that nonresidents who claim the Refundable Earned Income Tax Credit are required to adjust the amount claimed using the ratio of their Hawaii adjusted gross income to federal adjusted gross income; and
- (2) Eliminate the unlimited carryforward on nonrefundable earned income tax credits claimed for tax year 2022.

Your Committee received testimony in support of this measure from the Department of Taxation. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that existing law requires the adjustment of the Refundable Earned Income Tax Credit for part-year residents to reflect their share of income attributable to the State but is silent in regard to nonresident claims. This measure promotes tax equity by standardizing claims for the

Refundable Earned Income Tax Credit for part-year residents and nonresidents.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1147, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1147, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on behalf of the members of the Committee on Finance,

XXX

KYLE T. YAMASHITA, Chair

State of Hawaii House of Representatives The Thirty-third Legislature

HSCR 1000

Record of Votes of the Committee on Finance

- B 47	Committee	e Referral: -N		Date: 2 19 12	5
The committee is reconsidering its previous decision on the measure.					
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)					
FIN Members		Ayes	Ayes (WF	R) Nays	Excused
 YAMASHITA, Kyle T. (C) TAKENOUCHI, Jenna (VC) 					
3. GRANDINETTI, Tina Nakada					
4. HOLT, Daniel					
5. HUSSEY, Ikaika6. KEOHOKAPU-LEE LOY, Sue I		ericum/academic per			
7. KITAGAWA, Lisa	Talkindiyani Kananan				
8. KUSCH, Matthias 9. LAMOSAO, Rachele F.					
10. LEE, Mike					
11. MIYAKE, Tyson K. 12. MORIKAWA, Dee			· · · · · · · · · · · · · · · · · · ·		
13. TEMPLO, Shirley Ann					
14. ALCOS III, David 15. REYES ODA, Julie					
16. WARD, Gene					
			:		
TOTAL (16)		(7			16
TOTAL (16) The recommendation is: Adop	ted	□ Not Adopted	d		<u> </u>
If joint referral, did not support recommendation.					
Vice Chair's or designee's signature:					
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