

STAND. COM. REP. NO. **474**

Honolulu, Hawaii

**FEB 15**, 2023

RE: H.B. No. 954  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred H.B. No. 954 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to change the amount of the state earned income tax credit to an unspecified percentage of the federal earned income tax credit allowed based on an individual's federal income tax return.

Your Committee received testimony in support of this measure from Hawaii Children's Action Network Speaks!, Hawaii Appleseed Center for Law & Economic Justice, and two individuals. Your Committee received comments on this measure from the Department of Budget and Finance, Department of Taxation, and Tax Foundation of Hawaii.

Your Committee finds that the state earned income tax credit provides essential tax relief by reducing the tax burden for low- to moderate-income taxpayers or giving a tax refund to taxpayers with little to no tax liability. Your Committee further finds that this measure will build upon the success of Act 114, Session Laws of Hawaii 2022 (Act 114), which made the state earned income tax credit permanent and refundable. The enactment of Act 114 was predicted to lift benefits for existing recipients by \$139, and

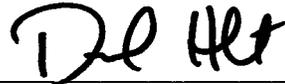


this measure is intended to increase the amount of the state earned income tax credit that may be claimed.

Your Committee has amended this measure by changing its effective date to June 30, 3000, to encourage further discussion.

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. 954, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 954, H.D. 1, and be referred to your Committee on Finance.

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



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DANIEL HOLT, Chair



