

STAND. COM. REP. NO. 1000

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,



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KYLE T. YAMASHITA, Chair



