

STAND. COM. REP. NO. 689

Honolulu, Hawaii

FEB 18 2025

RE: S.B. No. 1466

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 1466 entitled:

"A BILL FOR AN ACT RELATING TO THE EARNED INCOME TAX CREDIT,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the state earned income tax credit.

More specifically, this measure:

- (1) Clarifies 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) Eliminates the unlimited carryforward on nonrefundable earned income tax credits 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.

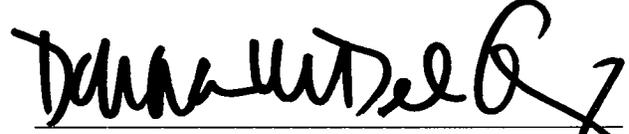
Your Committee finds that section 235-55.75(b), Hawaii Revised Statutes, currently requires the adjustment of the refundable earned income tax credit for part-year residents to



reflect their share of income attributable to Hawaii, but says nothing regarding nonresident claims. Your Committee believes that this measure will promote tax equity among nonresidents and part-year residents and assist in administration of taxes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1466 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

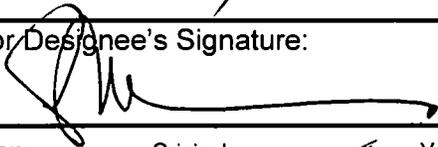
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB1466	Committee Referral: WAM	Date: 2-12-25		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
ELEFANTE, Brandon J.C.	X			
HASHIMOTO, Troy N.	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	13	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes