

HAWAII STATE COMMISSION ON THE STATUS OF WOMEN



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Testimony in Support of HB 1988

To: Representative John M. Mizuno, Chair

Representative Jo Jordan, Vice Chair

Members of the House Committee on Human Services

From: Catherine Betts, Esq., Executive Director, Hawaii State Commission on the Status of Women

Re: Testimony in Support of HB 1988, Relating to the Federal Earned Income Tax Credit

On behalf of the Hawaii State Commission on the Status of Women, I would like to express my support of this bill, which would require the Department of Taxation to coordinate outreach to increase awareness and use of the federal earned income tax credit (EITC).

While 105,000 families in Hawaii claim the federal EITC, many more families would be able to claim the credit if they knew about the EITC in the first place. In order to maximize the number of families eligible to claim the EITC, this bill would require that certain outreach initiatives be undertaken. Our local economy is not quickly rebounding from the national recession and this would ensure that more of our families would benefit from this rather straightforward tax credit.

In 2010, the Census Bureau found that use of the EITC lifted 5.4 million people above the poverty line. ¹ Outreach and education on the use of the EITC would help our low income families and the greater community. It seems harmful and unnecessary to keep potentially eligible families from utilizing this credit. This bill seeks to prevent that.

The Commission respectfully requests that this Committee pass HB 1988.

Thank you for this opportunity.

Catherine Betts, Esq.

¹ Robert Greenstein, Center on Budget and Policy Priorities, Government Program Kept Millions Out of Poverty in 2010, available at: http://www.offthechartsblog.org/government-programs-kept-millions-out-of-poverty-in-2010/, last visited on February 8, 2012.

NEIL ABERCROMBIE GOVERNOR

> BRIAN SCHATZ LT. GOVERNOR



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To:

The Honorable John M. Mizuno, Chair,

and Members of the House Committee on Human Services

Date:

Thursday, February 9, 2012

Time:

8:30 A.M.

Place:

Conference Room 329, State Capitol

From:

Frederick D. Pablo, Director

Department of Taxation

Re:

H.B. No. 1988, Relating to the Federal Earned Income Tax Credit

The Department of Taxation (Department) appreciates the intent of H.B. 1988.

H.B. 1988 amends Chapter 235, Hawaii Revised Statutes, by adding a new section that requires the Department to coordinate an outreach initiative designed to ensure that the maximum number eligible families claim the federal earned income tax credit. The Department may contract with a nonprofit agency to coordinate the outreach initiative on behalf of the Department. An unspecified amount or funds necessary to coordinate the outreach initiative will come from the State general fund for the fiscal year 2012-2013.

As stated in the bill, the Internal Revenue Service already contracts with various nonprofit organizations in Hawaii to promote the federal earned income tax credit and help Hawaii taxpayers to claim the credit. Because this is a federal rather than a State credit, all promotional materials, training, and other resources must necessarily be authorized by the Internal Revenue Service. As such, any Department initiatives would be duplicative and inefficient.

Thank you for the opportunity to provide comments.



Testimony for HUS 2/9/2012 8:30:00 AM HB1988

Conference room: 329

Testifier position: Support Testifier will be present: No

Submitted by: Annie Au Hoon, President

Organization: Kewalo Hawaiian Homestead Community Assn, SCHHA

E-mail: <u>info@schha.com</u> Submitted on: 2/9/2012

Comments: