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## <u>SB301</u>

Submitted on: 3/14/2013 Testimony for HUS on Mar 14, 2013 09:30AM in Conference Room 329

Submitted By	Organization	<b>Testifier Position</b>	Present at Hearing
Deborah Teixeira	Individual	Support	No

Comments:

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## SB301 SD2 RELATING TO ASSET BUILDING House Committee on Human Services

March 14, 2013	9:30am	Conference Room 329
	J.J0am	Confictence Room 525

The Office of Hawaiian Affair's (OHA) <u>SUPPORTS</u> SB301 SD2, which would establish a refundable state Earned Income Tax Credit (EITC). OHA supports this bill as it fits within our strategic priority of improving the conditions of Native Hawaiians toward greater economic self-sufficiency.

According to a 2011 American Community Survey (ACS) data report, 20.9% of Native Hawaiians with children live in poverty compared to 13.2% for the state. Although there are many ways to address poverty, SB301 SD2 proposes a pragmatic way to reform our tax system to benefit our neediest populations. We also encourage eligible recipients of the tax credit to utilize programs and services that provide instruction on proper financial management.

The Institute on Taxation and Economic Policy (ITEP) is a non-profit, nonpartisan research organization that works on federal, state, and local tax policy issues. According to a report by ITEP, Hawai'i is one of the ten states with the highest taxes on the poor. By establishing a state EITC we can address economic disparities in a systemic way. A meaningful state EITC refund for low income families would provide the necessary funds for them to purchase basic necessities and contribute to Hawaii's economy.

**Currently, there are 42 states that have an income tax and 24 of those states have enacted a state EITC.** To be eligible to receive a state EITC, an individual must utilize the federal EITC. The individual would receive a set percentage of what was claimed for the federal EITC. If the state EITC was 20% of the federal EITC, a family receiving a federal EITC of \$2500 would be refunded \$500 for the state EITC.

OHA urges this committee to **PASS** SB301 SD2. Mahalo nui for the opportunity to testify.