STAND. COM. REP. NO. 815

Honolulu, Hawaii , 2017 March 2

RE: H.B. No. 209 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Ninth State Legislature Regular Session of 2017 State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 209 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to provide tax relief for Hawaii's low-and middle-income families by amending Hawaii's income tax law.

Specifically, this measure:

- (1)Expands the low-income household renters income tax credit based on adjusted gross income and filing status;
- (2)Establishes a State Earned Income Tax Credit to allow resident taxpayers to claim a refundable tax credit equal to 20 percent of the federal earned income tax credit amount. The tax credit would also apply to pastyear resident taxpayers, but it must be multiplied by the ratio of Hawaii adjusted gross income to the taxpayer's adjusted gross income from all sources;
- (3) Restores the income tax rates for high income brackets that were repealed in 2015; and



STAND. COM. REP. NO. 815 Page 2

(4) Permanently extends the refundable food/excise tax credit.

The Hawaii State Commission on the Status of Women; Democratic Party of Hawaii; Women's Caucus of the Democratic Party of Hawaii; LGBT Caucus of the Democratic Party of Hawaii; Americans for Democratic Action; Hawaii Appleseed Center for Law & Economic Justice; YWCA Oahu; Hawaii Alliance for Community-Based Economic Development; CHOW Project; Hawaiian Community Assets; Mental Health America of Hawaii; Community Alliance on Prisons; Hawaii Women's Coalition; Hawaii's Early Childhood Action Strategy; We Are One, Inc.-www.WeAreOne.cc-WAO; Unite Here Local 5 Hawaii; Protecting Hawaii's Ohana, Children, Under Served, Elderly and Disabled; Catholic Charities Hawaii; Parents and Children Together; Sierra Club of Hawaii; Hawaii Children's Action Network, IMUAlliance, Common Cause Hawaii, and numerous concerned individuals testified in support of this measure. The Department of Taxation, The Chamber of Commerce Hawaii, Hawaii Association of Realtors, and Tax Foundation of Hawaii provided comments.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2030, to facilitate further discussion; and
- Making technical, nonsubstantive amendments for clarity, (2) 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. 209, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 209, H.D. 1, and be placed on the calendar for Third Reading.

> Respectfully submitted on behalf of the members of the Committee on Finance,

SYLVIA LUKE, Chair



State of Hawaii

House of Representatives The Twenty-ninth Legislature

Record of Votes of the Committee on Finance

Bill/Resolution No.: HB209	mmittee Referral: FIN	Dates	2-9-20	17-
θ The committee is reconsidering its previous		I	-	
The recommendation is to: θ Pass, unan θ Pass short	nended (as is) Pass form bill with HD to recom	, with amendments (mit for future public)
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)				
2. CULLEN, Ty J.K. (VC)				
3. CACHOLA, Romy M.				
4. CHOY, Isaac W.				
5. DeCOITE, Lynn				an ann an Airtean 1911 1912 - Anna Airtean
6. GATES, Cedric Asuega				
7. HOLT, Daniel				
8. KEOHOKALOLE, Jarrett				
9. KOBAYASHI, Bertrand				
10. LoPRESTI, Matthew S.				-,- <u>,,</u>
11. LOWEN, Nicole E.				
12. NAKAMURA, Nadine K.				
13. TOKIOKA, James Kunane				
14. QUINLAN, Sean				
15. YAMASHITA, Kyle T.				
16. TUPOLA, Andria P.L.				
17. WARD, Gene				
TOTAL (17)	17	Ø	Ø	ø
The recommendation is: Adopted If joint refer	θ Not Adopte ral,	did not suppo	rt recommendation.	
Vice Chair's or designee's signature:	JJ.K.	Cul	~	
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				