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Honolulu, Hawaii

FEB 14 , 2020

RE: H.B. No. 2708

H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirtieth State Legislature Regular Session of 2020 State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2708 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure to require the Department of Taxation to authorize individual taxpayers with one or more dependents and income not exceeding forty percent of the median family income to elect to reduce their withholding by the amount of the expected earned income tax credit.

Your Committee received comments on this measure from the Department of Taxation.

Your Committee finds that this measure is designed to help working families by allowing qualified families to benefit from the earned income tax credit as they receive their regular paychecks, rather than having to wait a year to claim the tax credit. Your Committee finds that receiving part of the tax credit in each paycheck throughout the year is more beneficial for low-income families who tend to face liquidity constraints.

Your Committee has amended this measure by:

- (1) Deleting the requirement that limits the withholding reduction to taxpayers with one or more dependents and income not exceeding forty percent of the median family income;
- (2) Creating a definition of "qualifying individual taxpayer" for the purposes of this measure;
- (3) Changing its effective date to January 1, 2050, to encourage further discussion; and
- (4) 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 Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2708, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2708, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Labor & Public Employment,

ARON LING JOHANSON, Chair

State of Hawaii House of Representatives HSCR 500-20 The THIRTIETH Legislature

Record of Votes of the Committee on Labor & Public Employment

| Bill/Resolution No.: Committee | e Referral: | Date | 2-11 | -20 |
|---|-------------|--|------|--|
| ☐ The committee is reconsidering its previous decision on the measure. | | | | |
| The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit) | | | | |
| LAB Members | Ayes | Ayes (WR) | Nays | Excused |
| 1. JOHANSON, Aaron Ling (C) | \ | 2000/07-000 W. Iq 100 100 100 100 100 100 100 100 100 10 | | |
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| 2. ELI, Stacelynn K.M. (VC) | | A A Province | | |
| 3. ICHIYAMA, Linda | | | | |
| 5. Telli i i i i i i i i i i i i i i i i i i | | | | |
| 4. KITAGAWA, Lisa | | | | |
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| 5. McKELVEY, Angus L.K. | V | | | |
| 6 OUTNIAN Soon | | | | |
| 6. QUINLAN, Sean | | | | |
| 7. YAMASHITA, Kyle T. | | | | |
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| 8. MATSUMOTO, Lauren | ✓ | | | Total Study Study Study Study Street Study Street Study Street Study Street Str |
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| TOTAL (8) | 7 | | | 1 |
| The recommendation is: Adopted If joint referral, committee acronym(s) Adopted did not support recommendation. | | | | |
| Vice Chair's or designee's signature: | | | | |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO | | | | |