

STAND. COM. REP. NO. 1026 -22

Honolulu, Hawaii

MAR 04 , 2022

RE: H.B. No. 2510
H.D. 2

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2510, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INCOME,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Make the state Earned Income Tax Credit refundable and permanent and allow carrying forward of nonrefundable credits previously claimed;
- (2) Increase and amend the refundable Food/Excise Tax Credit;
- (3) Increase the minimum wage rate incrementally beginning on January 1, 2023, up to \$18.00 per hour beginning January 1, 2030, and increase the tip credit over the same period;
- (4) Require the Department of Labor and Industrial Relations to annually adjust the minimum wage rate and tip credit beginning on July 1, 2030;



- (5) Amend the Household and Dependent Care Tax Credit to apply to expenses paid for the care of a qualifying individual, regardless of age; and
- (6) Increase the cap on revenues that may be deposited into the Tax Administration Special Fund, authorize the fund to also be used for outreach to educate low-wage earners about their withholding options and to provide support when completing their withholding forms, and appropriate funds for this outreach.

Your Committee received testimony in support of this measure from one member of the Hawai'i County Council, Rainbow Family 808, and seven individuals.

Your Committee received testimony in opposition to this measure from the Hawaii Workers Center, American Association of University Women of Hawaii, Hawai'i Health & Harm Reduction Center, Hawaii Clubhouse Advocacy Coalition, Democratic Party of Hawaii Labor Caucus, Pono Hawai'i Initiative, RaiseUp Hawaii Coalition, Kanalani Ohana Farm, Hawai'i Alliance for Progressive Action, HOPE Services Hawai'i, Iron Workers Stabilization Fund, IATSE Local 665, Imua Alliance, Democratic Party of Hawai'i Education Caucus, National Federation of Independent Business, UNITE HERE! Local 5 Hawaii, Our Revolution Hawaii, Raise Up Hawaii Kauai, Society of Human Resource Management Hawaii, Hawaiian Chip Company, and numerous individuals.

Your Committee received comments on this measure from the Department of Taxation; Department of Labor and Industrial Relations; Department of Budget and Finance; Hawai'i Restaurant Association; Faith Action for Community Equity; Americans for Democratic Action of Hawai'i; Tax Foundation of Hawaii; Retail Merchants of Hawaii; Stonewall Caucus of the Democratic Party of Hawai'i; Hawaii Children's Action Network Speaks!; Grassroot Institute of Hawaii; Hawaii Petroleum Marketers Association; United Public Workers, AFSCME Local 646, AFL-CIO; Living Wage Hawaii; Hawaii Food Industry Association; Kauai Women's Caucus; Maui Chamber of Commerce; Hawai'i State AFL-CIO; Chamber of Commerce Hawaii; Hawai'i Lodging & Tourism Association; Hawai'i Public Health Institute; Hawaii Appleseed Center for Law & Economic Justice; League of Women Voters of Hawaii; and numerous individuals.



Your Committee has amended this measure by:

- (1) Increasing the minimum wage rate to \$13.00 beginning on January 1, 2023, and incrementally up to \$18.00 per hour beginning January 1, 2028, and increasing the tip credit over the same period;
- (2) Removing the provisions amending the refundable Food/Excise Tax Credit and Household and Dependent Care Tax Credit;
- (3) Removing the provisions that require the Department of Labor and Industrial Relations to annually adjust the minimum wage rate and tip credit beginning on July 1, 2030;
- (4) Removing the provisions that increase the cap on revenues that may be deposited into the Tax Administration Special Fund, authorize the fund to also be used for outreach to educate low-wage earners about their withholding options and to provide support when completing their withholding forms, and appropriate funds for this outreach;
- (5) Making it effective upon its approval; and
- (6) 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2510, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2510, H.D. 2.



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



SYLVIA LUKE, Chair



Record of Votes of the Committee on Finance

Bill/Resolution No.: HB 2510 HD1	Committee Referral: LAT, FIN	Date: 3-3-22		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. BRANCO, Patrick Pihana	/			
4. ELI, Stacelynn K.M.	/			
5. HOLT, Daniel	/			
6. ILAGAN, Greggor	/			
7. KOBAYASHI, Bertrand	/			
8. MARTEN, Lisa	/			
9. NISHIMOTO, Scott Y.	/			
10. PERRUSO, Amy A.		/		
11. SAYAMA, Jackson D.	/			
12. TAM, Adrian K.		/		
13. TODD, Chris	/			
14. WILDBERGER, Tina		/		
15. McDERMOTT, Bob				/
TOTAL (15)	11	3		1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 150px;">committee acronym(s)</small>				
Vice Chair's or designee's signature: _____ 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				