STAND. COM. REP. NO.

474

Honolulu, Hawaii

FEB 15 , 2023

RE: H.B. No. 954 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-Second State Legislature Regular Session of 2023 State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred H.B. No. 954 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to change the amount of the state earned income tax credit to an unspecified percentage of the federal earned income tax credit allowed based on an individual's federal income tax return.

Your Committee received testimony in support of this measure from Hawaii Children's Action Network Speaks!, Hawaii Appleseed Center for Law & Economic Justice, and two individuals. Your Committee received comments on this measure from the Department of Budget and Finance, Department of Taxation, and Tax Foundation of Hawaii.

Your Committee finds that the state earned income tax credit provides essential tax relief by reducing the tax burden for low-to moderate-income taxpayers or giving a tax refund to taxpayers with little to no tax liability. Your Committee further finds that this measure will build upon the success of Act 114, Session Laws of Hawaii 2022 (Act 114), which made the state earned income tax credit permanent and refundable. The enactment of Act 114 was predicted to lift benefits for existing recipients by \$139, and

this measure is intended to increase the amount of the state earned income tax credit that may be claimed.

Your Committee has amended this measure by changing its effective date to June 30, 3000, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 954, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 954, H.D. 1, and be referred to your Committee on Finance.

> Respectfully submitted on behalf of the members of the Committee on Economic Development,

State of Hawaii House of Representatives The Thirty-second Legislature

HSCR 474

Record of Votes of the Committee on Economic Development

Bill/Resolution No.: HB954	Committee		Date	2/8/23	
The committee is reconsidering its previous decision on the measure.					
The recommendation is to:					
ECD Members		Ayes	Ayes (WR)	Nays	Excused
1. HOLT, Daniel (C)					
2. LAMOSAO, Rachele F. (V	VC)				
3. HUSSEY-BURDICK, Nat	alia			<u> </u>	
4. KONG, Sam Satoru				. *:	
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5. NAKAMURA, Nadine K.		the first state of			
6. QUINLAN, Sean	356.55				
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7. PIERICK, Elijah	<u>, ing Same Albert II serence na Albert</u>	12.23. ASS. 1	ى بىرىنى ئىلىنى ئىلىنى ئىلىنى ئىلىنى بىرىنى بىر ئىلىنى ئىلىنى ئىلىن	to the first with a sum of minimum and state of	er gala zama zar z w li Szenie istani islam el i
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TOTAL (7)		1			
The recommendation is: If joint referral, did not support recommendation. committee acronym(s)					
Vice Chair's or designee's signature:					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					