

Honolulu, Hawaii

MAR 01 , 2024

RE: H.B. No. 2780
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2780 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to incrementally amend income tax brackets for every other taxable year beginning after December 31, 2024, through the taxable year beginning after December 31, 2030.

Your Committee received testimony in support of this measure from the Grassroot Institute of Hawaii and one individual. Your Committee received comments on this measure from the Office of the Governor; Department of Taxation; and Tax Foundation of Hawaii.

Your Committee finds that individual income tax brackets in the State have not been substantially adjusted in many years. However, because wages have risen exponentially during this period, taxpayers have been moved into higher tax brackets. Your Committee further finds that partly because of this occurrence of "bracket creep", Hawaii taxpayers tend to pay much more than taxpayers in other states. As a result, Hawaii is the second highest-taxed state in terms of what a household earning the median income must pay in income taxes--behind only Oregon, which has no sales tax. Your Committee also finds that Hawaii's heavy



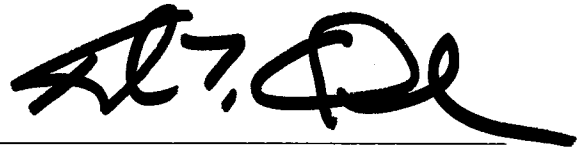
tax burden contributes to the State's high cost of living, which is a key factor in Hawaii's ongoing population decline. Moreover, your Committee finds that this measure would bring broad-based tax relief to individual taxpayers in Hawaii.

Your Committee has amended this measure by:

- (1) Deleting the amendments to the income tax brackets that had been scheduled to apply to taxable years beginning after December 31, 2024, and ending on December 31, 2026; and
- (2) Changing its effective date to January 1, 3000, to encourage further discussion.

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. 2780, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2780, H.D. 1, and be placed on the calendar for Third Reading.

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



KYLE T. YAMASHITA, Chair



