STAND. COM. REP. NO. 1164

Honolulu, Hawaii **MAR 03** , 2023 RE: H.B. No. 1049 H.D. 2

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 1049, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INCOME TAX,"

begs leave to report as follows:

The purpose of this measure is to:

- Establish an income tax credit for certain expenses incurred by teachers;
- (2) Amend the taxable income bracket and income tax rate, personal exemption, and standard deduction amounts for taxable years beginning after December 31, 2022;
- (3) Adjust annually for tax years beginning after December 31, 2023, the amounts for certain deductions, exemptions, taxable income, and credits by a cost-ofliving adjustment factor;
- (4) Increase the adjusted gross income amounts for the qualification of low-income credits; and
- (5) Increase the amount of the credits that assist working families.



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Your Committee received testimony in support of this measure from the Office of the Governor; Department of Budget and Finance; Executive Office on Aging, Executive Office on Early Learning; Americans for Democratic Action Hawaii; Hawaii State Teachers Association; Early Childhood Action Strategy; Chamber of Commerce Hawaii; Commit to Keiki; HPM Building Supply; Holomua Collaborative; Hawai'i Children's Action Network Speaks!; Aloha United Way, Inc.; Hawai'i Alliance for Progressive Action; Title Guaranty of Hawai'i; Parents And Children Together; and numerous individuals. Your Committee received testimony in opposition to this measure from two individuals. Your Committee received comments on this measure from the Department of Education, Department of Taxation, Hawai'i Appleseed Center for Law & Economic Justice, Grassroot Institute of Hawaii, and Tax Foundation of Hawaii.

Your Committee has amended this measure by:

- Removing the changes to the taxable income bracket and income tax rate, personal exemption, and standard deduction amounts for taxable years beginning after December 31, 2022;
- (2) Removing the provisions that annually adjust the income tax brackets, personal exemption, and standard deduction amounts, and refundable food/excise tax credit by a cost-of-living adjustment factor;
- (3) Removing the amendments to the earned income tax credit and refundable food/excise tax credit; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1049, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1049, H.D. 2.



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

KYLE T. YAMASHITA, Chair

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2023-2368 HB1049 HD2 HSCR HMSO

State of Hawaii



Record of Votes of the Committee on Finance

Bill/Resolution No.: HB 1049 HD1		e Referral: /ECD, FL	N Dat	" 3/1/23	
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) 					
FIN Meml	bers	Ayes	Ayes (WR)	Nays	Excused
1. YAMASHITA, Kyle T	. (C)	V			
2. KITAGAWA, Lisa (V	C)	V			
3. AIU, Micah P.K.				唐 昭二 4 古阳4	
4. CHUN, Cory M.	an a				
5. COCHRAN, Elle		<u> </u>			
6. GARRETT, Andrew T	'akuya				
7. KAHALOA, Kirstin					
8. KILA, Darius K. 9. KOBAYASHI, Bertrar	.				
9. KOBAYASHI, Bertrai 10. LAMOSAO, Rachele F					
11. MORIKAWA, Dee					
12. NISHIMOTO, Scott Y.					
13. POEPOE, Mahina		i Vill			
14. TAKENOUCHI, Jenna	l and an and a second			a namen all an	
15. ALCOS III, David					· · /
16. WARD, Gene		V .		<u>en an a seann an seann seann an seann</u>	
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TOTAL (16)		15	0	0	1
The recommendation is:	Adopted If joint referral,	Not Adopted did not support recommendation. committee acronym(s)			
Vice Chair's or designee's signature:					
Distribution: Original (White	•••I	plicate (Yellow) – (Chief Clerk's Office	Duplicate (P	ink) – HMSO