

STAND. COM. REP. NO. 752 -22

Honolulu, Hawaii  
FEB 15 , 2022

RE: H.B. No. 1507

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

Sir:

Your Committee on Economic Development, to which was referred  
H.B. No. 1507 entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Increase the tax rate on capital gains; and
- (2) Make the Earned Income Tax Credit refundable and permanent.

Your Committee received testimony in support of this measure from the Hawai'i Alliance for Progressive Action, Hawaii State Teachers Association, Hawai'i Appleseed Center for Law and Economic Justice, Hawai'i Alliance for Community-Based Economic Development, Hawaii Children's Action Network Speak!, Democratic Party of Hawai'i Education Caucus, Imua Alliance, Pono Hawai'i Initiative, Hawai'i Association of School Psychologists, Hawaii Chapter of the American Academy of Pediatrics, League of Women Voters of Hawaii, Parents And Children Together, Americans for Democratic Action Hawai'i, Aloha United Way, Hawai'i Public Health Institute, Hawai'i Health & Harm Reduction Center, UNITE HERE Local 5, and ten individuals. Your Committee received testimony in opposition to this measure from the Hawai'i Association of REALTORS, Hawaii Bankers Association, Hawaii Food Industry Association, and two

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individuals. Your Committee received comments on this measure from the Department of Taxation, Department of Budget and Finance, Chamber of Commerce Hawaii, Tax Foundation of Hawaii, and Grassroot Institute of Hawaii.

Your Committee finds that the State's tax structure disproportionately impacts working families as it places one of the highest tax burdens on low-income households in the nation, while higher earning households pay a smaller percentage of their income in state taxes. Your Committee further finds that the Earned Income Tax Credit has helped many local families maintain financial security; however, the tax credit is set to expire this year. This measure seeks to provide more equality in the State's tax system by increasing the capital gains tax and making the Earned Income Tax Credit permanent and refundable.

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. 1507 and recommends that it pass Second Reading and be referred to your Committee on Finance.

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

  
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SEAN QUINLAN, Chair



**Record of Votes of the Committee on Economic Development**

<b>Bill/Resolution No.:</b> <b>HB 1507</b>	<b>Committee Referral:</b> <b>ECD, FIN</b>	<b>Date:</b> <b>2/9/22</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input checked="" type="checkbox"/> Pass, unamended (as is) <input 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)				
ECD Members	Ayes	Ayes (WR)	Nays	Excused
1. QUINLAN, Sean (C)	✓			
2. HOLT, Daniel (VC)	✓			
3. BELATTI, Della Au	✓			
4. KOBAYASHI, Dale T.	✓			
5. ONISHI, Richard H.K.		✓		
6. SAYAMA, Jackson D.	✓			
7. TAKAYAMA, Gregg	✓			
8. OKIMOTO, Val			✓	
<b>TOTAL (8)</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <span style="margin-left: 150px;">committee acronym(s)</span>				
<b>Vice Chair's or designee's signature:</b> <u><i>Dale Holt</i></u>				
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