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**STATE OF HAWAII**  
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To: The Honorable Sylvia Luke, Chair  
and Members of the House Committee on Finance

Date: Tuesday, February 27, 2018  
Time: 12:00 P.M.  
Place: Conference Room 308, State Capitol

From: Linda Chu Takayama, Director  
Department of Taxation

Re: H.B. 2672, H.D. 1, Relating to Taxation

The Department appreciates the intent of H.B. 2672, H.D. 1, and provides the following comments for your consideration.

H.B. 2672, H.D. 1, increases the amount of the income tax credit for low income renters under Hawaii Revised Statutes section 235-55.7, from \$50 to an unspecified amount, which varies according to the filing status and income of the taxpayer. H.D. 1 has a defective effective date of July 1, 2050, but otherwise would apply to taxable years beginning after December 31, 2018.

The Department appreciates that the House Committee on Housing adopting its recommendation to use federal adjusted gross income rather than Hawaii adjusted gross income.

Finally, the Department notes that it is able to implement the measure with its current effective date. Thank you for the opportunity to provide testimony.



**HB2672 HD1**  
**RELATING TO TAXATION**  
House Committee on Finance

February 27, 2018

12:00 p.m.

Room 308

The Office of Hawaiian Affairs (OHA) **SUPPORTS** HB2672 HD1. This measure would relieve the tax burden on low income individuals and families, by updating the low income household renters tax credit (LIHR), and adjusting the income threshold for those who may claim the credit.

As the legislature recognizes, Hawai‘i is in the midst of an affordable housing crisis: recent research indicates a need for 65,000 more housing units by 2025, with half of this demand for units at or below 60% of the Area Median Income (AMI);<sup>1</sup> only 11 percent of State’s housing demand is for housing units above 140% AMI, or for units that do not meet the State’s current definition of “affordable housing.”<sup>2</sup> With 48% of households in the State already unable to afford basic household necessities including housing, food, transportation, health care and child care,<sup>3</sup> the lack of affordable housing and rising housing costs require bold and aggressive policies that provide meaningful relief for local residents, including in particular low-income families facing housing insecurity.

**Native Hawaiian families are in particular need of relief targeted to low-income renters.** Notably, Native Hawaiians are less likely to own a home and, therefore, disproportionately rely on the rental housing market.<sup>4</sup> Native Hawaiian households are also much more likely to be “doubled up,” with multi-generational or unrelated individuals living together in single households,<sup>5</sup> and Native Hawaiian households are more than three times more likely have a ‘hidden homeless’ family member than all state households.<sup>6</sup> Recent research has further shown that state and Native Hawaiian housing rental housing demand is almost entirely for increasingly rare “affordable” units, rather

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<sup>1</sup> See SMS, HAWAI‘I HOUSING PLANNING STUDY, at 34 (2016), available at [https://dbedt.hawaii.gov/hhfdc/files/2017/03/State\\_HHPS2016\\_Report\\_031317\\_final.pdf](https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf).

<sup>2</sup> See *id.* at 34.

<sup>3</sup> ALOHA UNITED WAY, ALICE: A STUDY OF FINANCIAL HARDSHIP IN HAWAI‘I (2017)

<sup>4</sup> The Native Hawaiian homeownership rate for non-DHHL properties is only 38.9%, 18.3 percentage points below the statewide rate of 57.2%. See Census Bureau. (2017). American Community Survey (ACS) 1-year Estimates: 2016; DHHL: Homestead Services Division. (01/24/17) Commission submittal.

<sup>5</sup> 24.8% of Native Hawaiian households, compared to 9.6% of state households include more than two generations or unrelated individuals. SMS, *supra* note 1, at 70.

<sup>6</sup> 14.1% of Native Hawaiian households, compared to 4.2% of state households have a hidden homeless family member. *Id.*

than for market-rate or other ‘gap’-rate units.<sup>7</sup> As such, support for housing relief is more critical to OHA’s beneficiaries and many other Hawai‘i residents now than ever before.

**HB2672 HD1’s proposed LIHR increase reflects a pragmatic approach to alleviating the tax burden on those low-income individuals and families facing housing insecurity, and will have a particular beneficial impact on Native Hawaiians.** Originally created in 1977 to mitigate the high cost of housing in Hawai‘i, the LIHR credit currently provides a \$50 tax credit per “qualified exemption,” for households with an adjusted gross income of less than \$30,000, that pay more than \$1,000 a year in rent. Kūpuna over the age of 65 are able to receive double the credit. Notably, while the LIHR credit is intended to provide meaningful relief for those who may need it the most, the value of the LIHR credit has not been updated since 1981. This measure would adjust the credit for the first time in over three decades, setting it at an unspecified amount per qualified exemption for the lowest income households, and providing graduated credit amounts for those with an adjusted gross income of up to \$70,000. **Updating this targeted, asset-building credit to better reflect today’s housing costs and income levels will better enable our low-income beneficiaries and other similarly-situated community members to remain financially self-sufficient and housing secure.**

Accordingly, OHA urges the Committee to **PASS** HB2672 HD1. Mahalo nui for the opportunity to testify on this measure.

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<sup>7</sup> See SMS, HAWAI‘I HOUSING PLANNING STUDY, at 34 (2016), available at [https://dbedt.hawaii.gov/hhfdc/files/2017/03/State\\_HHPS2016\\_Report\\_031317\\_final.pdf](https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf).

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Increase Low-Income Household Renters Credit

BILL NUMBER: HB 2672, HD-1

INTRODUCED BY: House Committee on Housing

EXECUTIVE SUMMARY: Expands eligibility and credit amount of the low income-household renters' income tax credit. Perhaps the discussion could consider the possibility of tax threshold adjustment so that such taxpayers would be spared the burden of filing returns.

SYNOPSIS: Amends section 235-55.7, HRS, to increase the amount of the credit from \$50 to the following:

<b>For unmarried taxpayers or married filing separately:</b>	
<b>Adjusted gross income</b>	<b>Tax credit per exemption</b>
Not over \$15,000	\$___
Over \$15,000, not over \$25,000	___
Over \$25,000, not over \$35,000	___
<b>For head of household:</b>	
<b>Adjusted gross income</b>	<b>Tax credit per exemption</b>
Not over \$25,000	\$___
Over \$25,000, not over \$37,500	___
Over \$37,500, not over \$50,000	___
<b>For married taxpayers filing jointly, surviving spouse, head of household:</b>	
<b>Adjusted gross income</b>	<b>Tax credit per exemption</b>
Not over \$30,000	\$___
Over \$30,000, not over \$45,000	___
Over \$45,000, not over \$60,000	___

Also amends section 235-55.7(a), HRS, to define "adjusted gross income" as federal AGI.

EFFECTIVE DATE: July 1, 2050; applies to taxable years beginning after December 31, 2018.

STAFF COMMENTS: The 1970 legislature adopted a system of tax credits for household renters which was intended to partially offset the higher tax burden on renters resulting from the lack of tax relief like the home exemption for homeowners and the 4% general excise tax levied on rental income. The current renter credit was established by the 1977 legislature at \$20 per

exemption for those taxpayers with adjusted gross incomes of less than \$20,000 who paid more than \$1,000 in rent during the tax year. Act 230, SLH 1981, increased the credit amount to \$50. Act 239, SLH 1989, increased the adjusted gross income (AGI) limit to \$30,000 to claim the credit. The proposed measure would increase the amount of the credit from \$50 to \$150. It does not increase the rent qualification amount – the taxpayer still will need to pay \$1,000 in rent during a taxable year to qualify for the credit.

There are some issues to consider with refundable credits targeted at low-income and homeless people generally.

First, a tax return is one of the most complicated documents for government agencies to process. The administrative costs associated with each one can quickly make heads spin. Furthermore, as the U.S. Treasury has experienced with the Earned Income Tax Credit, the combination of complexity and a refundable credit result in a certain percentage of improper payouts, some due to mistake or misunderstanding, and some due to bad actors.

Second, the low-income household renters' credit does nothing for most of the homeless; the credit requires payment of more than \$1000 in rent. And even for those in the target population who do qualify for this credit, the relief that the credit provides comes in a tax refund which is paid, at the earliest, in the early part of the year after the tax return filer needs the relief. A person who qualifies for the credit in 2017, for example, won't get a check until early 2018.

Third, as a policy matter, lawmakers might prefer that the recipient of the refund not use the money obtained on such things as cigarettes, alcohol, or illegal drugs. But the tax system contains no way of restricting the uses of a refund check; other departments do have systems in place to give some assurance that the payment will go toward legitimate living expenses such as groceries (EBT, for example).

The better solution is to get such people out of the tax system entirely. They receive peace of mind because they don't have to worry about tax returns, and the department doesn't have to worry about processing those returns. If additional relief to such people is considered desirable, it can be delivered through the agencies that are better equipped to do so.

Digested 2/24/2018



PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

February 27, 2018

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TO: Chair Sylvia Luke, House Finance Committee

FROM: Pedro Haro, Advocacy Consultant

SUBJECT: Testimony in Support of HB 2672, HD1 RELATING TO TAXATION

Hearing: February 27, 2018 at 12:00 pm  
Conference Room 308

Thank you for the opportunity to testify in strong support of House Bill 2672, HD1. I am Pedro Haro, advocacy consultant for PHOCUSED.

PHOCUSED is a nonprofit, nonpartisan organization dedicated to increasing the safety for, visibility of, and investment in the children and adults in Hawaii who are marginalized, impoverished, and under-served. Our organization has been a leading voice in advocating for our homeless populations since our formation, as the membership of PHOCUSED and our Board of Directors represent many of the major providers of human services across our state.

43% of Hawaii's households are renters, the 4th highest percentage among the states. Almost 3/4 of Hawaii residents living at or near the poverty line spend more than half of their incomes on rent.

This bill will expand the eligibility and credit amount of the low income-household renters' income tax credit, which has not kept up with the increasing costs renters have had to endure. The amount of the Renters' Credit was last set 35 years ago, in 1981, and the income eligibility cut-off was set in 1989 at \$30,000, which was just above the median household income at that time. The changes proposed in this legislation will update the eligibility and the amount of the credit to meet inflation and cost of rentals today.

For these reasons, we strongly support House Bill 2672, HD1 and urge you please consider and pass it out of committee.

PHOCUSED is a membership and advocacy organization for health and human services in Hawaii, which works together with community stakeholders to collectively impact program and policy change for the most vulnerable in our state. Our commitment to the people is reflected in our name – Protecting Hawaii's 'Ohana, Children, Under-Served, Elderly, and Disabled. We are guided by the shared commitment of our members to protect the interests of Hawaii's people and the sector which seeks to provide them with quality programs and services.



## CATHOLIC CHARITIES HAWAII

### TESTIMONY IN SUPPORT OF HB 2672 HD1: RELATING TO TAXATION

TO: Representative Sylvia Luke, Chair, Representative Ty J.K. Cullen, Vice Chair;  
and Members, Committee on Finance  
FROM: Terrence L. Walsh, Jr., President & Chief Executive Officer  
**Hearing: Tuesday, February 27, 2018; 12:00 PM; CR 308**

Thank you for the opportunity to provide testimony **in strong support of HB 2672 HD1**, which expands the income tax credit for low-income household renters. I am Terry Walsh, with Catholic Charities Hawai'i.

Catholic Charities Hawai'i (CCH) sees the reduction of poverty in Hawai'i as one of its top priorities. CCH has programs serving elders, children, the developmentally disabled, the houseless and immigrants. These are among the most vulnerable people in Hawai'i. We support HB 2672 because it can, and will be, a very effective instrument to address poverty.

This bill improves the renter's credit, which has not been adjusted for inflation in nearly thirty years. Doing this alone would help more than 80,000 households. That would be a big step forward in not allowing people to fall into houselessness because they have fallen back on a month's rent. We know that rents jumped by 45% between 2005 and 2015, while the average wage increased by only 21%. It is not reasonable to expect hardworking people to somehow magically make up the difference from their limited resources.

Against this backdrop of high rents and low wages it is no surprise that research shows that the cost of living in Hawaii is 60% higher than the national average.

**Good state public policy can protect the most vulnerable:** All the signals from our nation's capital tell us that we should brace ourselves for cuts to the programs designed to serve the poor and the elderly. But the signals from our state legislature tell a different story. Our elected representatives recognize that they have to take steps to counter that harm.

Every day, Catholic Charities Hawai'i receives calls from renters facing eviction. Every day we serve struggling families. And we will keep doing it. But good public policy can go a long way towards keeping struggling families from losing their balance financially, which in turn triggers the kind of stress that affects their mental and emotional well-being. We see it daily in the work we do. That work would be aided by the passage of this measure.

This moment in our politics calls for state leadership in a way that is particularly important. Passing this bill will be an act of leadership and pragmatism in addressing the challenges we face in Hawaii. As Mother Theresa once said, "If we have no peace, it is because we forget that we belong to each other." It's time to demonstrate that we have not forgotten our families who struggle with rent to keep their families housed.

We urge your support of this bill. Please contact our Legislative Liaison, Betty Lou Larson, [bettylou.larson@catholiccharitieshawaii.org](mailto:bettylou.larson@catholiccharitieshawaii.org), or at 373-0356, if you have any questions.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eumoku Street, Honolulu, HI 96822  
• [terry.walsh@CatholicCharitiesHawaii.org](mailto:terry.walsh@CatholicCharitiesHawaii.org)





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46-063 Emepela Pl. #U101 Kaneohe, HI 96744 · (808) 679-7454 · Kris Coffield · Co-founder/Executive Director

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## **TESTIMONY FOR HOUSE BILL 2672, HOUSE DRAFT 1, RELATING TO TAXATION**

**House Committee on Finance  
Hon. Sylvia Luke, Chair  
Hon. Ty J.K. Cullen, Vice Chair**

**Tuesday, February 27, 2018, 12:00 PM  
State Capitol, Conference Room 308**

Honorable Chair Luke and committee members:

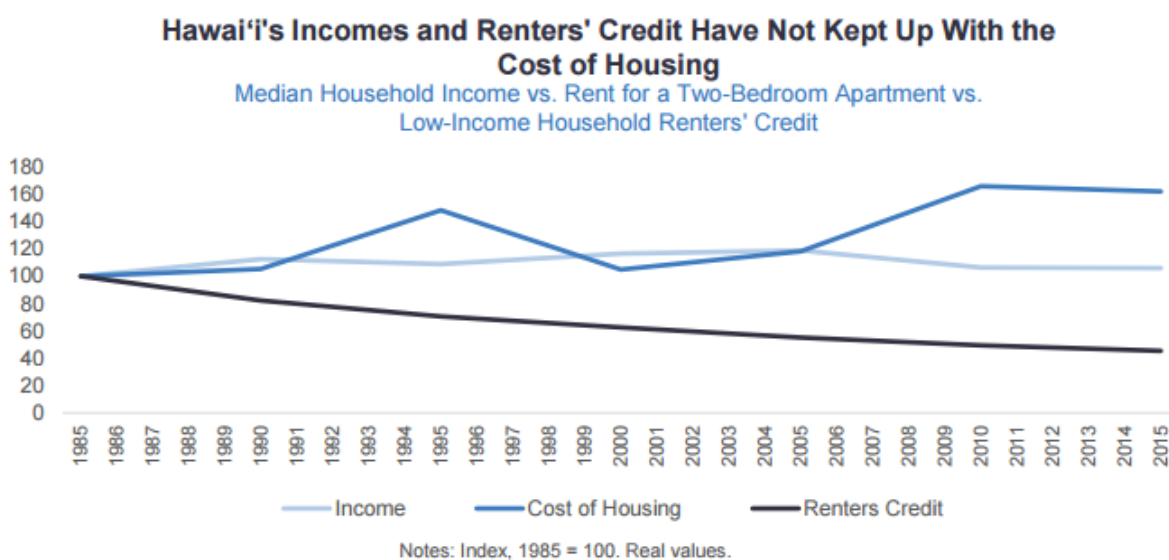
I am Kris Coffield, representing IMUAlliance, a nonpartisan political advocacy organization that currently boasts over 400 members. On behalf of our members, we offer this testimony in support of, with proposed amendments for House Bill 2672, HD 1, relating to taxation.

Researchers who authored the National Low Income Housing Coalition's *Out of Reach 2017* report found that a full-time worker would need to earn \$35.20/hour to afford a two-bedroom apartment at fair market value in our state, with Honolulu experiencing a 67 percent increase in fair market rent between 2005 and 2015. Average rent for a two-bedroom unit surpassed \$2,000 in recent years, with minimum wage workers needed to log 116 hours per week at their jobs to afford a modest one-bedroom apartment at fair market value and 139 hours per week to afford a two-bedroom—a number that is equivalent to working 20 hours a day with no days off year-round. In the past three years alone, Honolulu rent has increased by more than 25 percent. While 43 percent of Hawai'i residents are renters (a number that does not include individuals and families renting outside of the regulated rental market), they earn an average wage of \$15.64/hour, scarcely enough to meet their basic needs. One out of every four households in Hawai'i report that they are “doubling up” or are three paychecks or less away from being homeless, per the Hawai'i Appleseed Center for Law and Economic Justice. Additionally, 54 percent of households are cost-burdened, meaning that they pay more than 30 percent of their income for housing costs, a number that rises to 83 percent of extremely low-income households. It's time to make Hawai'i more affordable and quit catering to people who use the islands as their own private Monopoly board

To help ease Hawai'i's highest-in-the-nation cost of living, lawmakers should pass measures enhancing tax fairness and economic justice. Our state's low-income renters' credit is in dire need of adjustment. In 1981, the LIHRC was set at \$50. Later, in 1989, the income eligibility



cutoff was established at \$30,000, just above the median household income of the time. Yet, neither of these amounts have changed since the 1980s, leaving the amount of the credit lagging far behind inflation. We wholeheartedly support updating the renters' credit to recover ground lost to inflation by increasing the maximum value of the credit (preferably, to at least \$150) and elevating income eligibility, though we would **suggest that your committee consider increasing the income eligibility threshold contained in this bill for taxpayers filing a joint return under HRS Section 235-93 to \$75,000**, which would exceed the \$73,216 needed to afford a two-bedroom rental, according to NLIHC's analysis. We would also support amending this measure to **require that the credits implemented by this proposal be adjusted in future years to account for increases in the consumer price index**, which will prevent the future value of the credit from lagging behind our high cost of living, as it does now.



It's time to stop pricing people out of paradise. Mahalo for the opportunity to testify in support of this bill.

Sincerely,  
Kris Coffield  
*Executive Director*  
IMUAlliance



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Aloha Chair Luke, Vice Chair Cullen, and members of the House Finance Committee,

On behalf of the nearly 600 registered members of the Young Progressives Demanding Action – Hawai‘i, I would like to express **support** for HB2672 HD1, with suggestions to improve the bill which we believe will help struggling families in Hawai‘i by improving the Low-Income Household Renters’ Credit.

This credit was created in 1977 to help make up for the high rents and tax rates that burden our low- and moderate-income neighbors. In 1981, the Renters’ Credit was set to \$50 per exemption. The income eligibility cut off was set to \$30,000 in 1989, which was just above the median household income at the time. Neither of those levels have budged since then, failing to take into account rising inflation. Bringing the Renters’ Credit up-to-date will benefit tens of thousands of households, as well as put much-needed dollars into the pockets of Hawai‘i’s low- and moderate-income families. To catch up with inflation, the maximum value of the Renters’ Credit should be raised to \$150 per exemption. Then the credit should automatically adjust for inflation, in order to prevent future erosion of its value.

A whopping 75 percent of people in Hawai‘i are living near or below the poverty line and spend more than half of their incomes on rent. More than half all of of Hawai‘i’s renters are cost-burdened, spending more than 30 percent of their income on rent. This includes myself, many other young people in our organization, as well as kupuna and many thousands of working families across the state. It’s time for us to take bold action to address the crisis of cost of living in our home. Please pass this bill.

Mahalo,

Will Caron  
Social Justice Action Committee Chair  
Young Progressives Demanding Action – Hawai‘i



February 27, 2018

To: Representative Sylvia Luke, Chair  
Representative Ty Cullen, Vice Chair and  
Members of the Committee on Finance

From: Jeanne Y. Ohta, Co-Chair

RE: HB 2672 HD1 Relating to Taxation  
Hearing: Tuesday, February 27, 2018, 12:00 p.m., Room 308

POSITION: Strong Support

The Hawai'i State Democratic Women's Caucus writes in **STRONG SUPPORT** of HB 2672 HD1 Relating to Taxation, which would help many economically struggling families in Hawai'i by improving Low-Income Household Renters' Credit, which has not been updated to account for inflation since the 1980s.

HB2672 HD1 would update the Renters' Credit to recover ground lost to inflation by adjusting both the credit and adjusted gross income limits.

A full-time worker in Hawai'i needs to make \$35.20 per hour (or over \$73,000 per year) to afford a 2-bedroom apartment, the highest "housing wage" in the nation. Hawai'i also has the largest gap between the average renter's wage and the housing wage, a shortfall of \$19.56 per hour.

More than half of our state's renters spend more than 30% of their income on rent. Of critical concern is that three-quarters of Hawai'i residents living at or near the poverty-line spend more than 50% of their incomes on rent.

Hawai'i's Low-Income Household Renters' Credit was created 40 years ago to help make up for the high rents and tax rates that burden our low- and moderate-income neighbors. However, it has not been updated in nearly three decades.

The current credit was last set over 35 years ago, in 1981, at \$50 per exemption. The income eligibility cut-off was set in 1989 at \$30,000, which was just above the median household income at that time. Neither of those levels have been adjusted for inflation since then.

Simply bringing the Renters' Credit up-to-date will benefit over 80,000 households, as well as put much-needed dollars into the pockets of Hawaii's low- and moderate-income families.

The Hawai'i State Democratic Women's Caucus is a catalyst for progressive, social, economic, and political change through action on critical issues facing Hawaii's women and girls.

We ask that the committee pass this measure and thank the committee for the opportunity to provide testimony in support.



# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice  
Supporting HB 2672 HD1 -- Relating to Taxation  
House Committee on Finance  
Scheduled for Hearing Tuesday, February 27, 2018 12:00 PM, Conference Room 308

Dear Chair Luke, Vice Chair Cullen, and members of the Committee:

Thank you for the opportunity to testify in SUPPORT of **HB 2672 HD1**, which would expand the low income-household renters' income tax credit based on adjusted gross income and filing status.

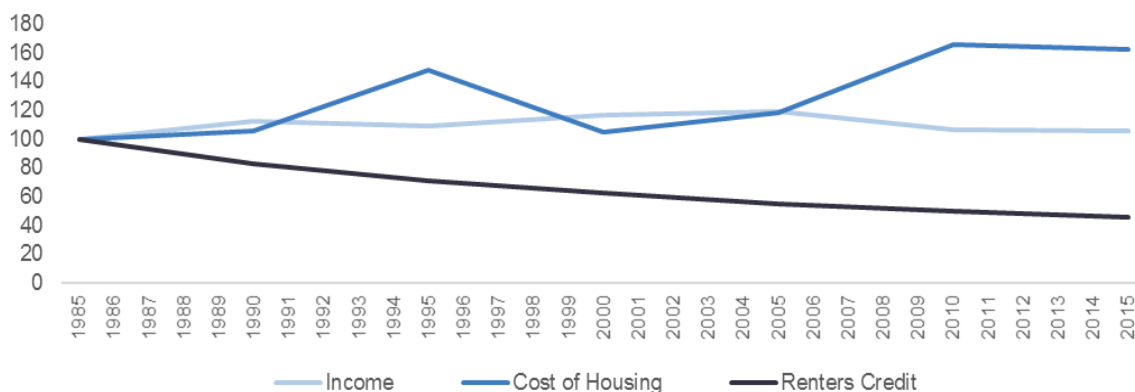
### Hawai'i's High Rents

A full-time worker in Hawai'i needs to make \$35.20 per hour (or over \$73,000 per year) to afford a 2-bedroom apartment, the highest "housing wage" in the nation. We also have the largest gap between the average renter's wage and the housing wage, a shortfall of \$19.56 per hour.<sup>i</sup>

It's no wonder that more than half of our state's renters are housing cost-burdened, spending more than 30% of their income on rent. An astounding three-quarters of Hawai'i residents living at or near the poverty line spend more than 50% of their incomes on rent.<sup>ii</sup>

### Hawai'i's Incomes and Renters' Credit Have Not Kept Up With the Cost of Housing

Median Household Income vs. Rent for a Two-Bedroom Apartment vs.  
Low-Income Household Renters' Credit



Notes: Index, 1985 = 100. Real values.

## **The Renters' Credit**

Hawai'i's Low-Income Household Renters' Credit was created 40 years ago to help make up for the high rents and tax rates that burden our low- and moderate-income neighbors. However, it has not been updated in nearly three decades to even account for inflation.

The amount of the Renters' Credit was last set over 35 years ago, in 1981, at \$50 per exemption. The income eligibility cut-off was set in 1989 at \$30,000, which was just above the median household income at that time. Neither of those levels have budged since then.

We recommend that HB 2672 HD1 be amended to update the Renters' Credit to fully catch up with inflation. The maximum value of the Renters' Credit should be raised to \$150 per exemption (with phase-out levels set at \$100 and \$50), and the eligibility threshold to the median income<sup>iii</sup>, which is \$75,000 in annual income for joint filers. We also suggest that it be amended to automatically adjust those amounts and levels for inflation, in order to avoid future erosion of the credit's value and reach.

We appreciate your consideration of this testimony.

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<sup>i</sup> *Out of Reach 2017*, National Low Income Housing Coalition, [http://nlihc.org/sites/default/files/oor/OOR\\_2017.pdf](http://nlihc.org/sites/default/files/oor/OOR_2017.pdf)

<sup>ii</sup> *2017 State Housing Profile: Hawaii*, National Low Income Housing Coalition, [http://nlihc.org/sites/default/files/SHP\\_HI.pdf](http://nlihc.org/sites/default/files/SHP_HI.pdf)

<sup>iii</sup> Hawaii Rankings and Comparisons, Department of Business, Economic Development & Tourism, <http://dbedt.hawaii.gov/economic/ranks/>



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www.lwv-hawaii.com | 808.531.7448 | voters@lwv-hawaii.com

COMMITTEE ON FINANCE  
TUESDAY, FEBRUARY 27, 12:00 PM, Room 308  
HB2672 HD1, RELATING TO TAXATION

**TESTIMONY**

Beppie Shapiro, Legislative Committee, League of Women Voters of Hawaii

Chair Luke, Vice-Chair Cullen, and Committee Members: **The League of Women Voters of Hawaii supports, with comments, HB2672 HD1 which would define Adjusted Gross Income as defined by the IRS; and would expand the low income renters tax credit per an income dependent schedule.**

The low-income renters' tax credit when last updated in 1981, was \$50; income eligibility was set in 1989 to include households up to a bit above the median state income at the time (\$30,000). To get these figures up to the intended values, after 40 years of inflation, HB2672 HD1 establishes a schedule of eligible incomes and credit amounts (to be defined) corresponding to different filer categories (single, head of household, joint).

COMMENTS:

1) We suggest that to avoid another long period of inflation requiring another legislative fix, HB2672 be amended by tying the amount of tax credit to annual increases in the Consumer Price Index.

2) We find the language of HB2672 HD1 in section 2c unclear, viz. " provided further that a resident individual who has no income or no income taxable under this chapter may also claim the tax credit as set forth in this section". How can such an individual receive this tax credit? Against future years taxation or, our preference, by making the credit refundable?

HB2672 HD1 will address the regressive tax laws in Hawaii which burden our less fortunate citizens much more heavily than taxes weigh on higher income people.

It is virtually certain that these tax credits will be spent immediately in Hawaii, thus adding to excise tax collections and helping Hawaii businesses.

Thank you for the opportunity to present testimony.



**TO: Chair Luke, Vice Chair Cullen, and Members of the House Committee on Finance**

**FROM: Ryan Kusumoto, President & CEO of Parents And Children Together (PACT)**

**DATE/LOCATION: February 27, 2018; 12:00 p.m., Conference Room 308**

**RE: TESTIMONY IN SUPPORT OF HB 2672– RELATING TO TAXATION**

**We urge you to support HB 2672 – Relating to low-income renters tax credit.** We support this bill which would amend the income tax credit for low-income household renters claimed by qualified taxpayers depending on the taxpayer's status and adjusted gross income. Housing represents a Hawaii family's biggest expense. This bill would help many of our low-income individuals and families who are most heavily impacted by the high cost of living.

Aloha United Way's ALICE (Asset Limited, Income Constrained, Employed) Report Notes:

- 11% of households in Hawaii are living in poverty.
- An additional 37% or 165,013 households are ALICE households.
- 1 out of 3 seniors qualify as ALICE.
- 116,805 households in Hawaii have children. Of these, roughly 50% have an income below the ALICE survival budget.

As a provider of services to a majority of low-income individual and families, we see the struggles that our clients face daily. Many of these individuals and families hold steady jobs and work hard but still struggle to make ends meet. After paying rent, utilities, bills and putting food on the table, there is little to no income left. Working families who are struggling to make ends meet are often forced to make difficult choices when their income doesn't cover basic costs. They work hard to keep a roof over their heads and may end up having to choose to cut back on healthcare, healthy food options for their children and even child care. While these choices seem to save money in the short term, they directly affect the health, safety and future of these individuals and families and may end up having long-term negative effects.

The low-income renter's tax credit would provide a boost to those individuals and families and help to alleviate some of the stress associated with balancing the budget and making difficult



choices. The amount of credit an individual or family would receive could provide just enough to help them cover an essential cost, pay for an unexpected expense or put a little bit away as a savings. By supporting individuals and families to break the cycles of poverty, we encourage them to create promising futures and we build a stronger Hawaii community.

Founded in 1968, Parents And Children Together (PACT) is one of Hawaii's not-for-profit organizations providing a wide array of innovative and educational social services to families in need. Assisting more than 18,000 people across the state annually, PACT helps families identify, address and successfully resolve challenges through its 16 programs. Among its services are: early education programs, domestic violence prevention and intervention programs, child abuse prevention and intervention programs, child and adolescent behavioral health programs, sex trafficking intervention, and community building programs.

Thank you for the opportunity to testify in **support of HB 2672**, please contact me at (808) 847-3285 or [rkusumoto@pacthawaii.org](mailto:rkusumoto@pacthawaii.org) if you have any questions.





200 North Vineyard Boulevard, A300  
Honolulu, HI 96817  
Ph: 808-587-7886  
Toll Free: 1-866-400-1116  
[www.hawaiiancommunity.net](http://www.hawaiiancommunity.net)

February 25, 2018

House Committee on Finance  
Tuesday, February 27, 2018, 12p  
Conference Room 308

**HB2672, HD1 – Relating to Taxation**

Aloha Chair Luke, Vice-Chair Cullen, and Committee Members:

I am submitting testimony on behalf of Hawaiian Community Assets (HCA), the State's largest HUD-approved housing counseling agency to **SUPPORT HB2672, HD1** which would adjust the credit for inflation for the first time since the 1980s by increasing the amount of the credit as well as the income eligibility limits.

According to the Corporation for Enterprise Development's 2016 Assets and Opportunities Scorecard, Hawaii ranks 50<sup>th</sup> in the nation among all states in housing cost burden for renters. 57.5% of all Hawaii renters pay more than 30% of their monthly income toward rent, up from 55.6% in 2014. Despite the increases in rental housing costs in Hawaii, our Renter Tax Credit has remained stagnant for nearly 40 years. More specifically, the Bureau of Labor Statistics Consumer Price Index Data shows that value of \$1 in 1980 is now \$0.34 cents today. Without adjusting our renter tax credit for inflation, we risk placing greater financial hardship on our lowest income renters and unnecessarily putting them at-risk of falling victim to our ongoing homeless crisis.

With the highest homeless rate per capita and some of the highest housing cost burdens of any state in the nation, we must look to a comprehensive strategy to meet our affordable housing goals. This strategy includes looking at how both the State and its taxpayers can support affordable housing. HB2672, HD1 would provide our renters and their families to become part of the solution to our homeless crisis by having access to more funds to pay for rising home prices. Support our low-income renters and help stop our homeless crisis. **Pass HB2672, HD1.**

Mahalo for your time, leadership and consideration. Please contact me directly at 808.587.7653 or [jeff@hawaiiancommunity.net](mailto:jeff@hawaiiancommunity.net) should you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink that reads "Jeff Gilbreath".

Jeff Gilbreath  
Executive Director

**HB-2672-HD-1**

Submitted on: 2/26/2018 12:03:35 AM

Testimony for FIN on 2/27/2018 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:



AMERICANS FOR DEMOCRATIC ACTION

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OFFICERS		DIRECTORS		MAILING ADDRESS
John Bickel, President		Guy Archer	Jan Lubin	P.O. Box 23404
Alan Burdick, Vice President		Juliet Begley	Jenny Nomura	Honolulu
Marsha Schweitzer, Treasurer		Gloria Borland	Stephen O'Harrow	Hawai'i 96823
Karin Gill, Secretary		Chuck Huxel	Doug Pyle	

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February 26 , 2018

TO: Honorable Chair Luke and Members of the Finance Committee

RE: HB 2672 HD 1 Relating to Taxation

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Support for hearing on Feb. 27

Americans for Democratic Action is an organization founded in the 1950s by leading supporters of the New Deal and led by Patsy Mink in the 1970s. We are devoted to the promotion of progressive public policies.

We support HB 2672 HD1 as it would expand the low-income-household renters' income credit. We note that 75% percent of people in Hawai'i are living near or below the poverty line, and many spend more than half of their incomes on rent. We would like to see a generous amount written to the bill. We would also support indexing this figure for inflation.

Thank you for your favorable consideration.

Sincerely,

John Bickel  
President



## Senate Committee on Labor

### Board of Directors:

### Hawaii Alliance for Progressive Action Supports HB 2672 HD1

Gary L. Hooser  
President

Aloha Chair Luke, Vice Chair and Members of the Committee:

Andrea N. Brower  
Ikaika M. Hussey  
Co-Vice Presidents

On behalf the Hawai'i Alliance for Progressive Action (HAPA) I am submitting testimony in support of HB 2672 HD1, which would help many struggling families in Hawai'i by improving the Low-Income Household Renters' Credit.

Kim Coco Iwamoto  
Treasurer

HAPA is a statewide environmental, social and economic justice organization. HAPA engages over 10,000 local residents annually through our work.

Bart E. Dame  
Secretary

The Low-Income Household Renters' Credit was created in 1977 to help make up for the high rents and tax rates that burden our low- and moderate-income neighbors. In 1981, the Renters' Credit was set to \$50 per exemption. The income eligibility cut off was set to \$30,000 in 1989, which was just above the median household income at the time. Neither of those levels have budged since then, not even for inflation.

Paul Achitoff  
Malia K. Chun  
Laura Harrelson  
Katie McMillan  
Walter Ritte Jr.

Bringing the Renters' Credit up-to-date will benefit tens of thousands of households, as well as put much-needed dollars into the pockets of Hawaii's low- and moderate-income families. To catch up with inflation, the maximum value of the Renters' Credit should be raised to \$150 per exemption. Then the credit should automatically adjust for inflation, in order to prevent future erosion of its value.

Karen Shishido  
Leslie Malu Shizue Miki

75% percent of people in Hawai'i living near or below the poverty line spend more than half of their incomes on rent. More than half all of Hawai'i's renters are cost-burdened, spending more than 30% of their income on rent.

Kekaulike Prosper Tomich  
Cade Watanabe

Please support HB 2672 HD1, mahalo for your consideration.

Best Regards,

Anne Frederick, Executive Director  
Hawai'i Alliance for Progressive Action (HAPA)

*The Hawai'i Alliance for Progressive Action (HAPA) is a public non-profit organization under Section 501(c)(3) of the Internal Revenue Code. HAPA's mission is to catalyze community empowerment and systemic change towards valuing 'aina (environment) and people ahead of corporate profit.*

To: Hawaii State Senate Committee on Housing

Hearing Date/Time: Thursday, February 1, 2018, 2:55PM  
Hawaii State Capitol, Rm. 225

***Position Statement Supporting House Bill 2672 HD1***

Thank you Chair Luke, Vice Chair Cullen, and Committee members,

The YWCA O'ahu **supports House Bill 2672 HD1**, which would help many economically struggling families in Hawai'i by improving Low-Income Household Renters' Credit, which has not been updated to account for inflation since the 1980s.

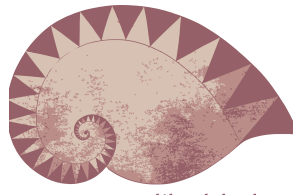
A full-time worker in Hawai'i needs to make over \$73,000 per year to afford a 2-bedroom apartment, the highest "housing wage" in the nation. The median salary for a woman, who works full-time, year-round is \$40,434. Women in our state head over 52,000 households. And of those families, about 17 percent have incomes below the poverty level. For female-headed households, our high rents have a significant negative impact.

The Low-Income Household Renters' Credit was created in 1977 to help make up for the high rents and tax rates that burden our low- and moderate-income neighbors. In 1981, the Renters' Credit was set to \$50 per exemption. The income eligibility cut off was set to \$30,000 in 1989, which was just above the median household income at the time. Neither of those levels have budged since then, not even for inflation.

Bringing the Renters' Credit up-to-date will benefit tens of thousands of households, as well as put much-needed dollars into the pockets of Hawaii's low- and moderate-income families. To catch up with inflation, the maximum value of the Renters' Credit should be raised to \$150 per exemption. Then the credit should automatically adjust for inflation, in order to prevent future erosion of its value.

All of these provisions in Senate Bill 2856 make the credit stronger and help keep our working families housed, especially those headed by women. Thank you for the opportunity to testify and for your consideration on this matter.

Kathleen Algire  
Director, Public Policy and Advocacy  
YWCA O'ahu



Pono Hawai'i Initiative

Josh Frost - President • Kau'i Pratt-Aquino - Secretary • Patrick Shea - Treasurer  
Kristin Hamada • Nelson Ho • Summer Starr

Tuesday, February 27, 2018

Relating to House Bill 2672 House Draft 1  
Testifying in Support

Aloha, Chair Luke, Vice-Chair Cullen, and Members of the House Committee on Finance,

The Pono Hawai'i Initiative (PHI) **supports HB2672 HD1 Relating to Taxation**, which expands the low income-household renters' income tax credit based on adjusted gross income and filing status and amends the definition of adjusted gross income to match federal definition.

We have in Hawai'i the highest housing costs in the country. A full-time worker in needs to make at least \$35.20 per hour (or over \$73,000 a year) to afford a 2-bedroom apartment. We also have the largest gap between the average renter's wage and the housing wage, a shortfall of \$19.56 per hour.

More than half of our state's renters are spending more than 30% of their income on rent. And an unacceptable three-quarters of Hawai'i residents living at or near the poverty line. They're spending more than 50% of their incomes on rent.

Hawai'i's Low-Income Household Renters' Credit was created 40 years ago to help make up for the high rents and tax rates that burden our low- and moderate-income neighbors. The amount of the Renters' Credit was last set over 35 years ago, in 1981, at \$50 per exemption. The income eligibility cut-off was set in 1989 at \$30,000, which was just above the median household income at that time. Despite rising housing costs since the tax was created, the Legislature has failed to update this credit in nearly three decades.

We strongly encourage this committee to amend HB2672 to update the Renters' Credit to fully catch up with inflation. The maximum value of the Renters' Credit should be raised to \$150 per exemption (with phase-out levels set at \$100 and \$50). The eligibility threshold should be adjusted to just above the median annual income, which is \$75,000 for joint filers.

Lastly, we strongly encourage this committee to further amend the bill to automatically adjust those amounts and levels for inflation, in order to avoid future erosion of the credit's value and reach.

For all these reasons, we urge you to move this bill forward with the proposed amendments.

Mahalo for the opportunity,

Gary Hooser

Executive Director

Pono Hawai'i Initiative, an organization member of the Common Good Coalition

## HOUSE COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair  
Rep. Ty Cullen, Vice Chair

From: Bart Dame

Date: Tuesday, February 27, 2018  
Time: 12 p.m.  
Place: Conference room 308

### **HB2672, RELATING TO TAXATION**

#### **IN STRONG SUPPORT**

My name is Bart Dame and I am testifying as an individual in STRONG SUPPORT of HB2672, which will FINALLY increase the Low Income Renter Tax Credit to adjust for inflation. The current credit is \$50 and was set at that amount in 1981. The tax credit would need to be nearly \$150 if adjusted to reflect the general increase in the cost of living in Hawaii. If adjusted to account for the increased costs of rental housing, it would have to be increased much more than that.

So please raise the tax credit to \$150.

I have filed for the low-income renters tax credit for most years. I find it peculiar to see testimony suggesting I may have spent that windfall “on such things as cigarettes, alcohol, or illegal drugs.” I can swear I have not spent any of it on cigarettes or illegal drugs. Might some of my tax refund check gone towards beers or the purchase of a bottle of wine to go with dinner, Yes and how is that different from what other REGULAR people, DECENT people with higher incomes have done with their tax refunds?

The Federal and State tax codes are heavily biased in favor of homeowners, who receive the MAJORITY of all government financial help directed at people deal with the costs of housing. This renters tax credit is one of the few programs aimed at helping the people who rent. We are slightly more than half of Hawaii’s residents and we deserve some small measure of help from the Legislature.

Please adjust the Renter’s Tax Credit to account for inflation. It is the right thing to do. And it is long overdue.

Please pass HB2672.

Thank you for the opportunity to testify.



**HB-2672-HD-1**

Submitted on: 2/26/2018 10:19:32 AM

Testimony for FIN on 2/27/2018 12:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Barbara Polk	Individual	Support	No

Comments:

I support HB2672 as a way of helping low income people stay in their homes. Homelessness is a major problem in Hawaii, and measures such as these are needed to keep the problem from getting worse.

Please passHB2672.

**From:** [Angelina Mercado](#)  
**To:** [FINTestimony](#)  
**Subject:** HB 2672, HD1 -- Relating to Taxation  
**Date:** Sunday, February 25, 2018 5:02:57 PM

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TO: House Committee on Finance  
HEARING: Tuesday, February 27, 2018, 12:00 PM  
PLACE: Conference Room 308  
FROM: Angelina Mercado  
RE: HB 2672 HD1 -- Relating to Taxation  
ATTENDING HEARING: No

Dear Chair Luke, Vice Chair Cullen, and members of the Committee,

Thank you for the opportunity to testify in support of HB 2672 HD1, which would help many struggling families in Hawai'i by improving the Low-Income Household Renters' Credit.

Hawai'i's Low-Income Household Renters' Credit was created to help make up for the high rents and tax rates that burden our low- and moderate-income neighbors. The amount of the credit and the income eligibility limits were set in the 1980s. Neither of those levels have budged since then, not even for inflation, so the credit's value and reach have been dropping for over 30 years.

We desperately need to alleviate the tax burden on renter families struggling to afford housing. Simply bringing the Renters' Credit up-to-date will benefit tens of thousands of households, as well as put much-needed dollars into the pockets of Hawaii's low- and moderate-income families. Please pass this important bill.

**From:** [Scott Foster](#)  
**To:** [FINTestimony](#)  
**Subject:** HB 2672, HD1 -- Relating to Taxation  
**Date:** Sunday, February 25, 2018 4:48:27 PM

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TO: House Committee on Finance  
HEARING: Tuesday, February 27, 2018, 12:00 PM  
PLACE: Conference Room 308  
FROM: Scott Foster  
RE: HB 2672 HD1 -- Relating to Taxation  
ATTENDING HEARING: No

Dear Chair Luke, Vice Chair Cullen, and members of the Committee,

Thank you for the opportunity to testify in support of HB 2672 HD1, which would help many struggling families in Hawai'i by improving the Low-Income Household Renters' Credit.

Hawai'i's Low-Income Household Renters' Credit was created to help make up for the high rents and tax rates that burden our low- and moderate-income neighbors. The amount of the credit and the income eligibility limits were set in the 1980s. Neither of those levels have budged since then, not even for inflation, so the credit's value and reach have been dropping for over 30 years.

We desperately need to alleviate the tax burden on renter families struggling to afford housing. Simply bringing the Renters' Credit up-to-date will benefit tens of thousands of households, as well as put much-needed dollars into the pockets of Hawaii's low- and moderate-income families. Please pass this important bill.

**From:** [Jae Lee](#)  
**To:** [FINTestimony](#)  
**Subject:** HB 2672, HD1 -- Relating to Taxation  
**Date:** Sunday, February 25, 2018 10:20:13 AM

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TO: House Committee on Finance  
HEARING: Tuesday, February 27, 2018, 12:00 PM  
PLACE: Conference Room 308  
FROM: Jae Lee  
RE: HB 2672 HD1 -- Relating to Taxation  
ATTENDING HEARING: No

Dear Chair Luke, Vice Chair Cullen, and members of the Committee,

Thank you for the opportunity to testify in support of HB 2672 HD1, which would help many struggling families in Hawai'i by improving the Low-Income Household Renters' Credit.

Hawai'i's Low-Income Household Renters' Credit was created to help make up for the high rents and tax rates that burden our low- and moderate-income neighbors. The amount of the credit and the income eligibility limits were set in the 1980s. Neither of those levels have budged since then, not even for inflation, so the credit's value and reach have been dropping for over 30 years.

We desperately need to alleviate the tax burden on renter families struggling to afford housing. Simply bringing the Renters' Credit up-to-date will benefit tens of thousands of households, as well as put much-needed dollars into the pockets of Hawaii's low- and moderate-income families. Please pass this important bill.

**From:** [Cindy Aban](#)  
**To:** [FINTestimony](#)  
**Subject:** HB 2672, HD1 -- Relating to Taxation  
**Date:** Sunday, February 25, 2018 9:31:56 AM

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TO: House Committee on Finance  
HEARING: Tuesday, February 27, 2018, 12:00 PM  
PLACE: Conference Room 308  
FROM: Cindy Aban  
RE: HB 2672 HD1 -- Relating to Taxation  
ATTENDING HEARING: No

Dear Chair Luke, Vice Chair Cullen, and members of the Committee,

Thank you for the opportunity to testify in support of HB 2672 HD1, which would help many struggling families in Hawai'i by improving the Low-Income Household Renters' Credit.

Hawai'i's Low-Income Household Renters' Credit was created to help make up for the high rents and tax rates that burden our low- and moderate-income neighbors. The amount of the credit and the income eligibility limits were set in the 1980s. Neither of those levels have budged since then, not even for inflation, so the credit's value and reach have been dropping for over 30 years.

We desperately need to alleviate the tax burden on renter families struggling to afford housing. Simply bringing the Renters' Credit up-to-date will benefit tens of thousands of households, as well as put much-needed dollars into the pockets of Hawaii's low- and moderate-income families. Please pass this important bill.

**LATE**

**HB-2672-HD-1**

Submitted on: 2/26/2018 3:05:47 PM

Testimony for FIN on 2/27/2018 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ann S Freed	Individual	Support	No

Comments:

Aloha Chair Luke,

This has been a Hawaii Women's Coalition bill in the past, but was not in our package this year. So I am testifying as an individual in strong support.

Mahalo, Ann S. Freed

**LATE**

**HB-2672-HD-1**

Submitted on: 2/26/2018 3:38:35 PM

Testimony for FIN on 2/27/2018 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Thelma Akita-Kealoha	Individual	Support	No

Comments:

I strongly support this bill. Right now our families are having the most difficult time getting into housing and those that are sometimes struggle to maintain rents due to high rental prices and many are one paycheck away from become homeless if there have any kind of financial emergency.

Please support the passing of this bill, this will help protect our vulnerable and economically disadvantaged.

Sincerely,

Thelma Akita-Kealoha

**HB-2672-HD-1**

Submitted on: 2/26/2018 6:45:01 PM

Testimony for FIN on 2/27/2018 12:00:00 PM

**LATE**

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:



**LATE**

**HB-2672-HD-1**

Submitted on: 2/27/2018 8:51:28 AM

Testimony for FIN on 2/27/2018 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jun Shin	Young Progressives Demanding Action - Hawaii	Support	No

Comments: