



SB55
RELATING TO TAX CREDITS
Senate Committee on Housing

January 31, 2023

1:00 PM

Room 225

The Administration of the Office of Hawaiian Affairs (OHA) will recommend to the Board of Trustees a position of **SUPPORT WITH AMENDMENTS** to SB55, which would increase the low-income household renters tax credit.

Established by our state's Constitution,¹ OHA is a semi-autonomous agency of the State of Hawai'i mandated to better the conditions of Native Hawaiians. Guided by a board of nine publicly elected trustees, all of whom are currently Native Hawaiian, OHA fulfills its mandate through advocacy, research, community engagement, land management, and the funding of community programs. Hawai'i state law recognizes OHA as the principal public agency in the state responsible for the performance, development, and coordination of programs and activities relating to Native Hawaiians.² Furthermore, state law directs OHA to advocate on behalf of Native Hawaiians;³ to advise and inform federal officials about Native Hawaiian programs; and to coordinate federal activities relating to Native Hawaiians.⁴

OHA advocates on behalf of the Native Hawaiian community for the protection of the Native Hawaiian culture, language, and people. Native Hawaiians are among the most socio-economically disadvantaged people in Hawai'i, with more than 15% of Native Hawaiians living below the poverty level and 43% of Native Hawaiians bereft of homeownership. Accordingly, this measure would help to alleviate some of the economic burdens faced by Native Hawaiians.

While this measure does not solve all of the problems Native Hawaiians face in housing and income disparity, the proposed tax credit amendments would help the most economically vulnerable Native Hawaiians by alleviating some of the tax burden. This measure would further benefit Native Hawaiians by allowing the tax credit to automatically change based on increases in the consumer price index, which would mitigate some of the impact on Native Hawaiian low-income renters from increased cost-of-living expenses in the future.

However, this measure could be further improved to better address changes in the cost-of-living by amending the measure to also link the eligible income bracket thresholds for the low-income household renter tax credit to increases in the consumer price index so that low-income households are not rendered ineligible for the tax credit due to an inflation-based wage increase in the future.

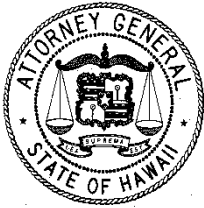
OHA appreciates the opportunity to support this measure and asks the Committee to **PASS** with the recommended amendments. Mahalo nui loa.

¹ HAW. CONST., art. XII, §5 (1978).

² Haw. Rev. Stat. § 10-3(3).

³ Haw. Rev. Stat. § 10-3(4).

⁴ Haw. Rev. Stat. § 10-6(a)(4).



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTY-SECOND LEGISLATURE, 2023**

ON THE FOLLOWING MEASURE:
S.B. NO. 55, RELATING TO TAX CREDITS.

BEFORE THE:
SENATE COMMITTEE ON HOUSING

DATE: Tuesday, January 31, 2023 **TIME:** 1:00 p.m.

LOCATION: State Capitol, Room 225

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Laura Maeshiro, Deputy Attorney General

Chair Chang and Members of the Committee:

The Department of the Attorney General provides the following comments.

This bill increases the amount of the income tax credit for low-income-household renters by creating tax brackets for individuals and different categories of household for taxable years beginning after December 1, 2024. The bill also provides for increases of each tax credit amount every third taxable year thereafter, based on the consumer price index.

The proposed amendments to section 233-55.7(c), Hawaii Revised Statutes (HRS), appear to contain inconsistencies. Section 235-55.7(c), HRS, currently allows a taxpayer with an adjusted gross income of less than \$30,000 to claim a tax credit of \$50 multiplied by the number of qualified exemptions that taxpayer is entitled to. The bill appears to amend this credit by adding wording that replaces the \$50 credit with a larger credit that decreases as adjusted gross income increases (page 4, line 8, through page 5, line 10). The table at page 4, line 8, through page 5, line 10, reflects tax brackets based on the taxpayer's adjusted gross income and corresponding credit amount per qualified exemption. However, the bill does not delete the current provision -- "each taxpayer . . . may claim a tax credit of \$50 multiplied by the number of qualified exemptions to which the taxpayer is entitled . . ." Page 3, line 19, through page 4, line 2.

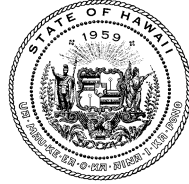
If the intent of this bill is to replace the current credit of \$50 with the bracket table that increases the tax credit per exemption amounts, we suggest the following amendments to page 3, line 19, through page 4, line 3:

(c) Each taxpayer [~~with an adjusted gross income of less than \$30,000~~] who has paid more than \$1,000 in rent during the taxable year for which the credit is claimed may claim a tax credit [~~of \$50~~] based on the taxpayer's adjusted gross income, in accordance with the table below, multiplied by the number of qualified exemptions to which the taxpayer is entitled; provided that each taxpayer sixty-five years of age

Thank you for the opportunity to offer comments.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

GARY S. SUGANUMA
DIRECTOR OF TAXATION

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 55, Relating to Tax Credits

BEFORE THE:

Senate Committee on Housing

DATE: Tuesday, January 31, 2023
TIME: 1:00 p.m.
LOCATION: State Capitol, Room 225 & Videoconference

Dear Chair Chang, Vice-Chair Kanuha, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding S.B. 55 for your consideration.

S.B. 55 amends section 235-55.7, Hawaii Revised Statutes (HRS), which provides an income tax credit to low-income household renters ("renters' credit") by: (1) amending the definition of "adjusted gross income" (AGI) by making specific reference to the Internal Revenue Code; (2) increasing the amount of the credit from \$50 per qualified exemption to a variable amount based on the taxpayer's filing status and AGI; and (3) increasing the income thresholds and amount of credit per exemption for the taxable year beginning after December 31, 2024 and every three years thereafter based on the consumer price index. The bill is effective upon approval and applies to taxable years beginning after December 31, 2022.

Definition of AGI

The Department notes that under current law, eligibility for the renters' credit is based on a taxpayer's Hawaii AGI. Section 235-55.7(a)(1), HRS, currently defines "adjusted gross income" by referencing section 235-1, HRS, which defines Hawaii AGI.

If the intent of this bill is to make eligibility for the renters' credit based on a taxpayer's federal AGI, the Department recommends amending the definition of "adjusted gross income" in section 235-55.7(a)(1) by deleting the reference to section 235-1, HRS, to read:

"Adjusted gross income" means adjusted gross income as defined by the Internal Revenue Code.

Amount of Credit Per Exemption

The Department further recommends an amendment to section 235-55.7(c), HRS, to clarify that the amount of credit per exemption will be based on the amounts set forth in a table added by the bill, as opposed to the current amount of \$50 per exemption. Specifically, the Department recommends deleting "of \$50" in section 235-55.7(c), HRS (on page 4, line 1 of the bill).

Inflation Adjustments

The Department notes that section 235-55.7(d), HRS, in the bill, which to account for inflation increases the income thresholds and amount of credit per exemption in future years, will result in increases that exceed the actual rate of inflation.

For the taxable year beginning after December 31, 2024, the bill will increase the income thresholds and amount of credit per exemption based on the percentage change from "June of 2023" to "June of the preceding calendar year," i.e., June of 2024.

For the taxable year beginning after December 31, 2027, the income thresholds and amount of credit, which were previously increased to account for inflation from June of 2023 to June of 2024, will be increased again based on the percentage change from "June of 2023" to "June of the preceding calendar year," i.e., June of 2027. Stated differently, the inflation adjustment for the taxable year beginning after December 31, 2027 will be based on the percentage change from June of 2023 to June of 2024 plus the percentage change from June of 2023 to June of 2027. As a result, the percentage change from June of 2023 to June of 2024 will be accounted for twice in the inflation adjustment, thereby increasing the income thresholds and amount of credit by amounts in excess of the actual rate of inflation. This will continue to occur for each subsequent inflation adjustment.

To address this issue, the Department recommends implementing an annual inflation adjustment by deleting the definition of "consumer price index" in section 235-55.7(a)(1) and amending section 235-55.7(d) to read:

(d) For each taxable year beginning on or after January 1, 2025, the director shall, no later than December 15 of the preceding calendar year,

recompute the amounts of adjusted gross income and credit for exemption contained in the tables in subsection (c) by multiplying the dollar amount for the previous tax year by the cost-of-living adjustment factor, if the cost-of-living adjustment factor is greater than zero, and rounding off the resulting product to the nearest \$1. If the cost-of-living adjustment factor is less than zero in a given year, then no adjustment will occur in the following year. For purposes of this subsection, the cost-of-living adjustment factor is calculated by adding 1.0 to the percentage change in the Urban Hawaii Consumer Price Index for all items, as published by the United States Department of Labor, from July of the prior calendar year to July of the current calendar year. If the Urban Hawaii Consumer Price Index is discontinued, the Chained Consumer Price Index for all urban areas for all items, as published by the United States Department of Labor, shall be used to calculate the cost-of-living adjustment.

Effective Date

Finally, due to the number of bills with tax law changes that have been introduced this year, the Department may not have the resources to implement all measures passed this session in time for tax year 2023. The Department will continue to monitor the status of proposed legislation and will advise whether some changes will require a later effective date.

Thank you for the opportunity to provide comments on this measure.



Sunday, January 29, 2023

Aloha Chair Chang, Vice Chair Kanuha, and Members of the Committee,

I'm writing to you in support of SB55, which would increase the amount and the eligibility cap of the income tax credit for low-income household renters.

The situation for renters in the state of Hawai'i is staggeringly dire. According to a Forbes Home analysis, the average Hawai'i renter spends over 42% of their income on rent. For context, the next-costliest state is California, with an average of 28% of income spent on rent. The U.S. Department of Housing and Urban Development defines a cost-burdened household as one that spends over 30% of income on rent, which means Hawai'i is the only state in the nation where the average renter is cost-burdened.

The burden on low-income renters is especially high, and this burden has devastating consequences. The cost of housing is the number one reason cited by the thousands of Hawai'i residents who flee to the mainland every single year, and it is the number one reason Hawai'i residents fall into homelessness. It increasingly represents the wholesale theft of entire generations' ability to grow wealth, to dream of homeownership, and too often just to keep a roof over their head in the town where they grew up.

Low-income renters are in desperate need of support. In light of the sudden and unexpected spike in inflation we experienced in 2022, removing the dollar-amount cap and ensuring the tax credit scales with the cost of living are especially appropriate, urgent, and necessary measures.

I urge your support for this bill. Thank you for the opportunity to testify.

Mahalo,
Matt Popovich

Hawai'i YIMBY
matt@hawaiiyimby.com



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 55: RELATING TO TAX CREDITS

TO: Senate Committee on Housing

FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawaii

Hearing: **Tuesday, 1/31/23; 1:00 PM; CR 225 & via videoconference**

Chair Chang, Vice Chair Kanuha, and Members, Committee on Housing:

We appreciate the opportunity to provide testimony **in support of SB 55**, which increases the amount of the tax credit for individuals and households as well as the eligibility cap for the Low-Income Renters Tax Credit. I am Rob Van Tassell, with Catholic Charities Hawaii.

Catholic Charities Hawaii (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawaii for over 75 years. CCH has programs serving elders, children, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawaii.

We must take action to help Hawaii's many renters who are struggling under the double whammy of high inflation on food and other essentials as well as increasing rents. This tax credit can address the high cost of living for so many in Hawaii. In fact, it is the third most commonly used tax credit among Hawaii residents.

Catholic Charities Hawaii served over 20,000 people in 2022, most of whom were renters. We consider this a Social Justice issue since rents impact greatly on family stability, educational stability, possible homelessness, etc. We are greatly concerned about increasing homelessness among the kupuna in our community, mainly due to increasing rents. Many long term elderly renters are coming to CCH for help since they cannot afford rising rents. Help like this tax credit to keep our families and elders in stable housing is critical for the welfare of our State.

This bill provides specific help to support low-income and even middle-income residents who are struggling with Hawaii's high cost of living. Raising the amount of the tax credit is of utmost importance. Raising the adjusted gross income cap is critical since this tax threshold has not been increased since 1989. Providing for increases in each tax credit amount every 3 years (based on the consumer price index) is also essential. This will continue to help our residents with the highest cost of living in the US.

We urge your support. Please contact our Legislative Liaison, Betty Lou Larson at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.





AMERICANS FOR DEMOCRATIC ACTION

OFFICERS	DIRECTORS		MAILING ADDRESS	
John Bickel, President	Melodie Aduja	Jan Lubin	Bill South	P.O. Box 23404
Alan Burdick, Vice President	Keola Akana	Shannon Matson	Michael Vernon	Honolulu
Dave Nagajji, Treasurer	Juliet Begley	Jenny Nomura		Hawaii 96823
Doug Pyle, Secretary	Stephanie Fitzpatrick	Stephen O'Harrow		

January 30, 2023

TO: Chair Chang and Members of the Housing Committee

RE: SB 55 Relating to Tax Credits

Support for a Hearing on Jan 31

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.

Americans for Democratic Action Hawaii supports this bill as it would increase the amount of the tax credit for individuals and households and the adjusted gross income eligibility cap for the income tax credit for low-income household renters. It would also provide for a automatic inflation adjustment every three years. We would prefer less than three years, but we welcome the adjustment provision.

Thank you for your consideration.

Sincerely,

John Bickel, President

John Bickel, President



Board Members

President
Jason Okuhama
Managing Partner,
Commercial & Business Lending

Vice-President
Miwa Tamanaha
Artist-in-Residence,
Hawai'i Investment Ready

Treasurer
Marcus Kawatachi
Deputy Director,
Hawai'i Civil Rights Commission

Secretary
Trina Orimoto
Clinical & Research
Psychologist

Derrick Kiyabu
Hawai'i Island Resident

Philip Garboden
Assistant Professor,
University of Hawai'i at Mānoa

HACBED Staff

Brent N. Kakesako
Executive Director

Merri Keli'ikuli
*Office Manager & Program
Support*

Corin Thornburg
*Community-Based Economic
Development Project Associate*

Date: January 30, 2023
To: Senator Stanley Chang, Chair, Senator Dru Mamo Kanuha, Vice-Chair,
and members of the Committee on Housing
From: Brent Kakesako, Hawai'i Alliance for Community-Based Economic
Development (HACBED)
Re: Support for SB55

Aloha e Chair Chang, Vice-Chair Kanuha, and Committee Members,

The Hawai'i Alliance for Community-Based Economic Development (HACBED) strongly supports SB55, which increases the amount of the tax credit for individuals and households and the adjusted gross income eligibility cap for the income tax credit for low-income household renters using tax brackets for individuals and different categories of households for taxable years beginning after 12/1/2024. It also provides for increases of each tax credit amount every three years based on the consumer price index.

HACBED was established in 1992 as a nonprofit statewide intermediary to address social, economic, and environmental justice concerns through community-based economic development. It advances its mission with core competencies in the areas of community and organizational capacity building, community and economic development planning, and asset policy development and advocacy. HACBED played a facilitating role in the State Asset Policy Task Force and was a key contributor to the State Asset Policy Road Map.

The low-income renter's tax credit assists eligible renters with paying the high cost of housing and alleviates the substantial burden experienced by low-income households. This tax credit is the third most commonly used credit amongst Hawai'i residents. The income eligibility threshold was last adjusted in 1989 and the credit amount allowed was last adjusted in 1981 – but housing costs since 1989 has increased by 390%. It is therefore critical at this time to adjust the eligibility requirements for the credit as well as the amount of the credit.

The passage of SB55 would go a long way to supplement the needs of vulnerable families by increasing the amount of the credit and the eligibility credit as well as increasing the credit amount every three years based on the consumer price index so that Hawai'i residents can stay in their homes and better navigate the exponential rise in housing costs.

Mahalo for this opportunity to testify,

Brent N. Kakesako
Executive Director



LATE

49 South Hotel Street, Room 314 | Honolulu, HI 96813
www.lwv-hawaii.com | 808.531.7448 | voters@lwv-hawaii.com

SENATE COMMITTEE ON HOUSING

TUESDAY, Jan. 31, 2023, 1 pm, Room Number 225
SB55, RELATING TO TAX CREDITS

TESTIMONY

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

Chair Chang, Vice-Chair Kanuha, and Committee Members:

The League of Women Voters of Hawaii supports SB55, which amends the low-income household renters' tax credit to respond to inflation.

In Hawai'i, we have many renters (43% of households per US Census). Unfortunately, far too many of these renters are paying more than they can afford for housing - almost 3/4 of the poorest renters pay more than half of their income for rent. For example, if you are a family of four at poverty level (\$2,358 dollars income per month), this means spending more than \$1,180 per month for rent, leaving less than \$1,180 each month to cover food, utilities, transportation, medical care, and clothing. Think of your own budget and you can only wonder how such a family can survive.

The low-income renters' tax credit provides a small amount of relief for such households. When last updated in 1981, the credit was \$50; income eligibility was set in 1989 to include households up to and a bit above the median state income (\$30,000). To get these figures up to the intended values, after decades of inflation, SB55 raises the credit amount to \$50 multiplied by the filer's number of exemptions, and raises the maximum eligible income level to \$60,000.

SB55 also contains the welcome provision of increasing the tax credit amount by the increase in the consumer price index, every three years.

SB55 will give low income households a welcome boost each year. It will begin to address the regressive tax laws in Hawaii which burden our less fortunate citizens much more heavily than taxes weigh on higher income people.



49 South Hotel Street, Room 314 | Honolulu, HI 96813
www.lwv-hawaii.com | 808.531.7448 | voters@lwv-hawaii.com

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

Please pass SB55. Thank you for the opportunity to submit testimony.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Increase thresholds for credit for low-income household renters and index for inflation

BILL NUMBER: SB 55

INTRODUCED BY: RHOADS

EXECUTIVE SUMMARY: Increases the credit amount and the income eligibility cap thresholds for the income tax credit for low-income household renters by using tax brackets. Provides for inflation increases every 3 years based on the urban Hawaii consumer price index. Effective 7/1/2050. Our view is that it would be more efficient to get low-income taxpayers out of the tax system entirely than to add the complexity that this bill does.

SYNOPSIS: Amends section 235-55.7, HRS, to amend the credit brackets as follows (MFS = married filing separately, HOH = head of household, MFJ = married filing jointly):

Adjusted gross income (single or MFS)	Credit per exemption
Under \$20,000	\$200
\$20,000 under \$30,000	\$150
\$30,000 under \$40,000	\$100
\$40,000 and up	\$ 0
Adjusted gross income (HOH)	Credit per exemption
Under \$30,000	\$200
\$30,000 under \$45,000	\$150
\$45,000 under \$60,000	\$100
\$60,000 and over	\$ 0
Adjusted gross income (MFJ or surviving spouse)	Credit per exemption
Under \$40,000^h	\$200

\$40,000 under \$60,000	\$150
\$60,000 under \$80,000	\$100
\$80,000 and over	\$ 0

For the taxable year beginning after December 31, 2024, and in every third taxable year thereafter, each dollar amount contained in the table in subsection (c) shall be increased by an amount equal to that dollar amount, multiplied by the percentage, if any, by which the consumer price index for June of the preceding calendar year exceeds the consumer price index for June of 2021, rounded to the nearest whole dollar amount.

EFFECTIVE DATE: Taxable years beginning after December 31, 2022.

STAFF COMMENTS: The 1970 legislature adopted a system of tax credits for household renters 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 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.

The proposed system adds a considerable amount of complexity to the low-income household renters 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 \$1,000 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 2022, for example, won't get a check until early 2023.

Third, as a policy matter, lawmakers might prefer that the recipient of the refund not use the money obtained on certain things, illegal drugs for example. 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: 1/28/2023



Hawaii
Children's Action Network Speaks!
Building a unified voice for Hawaii's children

Hawai'i Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.

To: Senate Committee on Housing

Re: **SB 55 - Relating to tax credits**

Hawai'i State Capitol, Conference Room 225 & Via Videoconference
January 31, 2023, 1:00 PM

LATE

Dear Chair Chang, Vice Chair Kanuha, and Committee Members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing in SUPPORT of SB 55, relating to tax credits. This bill would increase the amount of and the income eligibility cap for the income tax credit for low-income household renters using tax brackets for individuals and different categories of households as well as provide for increases of each tax credit amount every three years based on the consumer price index.

It is well known that Hawai'i has the highest housing costs in the nation. According to the National Low-Income Housing Coalition, the "housing wage" needed to afford a one-bedroom apartment in Hawai'i in 2022 was \$31.15. Meanwhile, the median wage for in the state didn't even come close, at \$24.26 per hour.¹

The high cost of housing is a major reason why Hawai'i's Department of Business, Economic Development and Tourism (DBEDT) finds that a single parent with one child, and with employer-provided health insurance, needed to earn more than \$31 an hour "to meet their basic needs" in 2020, which is nearly \$36 in 2023.²

The low-income household renters' credit was created in 1977 to provide tax relief to low- and moderate-income renter households in our state. In 1981, the credit amount was set at \$50 per exemption. In 1989, the income eligibility cut off was set at \$30,000, which was just above the median household income at the time. Neither of those levels have budged in more than three decades.³

This bill rightly updates the renters' credit to recover ground lost to decades of inflation by increasing the income eligibility limit and allowing for an increase to the maximum value of the credit. It also recognizes the circumstances of head of household (single parent) and married tax filers by providing for higher credit values and eligibility limits for them. This is especially helpful to families with children.

For example, **a single mom with two children who earns \$35,000 per year is not eligible for the current renters' credit, due to her income being above the outdated \$30,000 eligibility limit. If this bill were to become law, then she would be able to claim \$150 per exemption – or \$450 for her family.** For struggling families, that could make a big difference.

Mahalo for the opportunity to provide this testimony. Please pass this bill.

Thank you,

Nicole Woo, Director of Research and Economic Policy

¹ <https://reports.nlihc.org/oor/hawaii>

² <https://files.hawaii.gov/dbedt/annuals/2021/2021-read-self-sufficiency.pdf>

³ <https://files.hawaii.gov/tax/stats/stats/credits/2020credit.pdf>

LATE

SB-55

Submitted on: 1/30/2023 7:40:54 PM

Testimony for HOU on 1/31/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Nikos Leverenz	Testifying for Hawaii Health & Harm Reduction Center	Support	Written Testimony Only

Comments:

Hawai'i Health & Harm Reduction Center (HHHRC) supports SB 55.

HHHRC's mission is to reduce harm, promote health, create wellness, and fight stigma in Hawai'i and the Pacific. We work with many individuals impacted by poverty, housing instability, and other social determinants of health. Many have behavioral health problems, including those related to substance use and mental health conditions. Many of our program clients and participants have also been deeply impacted by trauma, including histories of physical, sexual, and psychological abuse.

Thank you for the opportunity to testify on this measure.

SB-55

Submitted on: 1/30/2023 6:40:22 AM

Testimony for HOU on 1/31/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Bethany Albrecht	Individual	Support	Written Testimony Only

Comments:

I support SB55. Rental prices have increased dramatically and our tax laws need to reflect that.

SB-55

Submitted on: 1/30/2023 7:16:56 AM

Testimony for HOU on 1/31/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Beth Giesting	Individual	Support	Written Testimony Only

Comments:

I strongly support the proposed changes to the Low-Income Renters Tax Credit and urge passage of this important measure.

LATE

SB-55

Submitted on: 1/30/2023 3:29:01 PM

Testimony for HOU on 1/31/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kathy Shimata	Individual	Support	Written Testimony Only

Comments:

Since 1977, the state has made tax credits available to assist eligible renters with the high cost of housing and the substantial burden it puts on low-income households. This tax credit is the third most commonly used among Hawai'i residents. The income eligibility threshold was last adjusted in 1989 and the credit amount allowed was last adjusted in 1981. Since 1989, the cost of housing has increased by 390%. It is therefore more than appropriate to adjust the eligibility requirements for the income tax credit for low-income household renters and the amount of the credit itself. Please support SB55.

SB-55

Submitted on: 1/30/2023 7:38:02 AM

Testimony for HOU on 1/31/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Rev. Samuel L Domingo	Individual	Support	Written Testimony Only

Comments:

Since 1977, the state has made tax credits available to assist eligible renters with the high cost of housing and the substantial burden it puts on low-income households. This tax credit is the third most commonly used among Hawai'i residents. The income eligibility threshold was last adjusted in 1989 and the credit amount allowed was last adjusted in 1981. Since 1989, the cost of housing has increased by 390%. It is therefore more than appropriate to adjust the eligibility requirements for the income tax credit for low-income household renters and the amount of the credit itself. Please support SB55.

SB-55

Submitted on: 1/30/2023 12:02:29 PM

Testimony for HOU on 1/31/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Dan Gardner	Individual	Support	Written Testimony Only

Comments:

This tax credit is well overdue for an update and increase. Please advance this legislation.

LATE

Will Caron
Kahalu'u, O'ahu
Jan. 30, 2023

TO: Senate Committee on Housing

RE: Testimony in Support of SB55

Dear Senators,

I strongly support SB55, which would expand and update the Low-Income Renter's Tax Credit. This tax credit was created in 1977 as a way to help deal with the high cost of housing. Just think about that for a second: Nearly 50 years ago, the Hawaii legislature already recognized that housing costs were making it too difficult for low-income renters to survive here.

And since then, the problem has only gotten worse. This is particularly true of the three decades since the credit was last updated, in 1989. In the 34 years since then, housing costs have ballooned by a massive 390 percent, while the credit has delivered less and less of an impact each year that it has remained stagnant.

That's why an update like the one provided in SB55 is so appropriate. Not only does it increase the dollar amount of the tax credit—up from its paltry 1981 level of \$50 per qualified exemption, it also thoughtfully adjusts the income eligibility cap using income brackets. This fine-tunes the policy to deliver maximum impact to the lowest-income renters where it is most needed, and then slowly phases the credit out as income rises to prevent a sudden loss of its benefit.

Finally, by providing a regular, statutory adjustment in the credit based on rising costs of living, this bill would mean that the credit will never again fall so damningly far behind from accomplishing its mission of helping to lift low-income renters up. This is a very good policy and I encourage the committee to pass it with full support.

Mahalo!