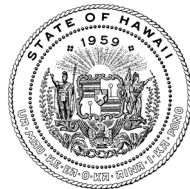


JOSH GREEN, M.D.
GOVERNOR



LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 55, S.D. 1

February 22, 2023
10:00 a.m.
Room 211 and Videoconference

RELATING TO TAX CREDITS

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill (S.B.) No. 55, S.D. 1: 1) increases the eligibility cap for the low-income household renters tax credit and establishes income qualification brackets based on filing status; 2) increases the maximum amount of the income tax credit and establishes tiered credit amounts based on income levels and filing status; and 3) indexes amounts of the credit and income qualification bracket levels to inflation.

Rather than taking a piecemeal approach, B&F strongly believes that the holistic, targeted approach in the Green Affordability Plan, S.B. No. 1347, is a more suitable option in providing needed financial relief to Hawai'i's residents.

Thank you for your consideration of our comments.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

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

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

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 55, S.D.1, Relating to Tax Credits

BEFORE THE:

Senate Committee on Ways and Means

DATE: Wednesday, February 22, 2023

TIME: 10:00 a.m.

LOCATION: State Capitol, Room 211

Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Committee:

The Department of Taxation ("Department") supports the intent of this measure and offers the following comments regarding S.B. 55, S.D.1, for your consideration.

S.B. 55, S.D.1, amends section 235-55.7, Hawaii Revised Statutes (HRS), which provides an income tax credit to low-income household renters ("renters' credit") by: (1) making eligibility for the renters' credit based on the taxpayer's federal adjusted gross income" (AGI) as opposed to their Hawaii AGI; (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) annually adjusting the income thresholds and amount of credit per exemption by multiplying the dollar amount for the previous tax year by the cost-of-living adjustment factor, provided that no adjustment will occur if the cost-of-living adjustment factor is less than zero in a given year. The measure provides a definition for the term "cost-of-living adjustment factor."

The measure is effective upon approval and applies to taxable years beginning after December 31, 2022.

The Department appreciates that the Committee on Housing accepted the Department's suggestions to: (1) amend the definition of "adjusted gross income" in section 235-55.7(a)(1), HRS; (2) amend section 235-55.7(c), HRS, by deleting "of \$50";

and (3) amend section 235-55.7(d), HRS, by implementing an annual inflation adjustment in lieu of requiring an adjustment every three years.

The Department notes that it prefers the approach taken in section 7 of H.B. 1049, H.D. 1., which: (1) addresses tax cliffs that arise from the income steps used to determine eligibility for the credit by using a gradual phaseout mechanism; (2) increases the minimum annual rent threshold from \$1,000 to \$10,000; (3) requires married couples to file joint returns; and (4) disallows the credit if there was a final administrative or judicial decision disallowing the credit or determining that the taxpayer's claim for credit was due to fraud.

The Department estimates an expected revenue loss of \$9.3 million for Fiscal Year (FY) 2024, \$8.8 million for FY 25, \$9.0 million for FY 26 and 27, and \$9.1 million for FY 28 and 29.

Finally, the Department notes that it will be able to implement this bill by the current effective date.

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



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 Ways and Means
Re: **SB 55, SD1 - Relating to Tax Credits**
Hawai'i State Capitol & Via Videoconference
February 22, 2023, 10:00 AM

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing in SUPPORT of SB 55, SD1. 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 require the Director of Taxation to annually adjust the cap and brackets to keep up with inflation.

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 the maximum value of the credit. It also for higher credit values and eligibility limits for heads of households and married filers. 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 eligibility limit. If this bill were to become law, she would be able to claim \$150 per exemption – or \$450 for her family.** That makes a big difference to families like hers.

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

Thank you,
Nicole Woo, Director of Research and Economic Policy

**HCAN Speaks! Board
of Directors**

Liza Ryan Gill
President

Nick Kacprowski, J.D.
Treasurer

Mandy Fernandes
Secretary

Teri Keliipuleole
Jasmine Slovak
Erica Yamauchi

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>

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 SD 1

INTRODUCED BY: Senate Committee on Housing

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):

Federal 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
Federal 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

Federal adjusted gross income (MFJ or surviving spouse)	Credit per exemption
Under \$40,000	\$200
\$40,000 under \$60,000	\$150
\$60,000 under \$80,000	\$100
\$80,000 and over	\$ 0

For the taxable year beginning on or after January 1, 2025, 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: 2/17/2023



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 55 SD1: RELATING TO TAX CREDITS

TO: Senate Committee on Ways and Means

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

Hearing: **Wednesday, 2/22/23; 10:00 AM; Room 211 & via videoconference**

Chair Dela Cruz, Vice Chair Keith-Agaran, Members, Committee on Ways and Means:

We appreciate the opportunity to provide testimony **in Strong Support of SB 55, SD1** 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. It also provides for annual updates based on the consumer price index. 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.

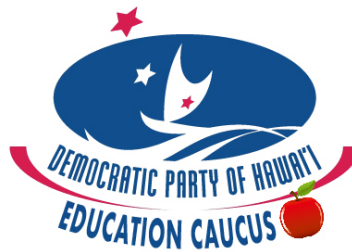
We must take action to help Hawaii's many renters who are struggling under the double whammy of high inflation on food and other essentials as well as increasing rents. This tax credit can address the high cost of living for so many in Hawaii. In fact, it is the third most commonly used tax credit among 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. About 60% of Hawaii households now pay more than one-third of their incomes on rent. 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 year (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.





SENATE BILL 55, SD1, RELATING TO TAX CREDITS

FEBRUARY 22, 2022 · SENATE WAYS AND MEANS
COMMITTEE · CHAIR SEN. DONOVAN DELA CRUZ

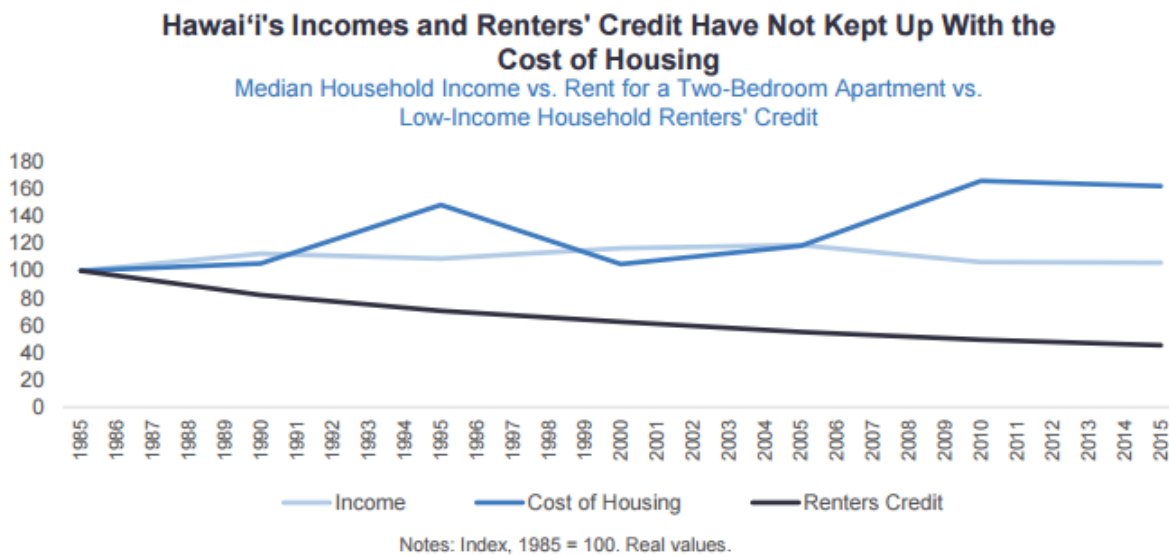
POSITION: Support.

RATIONALE: The Democratic Party of Hawai'i Education Caucus supports SB 55, SD1, relating to tax credits, which, for taxable years beginning after December 31, 2022, increases the adjusted gross income eligibility cap and the amount of the income tax credit for low-income household renters using tax brackets for individuals and different categories of households; and requires the Director of Taxation to annually recompute the adjusted gross income bracket thresholds and the amount of the income tax credit for low-income household renters by using the percentage change in the Urban Hawai'i Consumer Price Index for all items, as published by the United States Department of Labor, from July of the previous calendar year to July of the current calendar year.

Hawai'i residents face the highest housing costs in the nation, at more than twice the national average. Researchers who authored the National Low Income Housing Coalition's *Out of Reach 2022* report found that a full-time worker would need to earn \$40.63/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 needing to log 123 hours per week to afford a modest one-bedroom apartment at fair market value and 161 hours per week to afford a two-bedroom—a number that is equivalent to working over 23 hours a day with no days off year-round.

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, over 60 percent of households are severely cost-burdened, meaning that they pay more than 30 percent of their income on housing, a number that rises to over 80 percent of extremely low-income households. Notably, housing costs increased during the pandemic. In Honolulu, median single-family home prices reached a record of \$1.15 million in April of 2022, driven largely by sales to residential property investors. Unsurprisingly, our state is experiencing population decline. Hawai'i saw domestic out-migration increase for a sixth consecutive year in 2022, as our high cost of living continued to push people to the mainland.

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 must update the renters' credit to recover ground lost to inflation by increasing the maximum value of the credit to at least \$200 and ensuring that the credit is automatically adjusted in future years according to increases in the consumer price index, which will prevent the value of the credit from trailing our skyrocketing cost of living.



Kris Coffield · Chairperson, DPH Education Caucus · (808) 679-7454 · kriscoffield@gmail.com



SB 55, SD1, RELATING TO TAX CREDITS

FEBRUARY 22, 2023 · SENATE WAYS AND MEANS
COMMITTEE · CHAIR SEN. DONOVAN DELA CRUZ

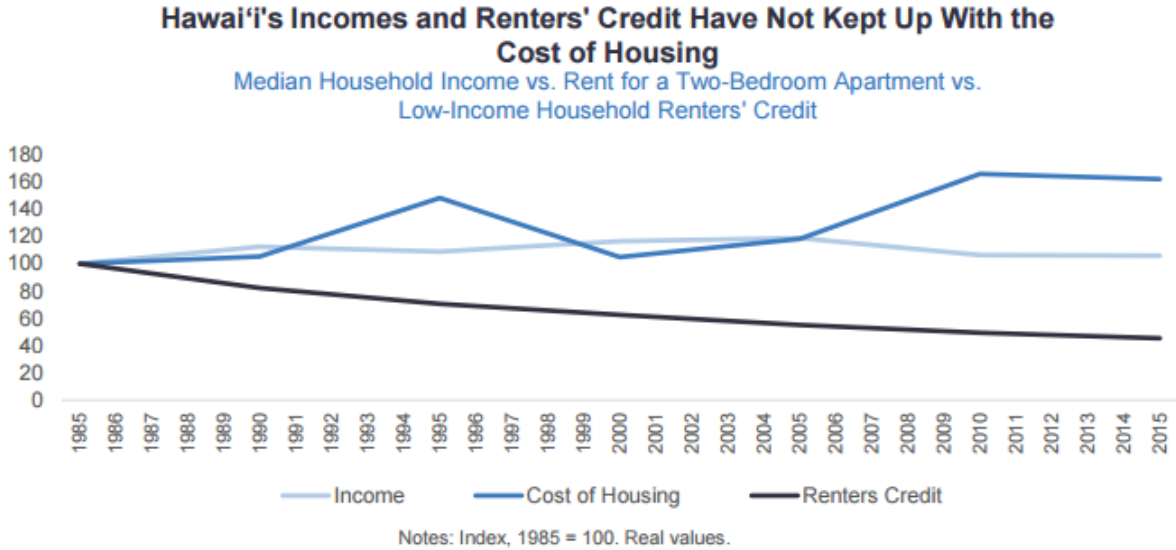
POSITION: Support.

RATIONALE: Imua Alliance supports SB 55, SD1, relating to tax credits, which, for taxable years beginning after December 31, 2022, increases the adjusted gross income eligibility cap and the amount of the income tax credit for low-income household renters using tax brackets for individuals and different categories of households; and requires the Director of Taxation to annually recompute the adjusted gross income bracket thresholds and the amount of the income tax credit for low-income household renters by using the percentage change in the Urban Hawai'i Consumer Price Index for all items, as published by the United States Department of Labor, from July of the previous calendar year to July of the current calendar year.

Hawai'i residents face the highest housing costs in the nation, at more than twice the national average. Researchers who authored the National Low Income Housing Coalition's *Out of Reach 2022* report found that a full-time worker would need to earn \$40.63/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 needing to log 123 hours per week to afford a modest one-bedroom apartment at fair market value and 161 hours per week to afford a two-bedroom—a number that is equivalent to working over 23 hours a day with no days off year-round.

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, over 60 percent of households are severely cost-burdened, meaning that they pay more than 30 percent of their income on housing, a number that rises to over 80 percent of extremely low-income households. Notably, housing costs increased during the pandemic. In Honolulu, median single-family home prices reached a record of \$1.15 million in April of 2022, driven largely by sales to residential property investors. Unsurprisingly, our state is experiencing population decline. Hawai'i saw domestic out-migration increase for a sixth consecutive year in 2022, as our high cost of living continued to push people to the mainland.

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 must update the renters' credit to recover ground lost to inflation by increasing the maximum value of the credit to at least \$200 and ensuring that the credit is automatically adjusted in future years according to increases in the consumer price index, which will prevent the value of the credit from trailing our skyrocketing cost of living.



Kris Coffield · Executive Director, Imua Alliance · (808) 679-7454 · kris@imuaalliance.org



LATE

Hawai'i Alliance for Community-Based Economic Development
1575 South Beretania Street, Suite 211 Honolulu, HI 96826
Ph. 808.550.2661
Email info@hacbed.org www.hacbed.org

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: February 21, 2023

To: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice-Chair, and members of the Committee on Ways and Means

From: Brent Kakesako, Hawai'i Alliance for Community-Based Economic Development (HACBED)

Re: Support for SB55 SD1

Aloha e Chair Dela Cruz, Vice-Chair Agaran, and Committee Members,

The Hawai'i Alliance for Community-Based Economic Development (HACBED) strongly supports SB55 SD1, which increases the adjusted gross income eligibility cap and the amount of the income tax credit for low-income household renters, and require the Department of Taxation to annually update the credit based on the consumer price index for taxable years beginning after 12/31/2022. 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 SD1 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

Senate Committee on Housing

Hawai'i Alliance for Progressive Action (HAPA) Supports: SB55

Tuesday, January 31st, 2023 at 1 p.m. in Conference Room 225

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

HAPA is a member of the Hawai'i Tax Fairness Coalition and supports SB55.

The Low-Income Household Renters' Credit was created in 1977 to provide meaningful tax relief to low- and moderate-income households in Hawai'i. However, it has not been updated in over three decades.

SB55 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 using tax brackets for individuals and different categories of households. SB55 would also provide for increases of each tax credit amount every three years based on the consumer price index.

The Low-Income Renter's Tax Credit was created to help working families deal with the high cost of housing in Hawai'i and is needed more than ever. Over the last 30 years housing costs have exploded, rising by a massive 390% while the credit has remained unchanged, each year delivering less and less of an impact. An update is long past due!

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

Even though renters do not own the property they reside in, they are affected by both county property taxes and the state general excise tax owners pay. Landlords pass these costs along to tenants. However, renters don't benefit from the property tax home exemption granted to owner-occupied residences.

The Renters' Credit would provide some tax equity to renters who functionally pay their landlords property taxes and the GET without the benefits of home ownership.

Please pass SB55.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read 'Anne Frederick', is written over a light blue horizontal line.

Anne Frederick
Executive Director

SB-55-SD-1

Submitted on: 2/18/2023 12:45:31 PM

Testimony for WAM on 2/22/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Deb Marois	Individual	Support	Written Testimony Only

Comments:

Aloha Senators,

Mahalo for the opportunity to testify in strong support of SB55 SD1. This update to the Low-Income Household Renters' Credit is urgently needed since the last time was in 1989! Housing costs are an enormous financial burden for many families in Hawai'i. Some 75% percent of people in Hawai'i living at or near the poverty line now spend more than half of their incomes on rent. More than half of all Hawai'i renters are cost-burdened, spending more than 30% of their income on rent.

This bill increases the amount of the Low-Income Household Renters' Credit, and extends it to higher income levels while phasing the credit down as income rises. This will strengthen the credit, and make it more effective. The annual updates will prevent the credit from falling out-of-date, as it has been for the past 34 years.

Combined with the positive aspects of the current credit—allowing kupuna to claim double credit, allowing residents with no income to claim the credit as well, and the fact that the credit is refundable—this enhanced credit will help provide economic relief to housing cost-burdened Hawai'i residents.

I strongly encourage the committee to pass this bill. Mahalo for your consideration.

SB-55-SD-1

Submitted on: 2/19/2023 8:11:29 AM

Testimony for WAM on 2/22/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Matthew Grover	Individual	Support	Written Testimony Only

Comments:

Mahalo for the opportunity to testify in strong support of SB55 SD1.

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

This bill increases the amount of the Low-Income Household Renters' Credit, and extends it to higher income levels while phasing the credit down as income rises. This will strengthen the credit, and make it more effective. The annual updates will prevent the credit from falling out-of-date, as it has been for the past 34 years.

I encourage the committee to pass this bill.

SB-55-SD-1

Submitted on: 2/19/2023 9:52:18 PM

Testimony for WAM on 2/22/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

Mahalo for the opportunity to testify in strong support of SB55 SD1. The Low-Income Household Renters' Credit was created in 1977 to provide meaningful tax relief to low- and moderate-income households in Hawai'i. However, it has not been updated in over three decades.

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.

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

This bill increases the size of the credit, and extends it to higher income levels while phasing the credit down as income rises. It also allows people 65 years and older to claim double the credit; allows people with no income—who nevertheless pay rent—to claim the credit; and it is a refundable credit, making it a very effective antipoverty tool.

One significant barrier to claiming the credit does remain, which is the requirement that those claiming the credit have their landlord's GE Tax number to properly fill out the Schedule X form to claim their credit. Tenants don't always have that information readily available and may not be in a position to comfortably request it from their landlord. They should still be able to access the credit.

Removing this requirement by simply eliminating from Schedule X the box asking for the GE Tax number would greatly improve the rate of successful delivery of this important antipoverty program to those who need it most.

I strongly encourage the committee to pass this bill, but to consider requiring DoTAX to revise Schedule X so that it does not ask for the landlord's GE Tax number.

Mahalo!

SB-55-SD-1

Submitted on: 2/20/2023 10:16:46 AM

Testimony for WAM on 2/22/2023 10:00:00 AM

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

Comments:

Mahalo for the opportunity to testify in strong support of SB55 SD1. The Low-Income Household Renters' Credit was created in 1977 to provide meaningful tax relief to low- and moderate-income households in Hawai'i. However, it has not been updated in over three decades.

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.

Inflation has caused everything to increase so that it is past time to increase the Renters' Credit. I urge you to support SB55 SD1.

SB-55-SD-1

Submitted on: 2/21/2023 8:50:20 AM

Testimony for WAM on 2/22/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Shannon Rudolph	Individual	Support	Written Testimony Only

Comments:

Support