

SB 2835

Measure Title:	RELATING TO INCOME TAX CREDIT FOR LOW-INCOME HOUSEHOLD RENTERS.
Report Title:	Taxation; Low-income Household Renters Credit
Description:	Tripled the low-income household renters credit for each taxpayer who is sixty-five years of age or older.
Companion:	<u>HB2285</u>
Package:	Governor
Current Referral:	HMS, WAM
Introducer(s):	KIM (Introduced by request of another party)



NEIL ABERCROMBIE
GOVERNOR

EXECUTIVE CHAMBERS
HONOLULU

Written testimony in **support** of SB2835
Relating to Income Tax Credit for Low-Income Household Renters

Committee on Human Services
Senator Suzanne Chun Oakland, Chair
Senator Josh Green, Vice Chair

February 6, 2014
1:45 pm Room 016

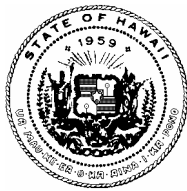
Chair Chun Oakland, Vice-Chair Green, and members of the Human Services Committee:

The Office of the Governor submits written testimony in **support** of Senate Bill 2835, Relating to Income Tax Credit for Low-Income Household Renters. This measure increases the multiplier for the low-income household renters credit for each taxpayer who is sixty-five years of age or older.

This should help an estimated 4,600 elderly citizens annually.

The Department of Taxation is available to provide additional information.

Thank you for the opportunity to submit testimony.



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 6, 2014

MEMORANDUM

TO: The Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 2835 - RELATING TO INCOME TAX CREDIT FOR LOW-INCOME
HOUSEHOLD RENTERS**

Hearing: Thursday, February 6, 2014; 1:45 p.m.
Conference Room 016, State Capitol

PURPOSE: The purpose of this bill is to triple the low-income household renters credit for each taxpayer who is sixty-five years of age or older.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this Administration bill that will bring tax relief to our senior citizens who struggle to make ends meet. Many of our growing population of seniors live on fixed incomes that may cause them to choose between food, housing, and medical care. Any relief we can provide to enable them to live healthy and independently is the right thing to do.

Thank you for the opportunity to provide testimony on this bill.

NEIL ABERCROMBIE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



FREDERICK D. PABLO
DIRECTOR OF TAXATION

JOSHUA WISCH
DEPUTY DIRECTOR

STATE OF HAWAII
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To: The Honorable Suzanne Chun Oakland, Chair
and Members of the Senate Committee on Human Services

Date: Tuesday, February 06, 2014
Time: 1:45 p.m.
Place: Conference Room 016, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B. No. 2835, Relating to Income Tax Credit for Low-Income Household Renters

The Department of Taxation (Department) strongly supports S.B. 2835, an Administration measure, to support Hawaii's seniors.

S.B. 2835 increases the income tax credit for low-income household renters aged 65 years or older. This bill would increase the multiplier available for taxpayers aged 65 or older, from two to three; therefore, a taxpayer aged 65 or older, could claim triple the amount of the tax credit for him or herself. Currently, the credit amount is \$50 per exemption.

The Department notes that the mechanism for tripling the credit for taxpayers who are 65 years of age or older can be achieved with minimal change as the credit already contains the mechanism for doubling the credit for taxpayers aged 65 or older.

Thank you for the opportunity to provide comments in support of SB 2835.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Increase renter credit

BILL NUMBER: SB 2835; HB 2285 (Identical)

INTRODUCED BY: SB by Kim by request; HB by Souki by request

BRIEF SUMMARY: Amends HRS section 235-55.7 to allow taxpayers who are age 65 or older to claim triple the low-income household renters tax credit for tax years beginning after December 31, 2014.

EFFECTIVE DATE: Tax years beginning after December 31, 2014

STAFF COMMENTS: This is an administration measure submitted by the office of the governor GOV-11(14). 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 similar to 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. The 1981 legislature subsequently increased it to \$50. Act 239, SLH 1989, increased the adjusted gross income limit to \$30,000 to claim the credit.

Currently, taxpayers age 65 and over may claim double the renter tax credit. While this measure would allow these taxpayers to claim triple the renter tax credit after December 31, 2014, it would grant an additional tax preference solely on a person's age and without any regard to the taxpayer's need for tax relief. From a policy perspective, it is unclear why taxpayers age 65 and older deserve this relief while young taxpayers, also struggling to make ends meet, would not.

Digested 2/5/14



HPCA

HAWAII PRIMARY CARE ASSOCIATION

Senate Committee on Human Services
The Hon. Suzanne Chun Oakland, Chair
The Hon. Josh Green, Vice Chair

Testimony in Support of Senate Bill 2835
Relating to Income Tax Credit for Low-Income Household Renters
Submitted by Robert Hirokawa, Chief Executive Officer
February 6, 2014, 1:45 pm, Room 016

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports Senate Bill 2835, tripling the low-income household renters credit for each taxpayer who is 65 or older.

The HPCA is a staunch believer in the social determinants of health, those economic and social conditions that influence an individual and a community's health status. These conditions serve as risk factors endemic to a person's living and working environment, rather than their behavioral or genetic histories. Factors such as income, education, access to recreation and healthy foods, housing, and employment, can and do have measurable impacts on a person and a community, both in health and financial outcomes.

Seventy-three percent of the patients seen by community health centers live below one hundred percent of the federal poverty limit. Eighty-Nine percent reside under two hundred percent of the federal poverty limit. This living situation has been shown to manifest in poorer health outcomes, often as a direct result the social determinants associated therein, such as lack of adequate housing or access to fresh produce. When coupled with health complications that arise with advancing age, there is a quantifiable need to alleviate financial strains and promote better living situations for our kupuna.

For these reasons, the HPCA support this measure and thanks you for the opportunity to testify.

SB2835

Submitted on: 1/30/2014

Testimony for HMS on Feb 6, 2014 13:45PM in Conference Room 016

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

Comments: