





# PHOCUSED

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

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TO: Senator Suzanne Chun-Oakland, Chair  
Senator Josh Green, Vice-Chair  
Members, Committee on Human Services

FROM: Scott Morishige, Executive Director, PHOCUSED

HEARING: Senate Committee on Human Services  
**Saturday, January 31, 2015 at 1:15 p.m. in Conference Room 229**

### **Testimony in Support of SB392, Relating to Housing.**

Thank you for the opportunity to provide testimony in **strong support** of SB392, which appropriates funding for a range of critical programs to address affordable housing and homelessness. PHOCUSED is a nonprofit membership and advocacy organization that works together with community stakeholders to impact program and policy change for the most vulnerable in our community, such as the homeless.

Hawaii has the highest cost of living in the nation – at almost 160% of the national average. Hawaii residents pay more for shelter than any other state in the nation, with 73% of those living in poverty paying more than half of their income on housing. Many of these severely cost burdened renter households are headed by people who are elderly or disabled – representing some of the most vulnerable members of our community.

While the median cost of rent in Hawaii has increased by 45% between 2005 to 2012, the low-income household renters credit has not been adjusted since the early 1980s. This bill will increase the value of the credit for the first time since 1981, and increase the income threshold for the first time since 1989. PHOCUSED sees this bill as a step in the right direction that will provide greater financial relief for low-income households throughout Hawaii.

Once again, PHOCUSED strongly urges your support of this bill. If you have any questions, please do not hesitate to contact PHOCUSED at 521-7462 or by e-mail at [admin@phocused-hawaii.org](mailto:admin@phocused-hawaii.org).



## Hawaii Women's Coalition

**COMMITTEE ON HUMAN SERVICES AND HOUSING**  
**Senator Suzanne Chun Oakland, Chair**  
**Senator Josh Green, Vice Chair**

DATE: Saturday, January 31, 2015  
TIME: 1:15 pm  
PLACE: Conference Room 229

**STRONG SUPPORT FOR SB 392 FOR RELATING TO HOUSING: Amends income tax credit for low-income household renters to adjust for inflation.** The Coalition is in strong support of this bill.

Hawaii is the second worst state for taxing families in poverty. The poorest taxpayers pay, on average, approximately 13 cents of every dollar of income in taxes, while those earning more than \$400,000 pay closer to 7 cents on every dollar of income. The poorest taxpayers pay, on average, approximately 13 cents of every dollar of income in taxes, while those earning more than \$400,000 pay closer to 7 cents on every dollar of income. This modest bill would alleviate some of the suffering caused by our recessive tax policies.

As we all know the cost of shelter in Hawai'i is very high and continually rising. Low and moderate-income households face a daunting struggle to make ends meet and pay the rent. Hawaii's families face the highest cost of living in the nation, at almost 160% of the national average. Add to that, the fact that our residents pay more for shelter than any state in the nation, with 78% of those living in poverty spending more than half of their income on housing. The lack of adequate credits and exemptions means that the personal income tax actually pushes some low-income working families deeper into poverty.

Background: **The value of the low-income household renters credit has not been updated since 1981. The income thresholds have not been adjusted since 1989. The rate of inflation has increased by 156% since the credit value was last set in 1981.** The credit currently provides a \$50 per qualified exemption for households with an adjusted gross income of less than \$30,000 who paid more than \$1,000 a year in rent.

The proposed changes to the LIHR credit would recover ground lost to inflation in the past two decades. They would increase the maximum value of the credit amount to \$150 per qualified exemption for households and adjust the income thresholds so that households with an adjusted gross income of less than \$60,000 can claim the credit. Proposed changes would also key future increases in the credit to the rate of inflation to ensure that it does not lose ground going forward.

Please pass the important bill out of committee. Our families deserve no less.

Mahalo for the opportunity to testify,

Ann S. Freed Co-Chair, Hawai'i Women's Coalition  
Contact: [annsreed@gmail.com](mailto:annsreed@gmail.com) Phone: 808-623-5676

The Twenty-Eighth Legislature  
Regular Session of 2015

THE SENATE

Committee on Human Services and Housing  
Senator Suzanne Chun Oakland, Chair  
Senator Josh Green, Vice Chair  
Hawaii State Capitol, Conference Room 229  
Saturday, January 31, 2015; 1:15 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 392  
RELATING TO HOUSING**

The ILWU Local 142 supports S.B. 392, which amends the income tax credit for low-income household renters to adjust for inflation. Income eligibility for the low-income renter tax credit has been at \$30,000 for years. S.B. 392 doubles the income eligibility criteria to \$60,000 and will adjust both the income and rent eligibility criteria each year beginning 2016 in accordance with increases in the Consumer Price Index.

We believe this proposal is fair and long overdue. Rents for residential units have been steadily increasing, particularly in certain areas of the state like Honolulu and Lahaina. Yet individual income has not kept pace to allow wage earners to afford these rent increases much less qualify to purchase a home. We agree that more low-income renters should be provided relief through a state tax credit that reflects the high cost of living in Hawaii.

This proposal offers a modest attempt at helping to address the issue of affordable rental housing and income inequality in Hawaii. We urge passage of S.B. 392 to facilitate more discussion on these important issues.

Thank you for considering our views.

LATE

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Friday, January 30, 2015 5:53 PM  
**To:** HSH Testimony  
**Cc:** kalawaiag@hotmail.com  
**Subject:** \*Submitted testimony for SB392 on Jan 31, 2015 13:15PM\*

**SB392**

Submitted on: 1/30/2015

Testimony for HSH on Jan 31, 2015 13:15PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Kalawai'a Goo	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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**GAY LESBIAN  
BISEXUAL AND  
TRANSGENDER  
CAUCUS**



**DEMOCRATIC  
PARTY OF HAWAII**

**COMMITTEE ON HUMAN SERVICES AND HOUSING**

Senator Suzanne Chun Oakland, Chair

Senator Josh Green, Vice Chair

Saturday, January 31, 2015, 1:15 pm

Conference Room 229, State Capitol

**STRONG SUPPORT FOR SB 392 FOR RELATING TO HOUSING:**

**Amends income tax credit for low-income household renters to adjust for inflation.**

Hawaii's families face the highest cost of living in the nation (almost 160% of the national average). Our residents pay more for shelter than any state in the nation.

Typically, the lowest wage earners rent rather than own. Landlords generally pass along costs from the General Excise Tax and property taxes to renters. As a result, low and moderate-income households struggle to pay the rent – often working more than one job.

Due to the lack of adequate credits and exemptions, Hawaii's personal income tax actually pushes some families deeper into poverty. The income household renter's credit has not been adjusted since 1981. The relevant income thresholds have not been adjusted since 1989. The credit currently provides a \$50 per qualified exemption for households with an adjusted gross income of less than \$30,000 who paid more than \$1,000 a year in rent.

The proposed changes increase the maximum value of the credit amount to \$150 per qualified exemption and adjust the income thresholds to households with an adjusted gross income of less than \$60,000. This bill also proposed to tie future increases in the credit to the rate of inflation.

We urge you to pass this bill!

Thank you for the opportunity to testify!

Jo-Ann M. Adams, Legislative Liaison  
Gay, Lesbian, Bisexual and Transgender Caucus  
Democratic Party of Hawaii



**HAWAII STATE COALITION AGAINST DOMESTIC VIOLENCE**

**January 30, 2015**

To: Chair, Senator Suzanne Chun Oakland  
Vice Chair, Senator Josh Green

From: Marci Lopes,  
Executive Director, Hawaii State Coalition Against Domestic Violence

**RE: Testimony in Support, SB 392, Relating to Low Income Household Renters Credit**

With the cost of shelter in Hawai'i continually rising, low and moderate income households face a daunting struggle to make ends meet and pay the rent. This problem is exacerbated if you are a victim of domestic violence. Many victims return to their abusive living situations because they are unable to make it financially on their own.

- Hawai'i's families face the highest cost of living in the highest in the nation, at almost 160% of the national average. Our residents pay more for shelter than any state in the nation, with 78% of those living in poverty spending more than half of their income on housing.
- Renter households do not benefit from federal or state tax benefits available to homeowners, including mortgage interest deductions or real estate tax home deductions. Nor are they able to build equity in a home.
- Landlords generally pass along costs from the General Excise Tax and property taxes to renters.

**Hawai'i's Taxes**

Hawaii is the second worst state for taxing families in poverty. The poorest taxpayers pay, on average, approximately 13 cents of every dollar of income in taxes, while those earning more than \$400,000 pay closer to 7 cents on every dollar of income.

- The lack of adequate credits and exemptions means that the personal income tax actually pushes some low-income working families deeper into poverty.

**Proposed Adjustments to the Low Income Household Renters Credit**

- The low income household renters credit (LIHR) was created in 1977 to mitigate the high cost of shelter in Hawai'i. The credit currently provides a \$50 per qualified exemption for households with an adjusted gross income of less than \$30,000 who paid more than \$1,000 a year in rent. The value of the credit has not been updated

- since 1981, and the income thresholds have not been adjusted since 1989. The rate of inflation has increased by 156% since the credit value was last set in 1981.
- The proposed changes to the LIHR credit would update it to recover ground lost to inflation in the past two decades. They would **increase the maximum value of the credit amount to \$150 per qualified exemption** for households and adjust the income thresholds so that **households with an adjusted gross income of less than \$60,000** can claim the credit.

Hawaii State Coalition Against Domestic Violence supports the passage of SB 392.

Thank you for this opportunity to offer testimony.





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

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## TESTIMONY FOR SENATE BILL 392, RELATING TO HOUSING

**Senate Committee on Human Services and Housing**  
**Hon. Suzanne Chun Oakland, Chair**  
**Hon. Josh Gren, Vice Chair**

**Saturday, January 31, 2014, 1:15 PM**  
**State Capitol, Conference Room 229**

Honorable Chair Chun Oakland and committee members:

I am Kris Coffield, representing the IMUAlliance, a nonpartisan political advocacy organization that currently boasts over 300 local members. On behalf of our members, we offer this testimony in support of SB 392, relating to housing.

Hawaii's rising cost of living disproportionately impacts low- and moderate-income renters. Today, our state's cost of living is almost 160 percent of the national average, with 73 percent of indigent residents spending more than half of their income on housing. Median rent in Hawai'i increased by 45 percent from 2005 to 2012, approximately three times the rate of inflation during the same period. Moreover, as the Hawaii Appleseed Center for Law and Economic Justice notes, renter households do not benefit from federal or state tax benefits available to homeowners, including mortgage interest deductions or real estate tax home deductions, nor are they able to build home equity. Instead, landlords pass along costs from general excise and property taxes to renters, exacerbating their financial plight.

Hawai'i's working poor pay higher tax bills than those in all but three other states and the tax rate for low- and moderate-income households is among the highest in the nation. Our poorest taxpayers pay, on average, approximately 13 cents of every dollar of income in taxes, while those earning more than \$400,000 pay closer to 8 cents on every dollar. In turn, inadequate tax credits and exemptions lead to personal income taxes pushing low-income working families deeper into poverty and debt.

Again following HACLEJ, we note that the low income household renters credit was created in 1977 to offset the high cost of housing in Hawai'i. The credit currently provides a \$50 per qualified exemption for households with an adjusted gross income of less than \$30,000 who paid more than \$1,000 a year in rent. The value of the credit has not been updated since 1981, however, and income thresholds have not been adjusted since 1989. Over that time, the rate of inflation has increased by 156 percent. The proposed changes to the LIHR envisioned by this bill

will help renters catch up to two decades' worth of inflationary damage by increasing the maximum value of the credit to \$150 per qualified household exemption and adjusting the income thresholds to allow households with an adjusted gross income of less than \$60,000 to claim the credit. The measure will also link future LIHR increases to the rate of inflation, ensuring that renters are not left behind in coming years.

Put simply, poor people pay a higher effective tax rate than their middle class and wealthy peers because of our reliance upon the GET. We must find ways to rebalance our tax code by increasing credits that alleviate the tax burden borne by our most vulnerable residents. The renters tax credit is overdue for change. What was worth \$50 in 1981 is now worth \$150. Accordingly, this proposal will significantly lower the tax encumbrance for impoverished families, especially those with children.

Mahalo for the opportunity to testify in support of this bill.

Sincerely,  
Kris Coffield  
*Executive Director*  
IMUAlliance

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, January 31, 2015 8:05 AM  
**To:** HSH Testimony  
**Cc:** jlouis@hawaii.edu  
**Subject:** \*Submitted testimony for SB392 on Jan 31, 2015 13:15PM\*

**SB392**

Submitted on: 1/31/2015

Testimony for HSH on Jan 31, 2015 13:15PM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jamie Louis	Individual	Support	No

**Comments:**

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