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MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
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PHONE NO: (808) 587-1540
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To: The Honorable Jill N. Tokuda, Chair
and Members of the Senate Committee on Ways and Means

Date: Friday, February 13, 2015
Time: 9:10 A.M.
Place: Conference Room 211, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: S.B. 392, Relating to Housing

The Department of Taxation (Department) appreciates the intent of S.B. 392, and offers comments regarding the measure.

S.B. 392 amends the Income Tax Credit for Low-Income Household Renters by changing the income thresholds necessary to claim the credit, as well as the amount of the credit. The measure also increases the amount of the credit by adding an unspecified dollar amount, derived by calculating the percentage increase in the Consumer Price Index ("CPI") over the CPI for calendar year 2016.

The Department notes that an annual automatic adjustment based on the CPI will make this credit difficult for the Department to administer and will result in confusion for taxpayers. If the Legislature wishes to increase the credit, the Department suggests that the increase be a fixed amount.

Thank you for the opportunity to provide comments.

HAWAII
STATE
COMMISSION
ON THE
STATUS
OF
WOMEN



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February 12, 2015

To: Senator Jill Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair
Members of the Senate Committee on Ways and Means

From: Cathy Betts
Executive Director, Hawaii State Commission on the Status of Women

Re: Testimony in Support, SB 392, Relating to Housing

Thank you for this opportunity to testify in strong support of SB 392, which would amend the tax credit for low income household renters to adjust for inflation. This measure would increase the maximum value of the credit amount to \$150.00 per qualified exemption.

The low income household renters credit (LIHR) was created in 1977 to mitigate the high cost of shelter. The value of that credit has not been updated since 1981. Additionally, the income thresholds have not been adjusted since 1989. To date, the rate of inflation has increased by 156% since the credit value was originally set in 1981.

Currently, Hawaii is the 8th poorest state under the United States Census Supplemental Poverty Measure. Hawaii is considered the 2nd worst state for taxing people in poverty. Many of our families are reliant on state benefits just to “get by” and the majority of those families are headed by women as single heads of household. Our working families face the highest cost of living in the nation. 78% of those living in poverty spend more than half of their income on housing.

What began as a policy aimed at alleviating a financial burden has not maintained its relevance and ability to assist working families who rent. Our renters credit needs to be updated to reflect the reality of today’s working families who rent, and should be keyed to inflation so that it continues to have meaningful impact on some of our most vulnerable residents.

The Commission urges this Committee to pass SB 392.

Thank you for this opportunity to provide written testimony in support.



National Association of Social Workers Hawai'i Chapter

Date: January 29, 2015

To:
Senate Committee on Ways and Means
Chair Sen. Jill N. Tokuda
Vice Chair Sen. Ronald D. Kouchi

The National Association of Social Workers, Hawaii Chapter (NASW) continues to strongly supports Senate Bill 392, relating to low-income housing. Renters in Hawaii are paying some of the most expensive rents in the country, without receiving competitive income to match cost of living. The low income household renters credit would help make housing somewhat more affordable for families, through a refundable tax credit that partially offsets the GET and property taxes that landlords pass along in the rent. But renters have been left far behind at just \$50 per exemption for households with income below \$30,000-- has not been adjusted, even for inflation, since the 1980s. Meanwhile, Hawaii's low-income residents face the highest tax burden in the country, and renters are not eligible for major housing tax breaks such as the mortgage interest deduction.

NASW Hawaii supports [SB 392](#), which would adjust the renters credit for inflation by increasing the credit value to \$150 per exemption for households with income below \$60,000 and automatically tying future increases in the credit to inflation.

Sincerely,

Sonja Bigalke-Bannan, MSW, LSW
Executive Director
National Association of Social Workers, Hawaii Chapter



COMMITTEE ON WAYS AND MEANS

Friday, February 13, 2015

SB 555, RELATING TO TAX CREDITS

Testifying in Support

Good afternoon, Chair Tokuda, Vice Chair Kouchi and Members of the Committee,

NOTE: This testimony has been updated since HSH heard this bill.

The Democratic Party of Hawaii **STRONGLY SUPPORTS** this bill.

We would ask the committee to advance each of the Tax Justice bills we have testified in support of: SB392, but also SB553, SB555 and SB556.

At last week's hearing, Hawaii Appleseed was asked if only one of the Tax Justice bills were able to pass, which bill would they choose. They spoke in favor of the Earned Income Tax Credit, but quickly added there are good arguments in favor of raising the Renter's tax credit as well.

While we recognize the heroic work Hawaii Appleseed has done in promoting several bills to ease the tax burden on low and middle income residents, we are not ready at this time to defer to them on which bill should be the top priority.

The State Central Committee of the Party has voted to put bills which would increase the tax credits for rent and food on the top tier of our 2015 Legislative Priorities. While we support the Earned Income Tax Credit proposal, it is a third tier priority for the Party.

And while we would not presume to speak for the Women's Legislative Caucus, we would note SB392 is their bill and reflects their legislative priority for on tax matters for this year.

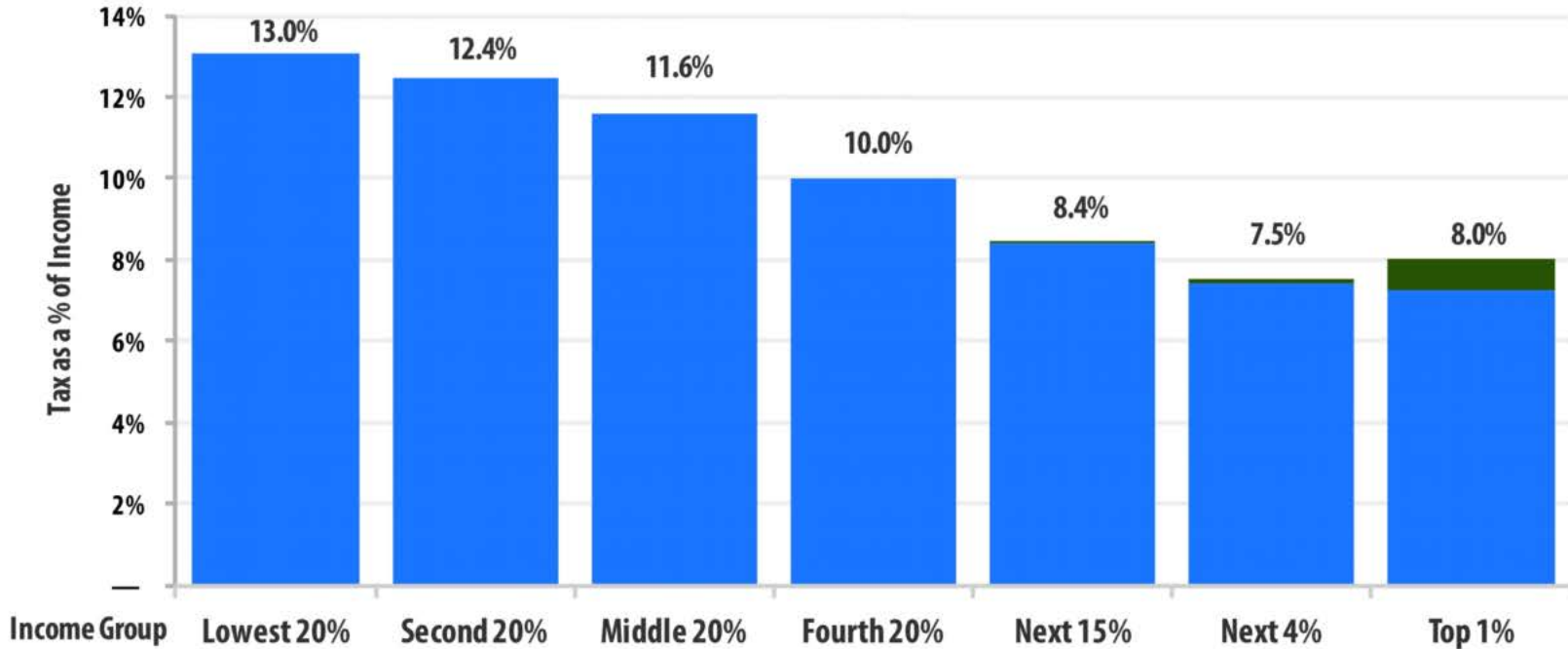
We would ask that the decision of which, or how many of the several worthwhile tax justice bills should become legislation be deferred until later in the session, when the budgetary constraints become more clear. This will allow more time for discussion and reflection on which bills we can afford.

You have our testimony from the previous hearing in HSH. We have attached to this testimony a resolution adopted at our party's May 2014 convention, supporting an increase in the renter's and food excise tax credits.

Thank you for this opportunity to testify.

Hawaii State & Local Taxes

Shares of family income for non-elderly taxpayers



Source: Institute on Taxation and Economic Policy www.WhoPays.org

This chart shows, at a glance, how unfair Hawaii's current tax structure is. The poorest 20% of residents pay about 13% of their income in state and county taxes, middle income residents pay about 11.6%, but the wealthiest pay only 8%.

To make things worse, the green segment atop the right column shows a tax cut which will only go to the richest residents. It will take effect on December 31, 2015, unless the legislature votes to cancel it.

Your legislator gets to CHOOSE, this session, whether to spend \$48 Million to give the rich a tax cut or whether the tax code should be made more fair, with low and middle income residents getting tax relief through increased credits on food and rent and other proposals.

1 **GOV 2014-02 Support for a Progressive Tax Structure, Reducing Taxes for Low-Income Residents**

2
3 Whereas, The effective tax rate paid by low-income Hawai'i residents is about 13% of their income, while
4 the effective tax rate paid by the wealthiest Hawai'i residents, after deductions and reduced rates for
5 capital gains, averages about 8%; and

6
7 Whereas, The tax rates for low-income Hawai'i residents are among the highest in the country and our
8 State income tax laws impose tax liabilities starting at a very low adjusted income; and

9
10 Whereas, This imbalance in tax rates, whereby low income residents pay a higher rate than wealthier
11 residents, violates basic tax fairness, which should be reflect the ability to pay; and

12
13 Whereas, The tax credit for low-income renters has not been adjusted since 1981; and

14
15 Whereas, The tax credit to offset the impact of the General Excise Tax (GET) on Hawai'i residents has
16 not been adjusted since 2007, despite inflation; and

17
18 Whereas, Other changes to the tax structure can help reduce poverty and shield low-income families and
19 individuals from taxes when they are already struggling to survive; now, therefore, be it

20
21 *Resolved*, The Democratic Party of Hawai'i declares its support for the principle of progressive taxation,
22 and commits to re-balancing our tax structure to ensure lower income residents pay a lower tax rate than
23 higher income residents; and be it

24
25 *Resolved*, The Democratic Party of Hawai'i urges our legislators to make adjustments to our tax system
26 including an update to tax credits affecting low and middle income residents, specifically including the
27 low-income renter tax credit and the Food/Excise Tax credit; and be it

28
29 *Ordered*, That copies of the resolution be transmitted to Governor of Hawai'i and the Democratic
30 members of the Hawai'i State Legislature.



PARTNERS IN CARE

Oahu Continuum of Care

Partners in Care is a coalition of Oahu's homeless service providers, government representatives and community stakeholders working together in partnership to end homelessness.

TESTIMONY IN SUPPORT OF SB 392: RELATING TO HOUSING

TO: Senator Jill Tokuda, Chair, Senator Ronald Kouchi, Vice Chair; and members of the Committee on Ways and Means
FROM: Betty Lou Larson, Advocacy Committee, Partners in Care
Decision making: Friday, February 13, 2015, 9:10 am, Room 211

Dear Chair Tokuda, Vice Chair Kouchi, and members of the committee:

Thank you for the opportunity to provide testimony **in strong support** of SB 392 to increase the low income household renters credit. I am Betty Lou Larson from the Advocacy Committee of Partners in Care. We support this policy to help prevent low-income people better afford housing and remain securely housed.

It is no coincidence that Hawaii has both the highest cost of housing and the highest rate of homelessness among the states. Four out of five extremely low income households are paying more than *half* of their income toward housing. We face the highest cost of living in the country, at over 60 percent above the national average. Low-income families struggle just to pay for basic necessities, with virtually none left over to save for a rainy day.

Increasing the renters credit is one tool to help prevent homelessness and keep families securely housed. Our providers have found that for many families who are living paycheck to paycheck, a small crisis such as a car breakdown can be the precipitating event for homelessness. Thirty percent of Hawaii's residents live in liquid asset poverty, meaning that if they were to lose their income, they would have insufficient liquid assets to survive at the poverty level for just three months, putting them at severe risk of homelessness. Increasing the renters credit will help provide a buffer by alleviating the tax burden on our low-income families.

The renters credit has not been adjusted for inflation since the 1980s, let alone for the staggering increases in rent. Updating the renters credit will help families afford housing and also provide some relief for the regressive burden of the General Excise Tax and property taxes levied on low-income households. This credit will make a meaningful difference for low and moderate income households, helping them make ends meet, save for a rainy day, and avoid homelessness. We also support indexing the credit to the rate of inflation to preserve the value of the credit in future years.

While we are in dire need of additional housing inventory, an increase in the renters credit is a fair and sensible way to help families afford housing. We should do all we can to make sure that families at risk of homelessness stay housed. Again, thank you for the opportunity for Partners in Care to testify in **strong support** of SB 392.

Please contact me at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.



Inspiring Hope, Changing Lives

TESTIMONY IN SUPPORT OF SB 392: RELATING TO HOUSING

TO: Senator Jill Tokuda, Chair, Senator Ronald Kouchi, Vice Chair; and members of the Committee on Ways and Means

FROM: Brandee Menino, Chief Executive Officer
Hope Services Hawaii, Inc.

Decision making: Friday, February 13, 2015, 9:10 am, Room 211

Dear Chair Tokuda, Vice Chair Kouchi, and members of the committee:

Thank you for the opportunity to provide testimony **in strong support** of SB 392 to increase the low income household renters credit. I am Brandee Menino, CEO of Hope Services Hawaii, a non-profit organization based on Hawaii Island and lead provider agency addressing homelessness through a continuum of programs including Homeless Outreach, Emergency Shelter, Transitional Housing and Affordable Housing for low income families with over a 600 bed capacity at any given night at 10 facilities. I am also a member of the Mayor's Taskforce and Community Alliance Partners - Hawaii County's Continuum of Care group, partnering together to end homelessness. We support this policy to help prevent low-income people better afford housing and remain securely housed.

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.

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:

- 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.
- 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.

These statistics scare me and it should you as it confirms that there is a substantial amount of families "at-risk" of homelessness and just one paycheck away from becoming eligible for our State Outreach and Homeless Shelter programs. Help me help you and invest in low income families now, who are often times working and trying their best to make ends meet for their families.

Please contact me directly at (808) 933-6013 or bmenino@hopeserviceshawaii.org if you have any questions.



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Date: February 11, 2015

To: Senator Jill N. Tokuda, Chair, Senator Ronald D. Kouchi, Vice-Chair, and members of the Committee on Ways and Means

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

Re: Strong Support for SB 392

Aloha Chair Tokuda, Vice-Chair Kouchi, and Committee Members,

The Hawai'i Alliance for Community-Based Economic Development (HACBED) strongly supports SB 392, which amends the income tax credit for low-income household renters to adjust it for inflation.

HACBED was established in 1992 as a nonprofit statewide intermediary to address social, economic, and environmental justice concerns through community-based economic development and asset building strategies. 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. HACBED also facilitates the Family & Individual Self-Sufficiency Program (FISSP), which administers the Internal Revenues Services' Volunteer Income Tax Assistance (VITA) program as a part of its larger asset building and financial education initiatives for needy families. As such, HACBED strongly supports the proposed bill that would provide needed assistance in the area of state taxes by increasing 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.

The Family Economic Self-Sufficiency Standard (FESS) depicts the obstacles that Hawai'i families are facing. The FESS measures the amount of money that individuals and families require to meet their basic needs without government and/or other subsidies and the data shows the following percentage of families who fall below the self-sufficiency standard statewide:

- 25.9% of families with two adults and two children;
- 77.3% of single-adult families with one child; and
- 74.3% of single-adult families with two children.

These tax measures would provide an immediate lift for these families to pull themselves out of a financial crisis, smooth out fluctuations in family finances, and build on-going assets. Through the FISSP surveys, families have indicated that they have used the money to manage daily expenses, eliminate debt, open and maintain savings accounts, purchase a new home, cover education costs, and start a business. The passage of SB 392 would go a long way to supplement the needs of these families by amending the income tax credit for low-income household renters to

SB 392 - Testimony in Support
February 11, 2015 - Page 2

adjust it for inflation and key future increases in the credit to the rate of inflation and thus provide ongoing assistance to these families in their efforts to truly build their assets.

Mahalo for this opportunity to testify,

Brent N. Kakesako
Executive Director
Hawai'i Alliance for Community-Based Economic Development

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Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Senate Bill 392 Relating to Housing
Senate Committee on Ways and Means
Scheduled for Decision-Making Friday, February 13, 2015, 9:10 AM, Room 211

Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit law firm created to advocate on behalf of low-income individuals and families in Hawai'i. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.

Thank you for the opportunity to testify in **strong support** of Senate Bill 392 Relating to Housing, which would increase the low-income household renters credit to \$150 per exemption for households earning up to \$60,000 in adjusted gross income, with a provision to automatically increase the credit for inflation. This important credit, which was created to provide meaningful tax relief to low and moderate-income households, has not been updated in decades. We desperately need to alleviate the tax burden on renter families struggling to afford housing.

Renters face a staggering cost burden here in Hawai'i. More than 40 percent of our households are renters, and over half of them are cost-burdened, meaning they pay more than 30 percent of their income toward rent. This is no surprise, as the fair market rent for a two-bedroom unit is \$1,640. A full-time worker would need to earn \$31.54 per hour for this rent to be affordable, while the mean wage for a renter is just \$13.86. The lowest-income households face a crushing cost burden: 78 percent are paying more than *half* of their income in rent. But even moderate-income households are struggling, with 63 percent of those at 51–80% of the area median income facing a housing cost burden—households who are generally ineligible for public assistance. This leaves them with precious little left over to make ends meet, let alone build assets or save for a down payment on a home.

Hawai'i's regressive tax structure makes it even harder for families to afford housing: Hawai'i's low-income residents face the **second highest state tax burden in the country**. The lowest income households pay over 13 cents per dollar of income toward state and local taxes, while the wealthiest pay just 7 cents. The General Excise Tax is a major contributor to our regressive tax structure, hitting low-income households the hardest because they must spend nearly all of their income on necessities subject to the GET.

Not only does the renters credit help alleviate the tax burden on low-income households, but it also helps make our tax structure fairer. Renters don't benefit from mortgage interest or property tax deductions, nor do they build equity in a home. While property owners are legally responsible for paying the GET on rental income, as well as their property taxes, they pass these costs along in the rent. Assuming this practice, about \$60 out of a \$1,500 rent payment is going toward the GET owed on the landlord's rental income.

The credit value of \$50 was **last set in 1981**, and its buying power is now just \$19.20. At the same time, rents have skyrocketed by almost 70 percent in real dollars. The income eligibility threshold of \$30,000 was set back in 1989, and is today worth just \$15,714—below the poverty level for a household of two. We should preserve the intent of the legislature to provide meaningful tax relief to low and moderate-income families by adjusting for inflation and pegging future increases to the Consumer Price Index so the credit does not lose ground again.

Again, thank you for the opportunity to testify in **strong support** on SB 392. We have a chance to help low and moderate-income households afford housing. After 30 years of leaving renters behind, it's time to update the renters credit.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Increase renter credit

BILL NUMBER: SB 392; HB 454 (Identical)

INTRODUCED BY: SB by Shimabukuro, Baker, Chun Oakland, Inouye and 1 Democrat; HB By Fukumoto Chang, Belatti, Evans, Har, Ichiyama, Lowen, Luke, Matsumoto, Morikawa, San Buenaventura, Thielen and 1 Republican

BRIEF SUMMARY: Amends HRS section 235-55.7 to increase the income threshold to claim the renter credit from \$30,000 to \$60,000 and the amount of the renter credit from \$50 to \$150.

For tax years beginning after December 31, 2015, the threshold amount and the amount of the renter credit shall be increased by an amount equal to such dollar amount, multiplied by the percentage, if any, by which the Consumer Price Index (CPI) for the preceding calendar year exceeds the CPI for calendar year 2016.

EFFECTIVE DATE: Tax years beginning after December 31, 2015

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 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 the credit amount to \$50. Act 239, SLH 1989, increased the adjusted gross income limit to \$30,000 to claim the credit. The proposed measure would increase the adjusted gross income limit to claim the credit from \$30,000 to \$60,000 and the amount of the credit from \$50 to \$150. It would also provide that these amounts will increase by the change in the CPI. While the proposed measure increases the AGI limit and the renter tax credit, it does not change the qualification amount – the taxpayer still will need to pay \$1,000 in rent during a taxable year to qualify for the credit.

Currently, the amount of credit is calculated at a flat amount (now \$50), multiplied by the number of qualified exemptions to which a taxpayer is entitled, provided that a taxpayer 65 years of age or older may claim double the credit. We raise the question of whether the credit should instead be a percentage of the rent paid, so that taxpayers' relief would be linked to the amount of rent they need to pay.

Digested 1/30/15



AMERICANS FOR DEMOCRATIC ACTION

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Hawai'i 96823

February 11, 2015

Chair Senator Jill Tokuda and WAM Committee Members

Re: SB 392 Relating to Housing
Hearing on Feb. 13, 2105

Dear Senator Tokuda and Members of the Committee:

Americans for Democratic Action is an organization devoted to the promotion of progressive public policies.

We support SB392. Our residents pay more for shelter than those of any other state, and low-income residents pay a very high percentage of their income for rent. These renters do not get deductions for mortgage interest. The Low income Household Renters Credit was created in 1977 but has not been updated since 1981. It is time for an inflation adjustment. An automatic adjustment built into the formula would be an improvement to this bill to prevent another three decades of neglect to our low-income households.

Thank you for your consideration.

Sincerely,

John Bickel
President

Testimony In Support of SB392
Senate Committee on Ways and Means
Feb. 13, 2014, 9:10 a.m.
Room 211, State Capitol

Aloha Chair Tokuda, Vice Chair Kouchi and Members of the Committee,

My name is Kehaulani Lum, and I am the President of the Ali`i Pauahi Hawaiian Civic Club and Board Secretary of the Living Life Source Foundation, two organizations which are deeply committed to the health and well being of our native people. I am writing in **STRONG SUPPORT** of SB392. This measure would relieve the tax burden on low-income renters, by increasing the tax credit from \$50 to \$150 and adjusting the income tax credit for low-income household renters for inflation moving forward. SB392 will improve the economic self-sufficiency of Native Hawaiians.

The Institute on Taxation and Economic Policy (ITEP) has reported that Hawai'i is one of the ten states with the highest taxes on the poor. Accordingly, SB392 proposes a pragmatic way to alleviate the tax burden on those low-income individuals and families facing housing insecurity. The low-income household renters credit (LIHR) was created in 1977 to mitigate the high cost of housing in Hawai'i. The 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. Our kūpuna over the age of 65 are able to receive double the credit. The value of the credit has not been updated since 1981, and the income thresholds have not been adjusted since 1989. This measure would adjust the credit and its income thresholds for inflation, setting it at \$150 per qualified exemption for households with an adjusted gross income of less than \$60,000.

Adjusting the LIHR will have a significant impact on Native Hawaiians, many of whom have low incomes and struggle to afford rent. According to the latest U.S. Census Data, Native Hawaiian families have the lowest median income of all major ethnic groups through the state, make \$9,105 lower per-capita income than the state average, and have higher poverty rates than the rest of the state.

Native Hawaiian renter households that struggle to pay rent would receive meaningful relief through this measure. It is long overdue.

I urge this committee to PASS SB392. Mahalo nui loa.



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

TESTIMONY FOR SENATE BILL 392, RELATING TO HOUSING

Senate Committee on Ways and Means

Hon. Jill N. Tokuda, Chair

Hon. Ronald D. Kouchi, Vice Chair

Friday, February 13, 2015, 9:10 AM

State Capitol, Conference Room 211

Honorable Chair Tokuda 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 78 percent of low-income residents spending more than half of their income on rent. 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, more than 40 percent of our households are renters, over half of whom pay more than 30 percent of their income toward rent. 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 at a rate of \$60 per \$1,500 in rental costs, exacerbating poor families' financial plight.

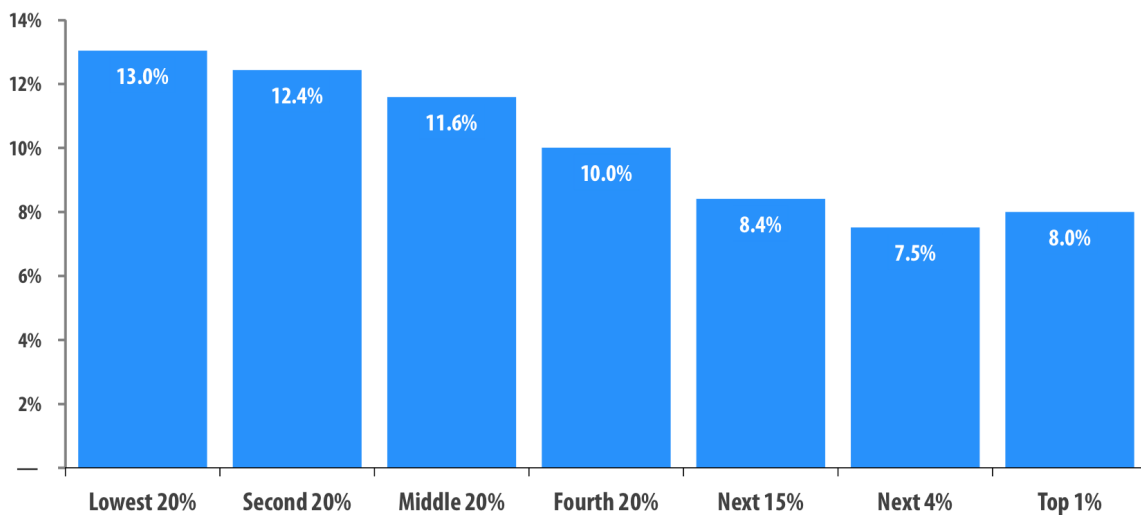
Hawai'i's working poor pay higher tax bills than those in all but three other states and the tax rate for low- and moderate-income households is among the highest in the nation. Our poorest taxpayers, or those who earn less than \$17,000 per year, pay, on average, approximately 13 percent of their income in state and local taxes, while those earning more than \$326,000 pay closer to 8 percent (notably, the average income for residents in the former group is \$9,800, while the average income for residents in the latter category is \$698,600). In turn, inadequate tax credits and exemptions lead to personal income taxes pushing low-income working families deeper into poverty and debt (see Institute on Taxation and Economic Policy chart at bottom, "Who Pays? A Distribution Analysis of the Tax Systems in All 50 States, 4th Edition, 2013).

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 load for impoverished families, especially those with children. Mahalo for the opportunity to testify in support of this bill.

Hawaii State & Local Taxes

Shares of family income for non-elderly taxpayers



Sincerely,
Kris Coffield
Executive Director
IMUAlliance



Hawaii's voice for sensible, compassionate, and just drug policy

Committee on Health

Senator Josh Green, Chair

Senator Glenn Wakai, Vice Chair

Committee on Public Safety, Intergovernmental and Military Affairs

Senator Will Espero, Chair

Senator Rosalyn H. Baker, Vice Chair

Wednesday, February 11, 2015

1:45 p.m.

Conference Room 414

State Capitol

415 South Beretania Street

Executive Director Rafael Kennedy,

In strong support of SB982, SB398 - Relating to Medical Amnesty

Aloha Chairs Green and Keith-Agaran, Vice Chairs Wakai and Shimabukuro, and members of the committees,

Mahalo for taking the time to hear these medical amnesty bills. They are substantially similar, but we generally support the approach taken by SB982, especially the broader definition of overdose that includes: "(2) A condition that a layperson would reasonably believe to be a drug or alcohol overdose that requires medical assistance." This will help assure people who are in doubt about whether or not to seek medical assistance that if they are wrong about the severity of an overdose, they will still get the immunity from prosecution afforded by these medical amnesty bills. This is especially important in the case of alcohol poisoning, where young people may be unsure whether their friends are in real danger. It is in the best

interest of public health that they err on the side of caution and seek help when in doubt.¹

It is important that the legislature pass a bill providing these protections soon. Drug overdose on the rise in Hawaii and around the nation. According to the CDC, it is the leading cause of injury related death for the past two decades, and kills more than 100 each day in the U.S.² From 2009-2013, drug overdose was the leading cause of fatal injuries in Hawaii, surpassing falls, motor vehicle accidents, drowning and other injury-related deaths.^{3 4} What's more: all indications are that as we tighten controls on prescription painkillers, the problem will worsen.⁵

The best data we have on users of intravenous drugs comes from the syringe exchange program run by the CHOW project, and they have reported that half of the participants in Hawaii's syringe exchange program witnessed an overdose in the past two years, and one quarter experienced an overdose themselves. This not only underscores the urgency of this legislation, but shows that it will be effective: most overdoses happen in the presence of other people, people who can call for help.

Fear is the primary reason people cite for not calling for help.⁶ This fear of prosecution drives people to convince themselves that their friends will be alright on their own, to waste time by dropping victims of overdose outside the hospital and fleeing, or to undertake risky methods to revive victims on their own. These medical amnesty bills will go a long way toward assuaging that fear, and at very little expense.⁷ The truth is that only in a

1 Mayo Clinic. "Alcohol Poisoning Definition - Diseases and Conditions," December 5, 2014. <http://www.mayoclinic.org/diseases-conditions/alcohol-poisoning/basics/definition/con-20029020>.

2 Paulozzi, Leonard J. "Prescription Drug Overdoses: A Review." *Journal of Safety Research* 43, no. 4 (September 2012): 283-89. doi:10.1016/j.jsr.2012.08.009.

3 "Drug Abuse 2013 Data for Hawaii." Accessed February 10, 2015. <http://healthyamericans.org/reports/drugabuse2013/release.php?stateid=HI>.

4 Hawaii Department of Health Injury Prevention and Control Section. "Hawaii Poisoning Data Summary," September 2013. http://health.hawaii.gov/injuryprevention/files/2013/09/poisoning_Data-Summary0812a.pdf.

5 Khazan, Olga. "How the War on Painkillers Created the New Heroin Epidemic." *The Atlantic*, October 30, 2014. <http://www.theatlantic.com/features/archive/2014/10/the-new-heroin-epidemic/382020/>.

6 Banta-Green, Caleb J., Leo Beletsky, Jennifer A. Schoeppe, Phillip O. Coffin, and Patricia C. Kuszler. "Police Officers' and Paramedics' Experiences with Overdose and Their Knowledge and Opinions of Washington State's Drug Overdose-Naloxone-Good Samaritan Law." *Journal of Urban Health: Bulletin of the New York Academy of Medicine* 90, no. 6 (December 2013): 1102-11. doi:10.1007/s11524-013-9814-y.

7 Burris, Scott; Beletsky, Leo; Castagna, Carolyn; Coyle, Casey; Crowe, Colin; and McLaughlin, Jennie Maura, "Stopping an Invisible Epidemic: Legal Issues in the Provision of Naloxone to Prevent Opioid Overdose," *Drexel Law Review* (Philadelphia, PA: Earle Mack School of Law, Spring 2009), Vol. 1, Number 2, p. 277. http://prescribetoprevent.org/wp-content/uploads/2012/11/burris_stopping... - See more at: <http://www.drugwarfacts.org/cms/Overdose#Botline>

tiny minority of cases (according to a survey of officers conducted in Washington state, less than one percent of either overdose victims or bystanders are actually arrested) will this immunity actually affect whether or not victims and witnesses of overdose are actually subject to criminal penalties.⁸ The promise of immunity however will be instrumental in helping to save many, many lives.

Much mahalo for your time and effort on these bills.

Rafael Kennedy
Executive Director,
Drug Policy Forum of Hawaii

The Drug Policy Forum of Hawaii works to educate policymakers and the public about effective ways of addressing drug issues in Hawai'i with sensible and humane policies that reduce harm, expand treatment options, and adopt evidence-based practices while optimizing the use of scarce resources.

8 Banta-Green, Caleb J., Leo Beletsky, Jennifer A. Schoeppe, Phillip O. Coffin, and Patricia C. Kuszler. "Police Officers' and Paramedics' Experiences with Overdose and Their Knowledge and Opinions of Washington State's Drug Overdose-Naloxone-Good Samaritan Law." *Journal of Urban Health: Bulletin of the New York Academy of Medicine* 90, no. 6 (December 2013): 1102-11. doi:10.1007/s11524-013-9814-y.



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

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TO: Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair
Members, Committee on Ways and Means

FROM: Scott Morishige, Executive Director, PHOCUSED

HEARING: Senate Committee on Ways and Means
Friday, February 13, 2015 at 9:10 a.m. in Conf. Rm. 211

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.

SB392

Submitted on: 2/12/2015

Testimony for WAM on Feb 13, 2015 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Kim Murphy	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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SB392

Submitted on: 2/9/2015

Testimony for WAM on Feb 13, 2015 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Ronnie Perry	Individual	Support	No

Comments:

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SB392

Submitted on: 2/11/2015

Testimony for WAM on Feb 13, 2015 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Asuka Mitani	Individual	Support	No

Comments:

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TO: SENATOR JILL TOKUDA, CHAIR
SENATOR RONALD KOUCHI, VICE CHAIR
MEMBERS, SENATE COMMITTEE ON WAYS AND MEANS

FROM: Marshall Tokunaga, Master of Social Work Candidate,
Myron B. Thompson School of Social Work at the University of Hawaii

Hearing: February 13, 2015 9:10AM Room 211

RE: SB392, RELATING TO HOUSING- STRONG SUPPORT

Dear Chair Tokuda, Vice Chair Kouchi, and Members of the Senate Committee on the Ways and Means,

Thank you for allowing me to submit testimony in **Strong Support** of SB392.

My name is Marshall Tokunaga and I am a graduate student at the Myron B. Thompson School of Social Work at the University of Hawai'i.

As a full time student taking 5 classes, I am only able to work 2 nights a week. I have maxed out my financial aid and I am also paying everyday expenses along with rent. This situation may be temporary, but any help would be greatly appreciated.

The Hawaii Low Income Tax Credit was created in 1977 to help mitigate the high cost of shelter. It has not been updated since 1981. This bill proposes to increase the \$50 tax credit to \$150. After 2016 it would increase with the consumer price index.

Although I support this bill for personal reason, there are many other individuals that could also benefit from the passage of it.

I am also submitting testimony in support of SD120 – relating to Affordable Housing. As a social worker and an informed citizen it is an honor to advocate for disadvantaged and low income clients who could benefit from both of these bills. Extra money in your pocket is always a good thing.

Thank you again for allowing me to submit testimony in **Strong Support of SB392**.

Marshall Tokunaga
mtokunag@hawaii.edu

SB392

Submitted on: 2/11/2015

Testimony for WAM on Feb 13, 2015 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Nina Buchanan	Individual	Support	No

Comments: Aloha, After traveling the world, each time I return to my home in Hawaii I see how far behind the US, in general, and Hawaii, in particular, are behind other developed nations in caring for our own people. Hawaii has both the highest cost of housing and the highest rate of homelessness in the United State. 4 out of 5 extremely low-income households in Hawaii pay more than half of their income toward housing. This bill helps Hawaii's low-income families better afford housing and keeps families securely housed, thereby preventing homelessness. The renters credit has not been adjusted for inflation since the 1980s, let alone for the staggering increases in rent. 30% of Hawaii's residents live in liquid asset poverty—if they lose their income, they would likely become homeless soon thereafter. Increasing the renters credit provides families living paycheck-to-paycheck a buffer by alleviating their tax burden. Please help our people have the benefits of civilization that other developed countries already have.

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SB392

Submitted on: 2/11/2015

Testimony for WAM on Feb 13, 2015 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Julie Tulang	Individual	Support	No

Comments: Most households for low income families are the responsibility of the woman (mother). A little help goes a long way.

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