DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR

MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable Jill N. Tokuda, Chair
and Members of the Senate Committee on Ways and Means

Date: Friday, February 6, 2015
Time: 9:00 A.M.
Place: Conference Room 211, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: S.B. 553, Relating to Income Tax

The Department of Taxation (Department) appreciates the intent of S.B. 553, and provides the following information and comments for your consideration.

S.B. 553 creates an income tax credit that would reduce the income tax liability of taxpayers with a federal adjusted gross income (FAGI) of between 100% and 125% of the federal poverty guidelines, and would eliminate income tax liability for taxpayers with a Federal AGI below federal poverty guidelines. S.B. 553 applies to taxable years beginning after December 31, 2015.

First, the Department notes that using the "federal poverty guidelines" as a limitation for a tax credit is difficult for the Department to administer. It is the Department's understanding that the applicable "federal poverty guidelines" depends on household size; a household for purposes of the federal poverty guidelines is likely to differ from who may file jointly and who may be claimed as a dependent for tax filing status purposes. If the Committee wishes to advance this measure, the Department suggests that the income limitation for this tax credit be fixed amounts which limits both the FAGI and the Hawaii adjusted gross income (HAGI), and are adjusted appropriately to account for the filing status of the taxpayer.

Second, while the Department appreciates the desire to provide tax relief for taxpayers falling below federal poverty guidelines, the Department notes that the tax structure is not the most efficient means of providing or determining who is in need of financial support.

For example, the FAGI also takes into account any reduction of income due to business loss, capital loss, depreciation, and other allowable deductions. Taxpayers with low federal AGI may not necessarily be financially disadvantaged. As a result, a taxpayer's FAGI might fall below federal poverty guidelines due to a large capital loss or due to depreciation of various types of held property, not necessarily because the taxpayer is experiencing financial hardship.

The Department also notes that the FAGI excludes amounts such as cost-of-living allowances for federal employees, contributions to the State employees' retirement system, and interest on out-of-state bonds; whereas HAGI captures those income sources. On the other hand, HAGI excludes certain pensions, social security benefits, the first $5,881 of military reserve or Hawaii National Guard duty pay, payments to an individual housing account and other subtractions and deductions from federal adjusted gross income. Thus, as stated above, the Department suggests limiting the qualification for the credit by FAGI and HAGI, in order to that the credit be more directly focused on taxpayers who are likely to be financially disadvantaged.

Finally, the Department notes that the State currently provides relief to low and middle income taxpayers in the forms of income tax credits such as the refundable food/excise tax credit ("food credit")[1] and the income tax credit for low-income household renters ("renters' credit")[2]. The food credit is a graduated amount based on income level, which is determined based on the taxpayer's FAGI and the number of qualified exemptions; for taxpayers with income under $50,000, the taxpayer may claim from $25 to $85 per exemption. The renters' credit is $50 per exemption; provided that each taxpayer 65 years of age or over with Hawaii AGI under $30,000, may claim double the tax credit. These current provisions are substantially easier for the Department to administer.

Thank you for the opportunity to provide comments.

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1 Act 211, Session Laws of Hawaii (SLH) 2007, replaces the low-income refundable tax credit with the refundable food/excise tax credit and increases the amount of the credit.

2 Act 15, SLH 1977, establishes the renters' credit. The amount of the credit was $20 per qualified exemption for each taxpayer with an adjusted gross income of less than $20,000. Act 230, SLH 1981, increases the amount of the credit to $50 per qualified exemption. Act 321, SLH 1989, increases the income threshold for the credit to less than $30,000. Act 98, SLH 1990, makes the credit refundable (provides the credit to resident taxpayer who has no taxable income).

L E G I S L A T I V E

TAXBILLSERVICE

126 Queen Street, Suite 304 TAX FOUNDATION OF HAWAII Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Low-income tax credit

BILL NUMBER: SB 553; HB 59 (Identical)

INTRODUCED BY: SB by Espero, Chun Oakland, Harimoto and 1 Democrat; HB by Mizuno, LoPresti, Morikawa

EXECUTIVE SUMMARY: Proposes a low-income tax credit that would effectively eliminate any state income tax that might be due depending on a taxpayer's federal adjusted gross income. A simpler approach would be to establish a higher filing threshold based on the combination of the standard deduction and personal exemption equaling or exceeding the federal poverty guidelines.

BRIEF SUMMARY: Adds a new section to HRS chapter 235 to provide that low-income taxpayers shall be eligible for a tax credit to reduce their state income tax liability by 50% if a taxpayer has a federal adjusted gross income (FAGI) between one hundred and one hundred twenty-five percent of the federal poverty guidelines. Taxpayers with a FAGI at or below the federal poverty guidelines shall receive a credit that eliminates their income tax liability. Taxpayers with income above one hundred twenty-five percent of the federal poverty guidelines shall be ineligible for the credit.

Defines "federal poverty guidelines" as the guidelines set forth by the U.S. Department of Health and Human Services each year.

Requires claims for a tax credit, including amended claims, to be filed on or before the end of the twelfth month following the close of the taxable year for which the tax credit may be claimed. Failure to comply with the foregoing provision shall constitute a waiver of the right to claim the credit.

Directs the director of taxation to prepare any forms that may be necessary to claim a credit and also requires the taxpayer to furnish information to ascertain the validity of the claim for the tax credit.

EFFECTIVE DATE: Tax years beginning after December 31, 2015

STAFF COMMENTS: This measure proposes a low-income tax credit which would effectively eliminate any state income tax that might be due if the taxpayer's federal adjusted gross income falls below the federal poverty guidelines or if the taxpayer's income falls between 100% and 125% of the federal poverty guidelines the amount of the tax credit will be equal to 50% of the taxpayer's calculated state income tax liability. Those poverty guidelines will differ depending on the size of the family unit.

Although this might sound like a great strategy to address the fact that Hawaii's threshold for the state income tax is one of the lowest in the nation of those states that impose an income tax, the solution in this bill would seem to be unduly complex in terms of administrative costs. The first problem is that we are requiring the taxpayer to file a return. If a poor taxpayer fails to do so, or if the taxpayer doesn't file a return thinking that there will be no tax due for the year, the taxpayer will run afoul of the language in subsection (b) that now appears in almost all Hawaii tax credits. If the return isn't filed, the credit disappears! Now there is tax due plus penalties and interest. Query whether that's what lawmakers want to do to a person who is making less than 125% of the federal poverty line.

The other point to consider is that the adoption of this measure ignores some of the unique features of Hawaii's income tax law. For example, the state income tax extends a credit for general excise taxes paid based on state adjusted gross income. Some of the major differences between the definition of adjusted gross income for federal and state purposes are the taxation of Social Security and employer-funded pension payments. These sources of income may lift some state taxpayers above the federal poverty line whereas exclusion of these sources of income may currently place the same taxpayer in a position where no state income taxes are currently owed. This may create disparities where lawmakers did not expect them.

If the policy concern here is that we don't want those taxpayers whose available income falls below the federal poverty guidelines to pay state income taxes, then the more appropriate approach is to establish a higher filing threshold (namely, the amount of income you need to make before an income tax return is required to be filed) based on the combination of the standard deduction and personal exemption equaling or exceeding the federal poverty guidelines.

Digested 2/4/15

AMERICANS FOR DEMOCRATIC ACTION
HAWAI'I

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February 3, 2015

Chair Senator Tokuda and WAM Committee Members

Re: SB 553 Relating to the Income Tax
Hearing on February 5, 2015

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 SB 553 as a major step in the direction of correcting our tax structure. Currently the lowest fifth of the population in income pays a higher percentage of income in taxes than does the highest fifth. We have a regressive tax structure. A family of four living below the poverty guidelines has approximately $350 in income tax liability. We should be subsidizing people in poverty and not taxing them.

Thank you for your consideration.

Sincerely,

John Bickel
President

CATHOLIC CHARITIES HAWAIʻI

TESTIMONY IN SUPPORT OF SB 553: Relating to Income Tax

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

FROM: Trisha Kajimura, Social Policy Director, Catholic Charities Hawaii

Hearing: Thursday, February 6, 2015, 9:00 am, Conference Room 211

Chair Chun Oakand, Vice Chair Green, and Members, Committee on Human Services:

Thank you for the opportunity to testify on SB 553, which eliminates state income tax liability for those with a federal adjusted gross income of less than 100% of federal poverty level and reduces it by half for those with a federal adjusted gross income of 100% to 125% of the federal poverty level. I am Trisha Kajimura, Social Policy Director for Catholic Charities Hawaii. **I am testifying in support of SB 553.**

Catholic Charities Hawai`i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai`i for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai`i. This bill speaks directly to our advocacy priority of reducing poverty in Hawaiʻi.

Hawaiʻi's high cost of living, including the highest cost of shelter in the country and groceries costing approximately 60% more than the national average, makes living with a low-income very difficult. Expecting these people to pay income tax as they struggle to stay sheltered and maintain nutrition is inhumane and unreasonable. Anyone earning the income required to benefit from this tax credit is earning far below a living wage and unable to afford all of the basic living expenses of rent, food and transportation. Taxing them further into poverty as we currently do will require them to seek public, charitable, or other assistance.

Allowing low-income workers to keep more of the wages they earn gives them a hand up rather than a hand-out. For example, a family of three earning the federal poverty level income of $22,470 in 2013 would have a Hawaiʻi state income tax liability of $497. With this policy established, that family can put that $497 into the economy through purchase of food and household goods and be better able to meet their own needs.

Thank you for the opportunity to testify. Please contact me at (808)527-4810 or trisha.kajimura@catholiccharitieshawaii.org if you have any questions.

Hawai'i Alliance for Community-Based Economic Development
677 Ala Moana Blvd., Suite 702 Honolulu, HI 96813
Ph. 808.550.2661 Fax 808.534.1199
Email info@hacbed.org www.hacbed.org

HACBED
Community Voice, Collective Action

Date: February 4, 2015
To: Senator Jill N. Tokuda, Chair, Senator Ronald D. Toguchi, 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 553

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

The Hawai'i Alliance for Community-Based Economic Development (HACBED) strongly supports SB 553, which establishes a tax credit to eliminate income taxes for those living in poverty.

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. As such, HACBED strongly supports the proposed bill that would eliminate personal income tax liability for any family in poverty while also reducing tax liability for families just above the poverty line.

The Family Economic Self-Sufficiency Standard (FESS) further 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.

Eliminating taxes for families living below the poverty guidelines while reducing it in half for families at the 100-125% guidelines 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. Since 2006, HACBED has served 16,871 low to moderate income families, saved them $2.7 million in filing fees, helped to claim $23.7 million in refunds, and brought $12.8 million in new federal funds to the State of Hawai'i through claiming the federal EITC and Child Tax Credit (CTC) as part of the Family & Individual Self-Sufficiency Program (FISSP).

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 553 would thus go a long way to supplement the needs of these by eliminating or greatly reducing taxes on families below or near the poverty line to assist them in their efforts to truly build their assets.

Mahalo for this opportunity to testify,

Brent N. Kakesako
Executive Director
Hawaiʻi Alliance for Community-Based Economic Development

PHOCUSED

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

TO: Senator Jill Tokuda, Chair
Senator Ron Kouchi, Vice-Chair
Members, Committee on Ways and Means

FROM: Scott Morishige, Executive Director, PHOCUSED

HEARING: Senate Committee on Ways and Means
Friday, February 6th, 2015 at 9:00 am in Conference Room 211

In support re SB553, Relating to Income Tax

Thank you for the opportunity to provide testimony in regards to SB553, Relating to Income Tax. 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. We strongly support SB553 in creating a more balanced and equitable tax system for Hawaii's low-income families.

Hawaii has the highest cost of living in the nation – at almost 160% of the national average. Faced with an already uphill battle to make ends meet many of Hawaii's low-income households needs every dollar they can get right away. As with many individuals these households elect to withhold a little from each of their paychecks and hope to get some in a refund at the end of the year. But for a family, like 73% of those living in poverty in Hawaii, that is paying more than 50% of their income just to housing, waiting until February, March, or April to get that money back can sometimes be too long of a wait. By creating a tax credit that eliminates a family's income tax liability it allows families to have access to more of their money when they need it most; right away.

Hawaii is also one of the few states in the nation that continues to tax its residents who live in poverty. Looking at the long-term costs of poverty, increased rates of chronic health conditions and higher rates of incarceration, it is clear that keeping people in poverty costs both the state and the taxpayers more money than will ever be brought in by taxing them. PHOCUSED sees the proposed low-income tax credit as one piece of a multi-faceted approach to lifting Hawaii's working families out of poverty.

Once again, PHOCUSED is in **strong support** of SB553, creating a low-income tax credit for households at or below 150% of the federal poverty line. If you have any questions, please do not hesitate to contact PHOCUSED at 521-7462 or by e-mail at admin@phocused-hawaii.org.

49 South Hotel Street, Room 314 | Honolulu, HI 96813
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Committee on Ways and Means

Friday, February 6 2015 9:00 a.m., Conference Room 211
SB553 Relating to Income Tax

TESTIMONY
Beppie Shapiro, League of Women Voters of Hawaii

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

The League of Women Voters of Hawaii supports SB553, which would reduce or eliminate the income tax liability for the very pool.

The League believes that public policy should promote self-sufficiency, and that the most effective social programs are those designed to prevent or reduce poverty. The League also believes that fiscal policy should provide for taxes that are progressive overall, applying higher tax rates as income increases. While it is true that our income tax rates are already highly graduated for low-income filers, can't we go further to ease the tax burdens on our low-income working families? We point out that Hawaii is only one of 15 states to tax families of four with incomes at the poverty level.[1] Let's help these low income working families move into the middle class. SB553 is an admirable and badly needed vehicle for achieving this purpose in Hawai`i.

The population addressed by this bill is in dire need of relief. Current Federal Poverty Guidelines (100%FPL) are displayed on the next page.

I'm sure none of us here can imagine living in Hawaii on this income, or even 125% of these incomes (i.e. $30,312 for a family of four).

A single parent of one child working at minimum wage 40 hours per week, 52 weeks per year, earns 16% below the federal poverty guidelines for a family of two. Unfortunately many of our hard-working citizens are in this situation. Hawai'i's poverty rate of 17.3% (approximately 240,000 individuals) makes Hawai'i the 9th poorest in the nation. [2]

In 2012 20% or 2,000 of Hawai'i's children under six lived in low-income working families.[3] Research on early childhood development has found that income insecurity negatively affects three key aspects of brain development – positive relationships, learning resources, and high stress. Surely we should reward these working families by not reducing their inadequate incomes through income taxes. The extra money they would have if SB553 is enacted would surely be spent immediately on basic necessities of life, thus adding economic activity to

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the State and its businesses.

2015 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA

Persons in family/household	Poverty guideline
1	$11,770
2	15,930
3	20,090
4	24,250

We urge you to pass this bill. Thank you for the opportunity to submit testimony.

Please note we regret that no representative of LWVHI is available to attend this hearing.

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http://www.cbpp.org/cms/index.cfm?fa=view&id=3741

2 U.S. Census Bureau, Current Population Reports, Supplemental Poverty Measure: 2012

3 Population Reference Bureau, analysis of data from the U.S. Census Bureau, 2008 - 2012 American Community Survey.

HAWAI'I APPLESEED CENTER
LAW
AND
ECONOMIC
JUSTICE

Testimony of Hawai‘i Appleseed Center for Law and Economic Justice
Senate Bill 553 Relating to Income Tax
Senate Committee on Ways and Means
Scheduled for Hearing Friday, February 6, 2015 9:00 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 on policy and legal issues. 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 553, which would create a tax credit eliminating state income tax liability on households living below the federal poverty guidelines. It would also provide a credit to reduce income tax liability by 50 percent for households living at 100–125 percent of the guidelines.

As a state, we should help our low-income families build financial security instead of driving them deeper into poverty through taxes. Based on the Institute on Taxation and Economic Policy’s analysis, when all state and local taxes are figured in, our low-income households face the **second heaviest tax burden** in the country. While this is largely due to the regressive impact of the General Excise Tax, Hawai‘i is one of only fifteen states that tax the *income* of those living below the poverty guidelines, according to the Center on Budget and Policy Priorities. Even poor families with children can owe income taxes, on top of the GET and other taxes that they have paid throughout the year.

More than one out of ten Hawai‘i residents live in poverty, with a child poverty rate of 17 percent. When factoring in our high cost of living, poverty is even more prevalent. Under the U.S. Census’s Supplemental Poverty Measure (considered a more accurate measure of poverty because it adjusts for both the cost of living and availability of government assistance), we are the **5th poorest state**, with more than 18 percent of residents living in poverty.

Poverty’s myriad negative effects on the well-being of individuals, families, children, and communities are all too apparent. The consequences of poverty include hunger, homelessness, poor health, lost educational opportunities, higher crime rates, and reduced productivity. These consequences not only weaken our communities but also result in increased public expenditures for the social services needed to remedy the problems arising from poverty. Taxing those who are in poverty is a counterproductive policy that makes it more likely that the poor will remain poor.

Creating a low-income tax credit that eliminates the burden Hawai‘i state income taxes place upon poor wage-earners will help mitigate the effects of our high cost of living and relatively low wages. In almost all cases, only the working poor will be able to claim this credit. We also favorably note that the reduction of income tax liability by 50 percent for those living just over the poverty guidelines will prevent a steep tax cliff for these households. As the supplemental poverty measure indicates, even families above the poverty guidelines face significant economic hardship.

Again, thank you for the opportunity to testify in **support** of SB 553. We respectfully urge you to pass this bill so we can help our working families to achieve financial security.

HPCA

HAWAI'I PRIMARY CARE ASSOCIATION

Senate Committee on Ways and Means
The Hon. Jill N. Tokuda, Chair
The Hon. Ronald D. Kouchi, Vice Chair

Testimony in Support of Senate Bill 553

<u>Relating to Income Tax</u>

Submitted by Robert Hirokawa, Chief Executive Officer

February 6, 2015, 9:00 am, Room 211

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports Senate Bill 553, eliminating state income tax liability for low individuals.

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. 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. For these reasons, the HPCA supports mitigating the tax burden felt by low-income families.

Thank you for the opportunity to testify.

ADD 735 BISHOP STREET, SUITE 230 HONOLULU, HI 96813 TEL 808.536.8442 FAX 808.524.0347 WEB WWW.HAWAIIPCA.NET

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 553: RELATING TO INCOME TAX

TO:	Senator Jill Tokuda, Chair; Sen. Ronald Kouchi, Vice Chair; and members of the Senate Committee on Ways and Means
FROM:	Betty Lou Larson, Advocacy Committee, Partners in Care
Hearing:	**Friday, February 6, 2015, 9:00 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 553 to eliminate income tax liability on households below the federal poverty guidelines and to reduce liability by half for households at 100 to 125 percent of poverty. I am Betty Lou Larson from the Advocacy Committee of Partners in Care. We support this policy to help prevent low-income people from becoming homeless and to aid those transitioning out of homelessness to keep more of their earnings and become financially stable.

Hawaii has the highest cost of living in the United States, at nearly 160% of the national average. We also have the 5th highest rate of poverty among the states, with 18.4% of our residents living below the U.S. Census Supplemental Poverty Measure. Given the high cost of living and high poverty rate, it's no surprise that we have the **highest rate of homelessness** among the states.

Adequate income is critical to a family's housing stability. Many of our low-income families are severely cost-burdened—78% of extremely low-income households are paying more than *half* of their income toward rent. Keeping more of their earnings would help prevent them from becoming homeless in the event of a financial emergency. Similarly, many individuals and families experiencing homelessness actually do not require extensive supportive services—they are homeless primarily because they have insufficient income to afford housing. We also have many clients who have found employment but then struggle to find housing they can afford. As a result, these families remain in transitional housing for months or even years.

In light of these major economic challenges, we should not make matters worse by taxing working poor households deeper into poverty. Our regressive tax structure makes it harder for low-income families to get by and stay securely housed. Hawaii is considered the **second worst state in the country** when it comes to taxing its low-income families. While much of this is due to the GET, we should not increase that financial burden with income taxes.

Partners in Care supports this tax credit as a way to prevent homelessness and help working households transition out of homelessness by keeping more of what they earn. We respectfully urge the Committee to pass SB 553 to eliminate income taxes on the working poor and reduce the tax burden for those close to poverty. Again, thank you for the opportunity for Partners in Care to testify in **strong support** of SB 553. Please contact me at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.

PARTNERS IN CARE, c/o Aloha United Way
200 North Vineyard • Suite 700 • Honolulu, Hawaii 96817 • www.PartnersinCareOahu.org

Laurel Lemontt – HI SOS – 808.371.1049

We support SB 553 Ways and Means. We support the reduction and the consequent elimination of the state income tax liability for taxpayers with a federal adjusted gross income of less than 125% of the federal poverty guidelines set forth each year by the United States Department of Health and Human Services. Applies to taxable years beginning after 12/31/2015. Why?

Oahu is facing a growing, complex, and embarrassing problem: homelessness. In addition to being a humanity issue, it devalues the property and real estate market, draws negative perceptions from travelers, and generally seems unmanageable. Our reports show that there are 5,000 living outside and over 500,000 at risk/hidden. There are no options, strategies and disaster plans for this segment. The shelters all have waitlists. Communication or interaction with this segment is not common.

Hawaii Cost of Living Index:	124.1
Oahu Total Population:	1.2 million
Total Homeless in Oahu:	5,000
Housing Units Occupied:	519,408
Housing Units Vacant:	64,170
Total Homeless at-risk/Hidden in Oahu:	680,492

Whether living in a family or with a partner, there are 680,492 unaccounted for in housing. This means that 680,492 are at-risk/hidden for housing. Therefore, in an emergency understanding how to care and communicate with people that are or will be in tented street locations is crucial.

We support SB 553 Ways and Means. We support the reduction and the consequent elimination of the state income tax liability for taxpayers with a federal adjusted gross income of less than 125% of the federal poverty guidelines set forth each year by the United States Department of Health and Human Services **BECAUSE** we believe the answer is in <u>job creation</u>. Our grant proposal for our Project HI SOS will create jobs for the homeless and at risk that will create conditions for tax ability in the future. Our facility composed of many buildings that would house programs for education, training, and employment services, would create sustained jobs and economic development in Hawaii – *keeping Dollars Made in Hawaii to stay in Hawaii!*

We created curriculum for all kinds of trades that can be leveraged through our spectacular team's skills. Our project is a sustainable solution to current and future economic problems. By tapping into the homeless individual's motivation and passions, we can inspire hope, maintain the HI Start Up Paradise agenda, and strengthen the reputation of Hawaii's legislature to the world.

Whatever the future holds, whether economic slumps, or disasters - understanding how to generate more tax ability through a systemic structural movement is needed. AS -World Vision Community Emergency Response and Disaster Mitigation Program (CERDM), said, "Many communities are aware that these actions need to be taken to reduce disaster impact, but they do not always or often have the human and financial resources necessary to implement them." Our homeless is not a burden, it is an opportunity for growth in tax generation.