

DAVID Y. IGE  
GOVERNOR

SHAN TSUTSUI  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
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HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
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MARIA E. ZIELINSKI  
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE  
DEPUTY DIRECTOR

To: The Honorable Tom Brower, Chair  
and Members of the House Committee on Housing

Date: Thursday, February 9, 2017  
Time: 9:00 A.M.  
Place: Conference Room 423, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: H.B. 207, Relating to Taxation

The Department of Taxation (Department) appreciates the intent of H.B. 207, and provides the following comments for your consideration.

H.B. 207 amends the income tax credit for low-income household renters for taxable years beginning after December 31, 2016. This bill amends Section 235-55.7, Hawaii Revised Statutes, by increasing the income thresholds to qualify for the low-income household renters credit from \$30,000 and the amount of the credit from \$50 per exemption to the following schedule:

Credit Amount Per Exemption	Adjusted Gross Income		
	Single or Married Filing Separately	Head of Household	Joint
\$150	\$20,000 and under	\$25,000 and under	\$30,000 and under
\$100	\$20,001 to \$30,000	\$25,001 to \$37,500	\$30,001 to \$45,000
\$50	\$30,001 to \$40,000	\$37,501 to \$50,000	\$45,001 to \$60,000

The proposed amendments to this credit will reduce the marriage penalty; however, it also has the effect of favoring married taxpayers who file separately versus jointly. Married taxpayers who file separately can have income up to \$20,000 each and still qualify for the \$150 credit, whereas the same taxpayers filing a joint return could only have \$30,000 in income together in order to qualify for the same \$150 credit. If this is not the intent of this measure, the Department suggests correcting this issue.

If the Committee wishes to advance this measure, the Department requests that it be made applicable to taxable years beginning after December 31, 2017 to allow sufficient time for the necessary form, instruction and computer system modifications necessary for proper implementation.

Thank you for the opportunity to provide comments.



**OFFICERS**

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Alan Burdick, Vice President  
Marsha Schweitzer, Treasurer  
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**DIRECTORS**

Guy Archer      Jan Lubin  
Dylan Armstrong      Jenny Nomura  
Gloria Borland      Stephen O'Harrow  
Chuck Huxel      Cameron Sato

**MAILING ADDRESS**

P.O. Box 23404  
Honolulu, Hawai'i 96823  
  
[www.adaaction.org](http://www.adaaction.org)

February 7 , 2017

TO:            Honorable Chair Brower and Members of the Housing Committee

RE:            HB 207 Relating to Taxation  
Support for hearing on Feb. 9

Americans for Democratic Action is an organization founded in the 1950s by leading supporters of the New Deal and led by Patsy Mink in the 1970s. We are devoted to the promotion of progressive public policies.

We strongly support HB 207 as it would expand the low-income household renters' credit as it has not been adjusted for inflation since the 1980s. In addition to expanding it, we recommend including a mechanism for automatic inflation adjustment.

We have the highest rate of homelessness. Anything that can be done to keep low-income people in housing should be done. This is such a step.

Thank you for your consideration.

Sincerely,

John Bickel  
President



49 South Hotel Street, Room 314 | Honolulu, HI 96813  
www.lwv-hawaii.com | 808.531.7448 | voters@lwv-hawaii.com

## COMMITTEE ON HOUSING

THURSDAY, FEB. 9, 9 AM, ROOM 423)  
HB207, RELATING TO TAXATION

**Beppie Shapiro**, Legislative Committee, League of Women Voters of Hawaii

Chair Brower, Vice-Chair Nakamura, and Committee Members:

**The League of Women Voters of Hawaii strongly supports HB207, which would update the eligibility requirements and tax credit amounts of the low income housing rental tax credit.**

The cost of rental housing in Hawaii continues to rise very rapidly - almost 25% in the last three years alone. The numbers of people seriously affected by the cost of housing is really horrendous: Of our resident population, 47% rent their housing, and over half of them pay more than the federal standard of 30% of their income, on housing. While the National Low Income Housing Coalition's Out of Reach 2016 report tells us that a full time worker would need to earn \$34.22/hour to afford a two bedroom apartment in Hawaii, the average renter only earned \$14.49.

The low income household renters credit was enacted to provide some relief for these many burdened individuals and families. But the income eligibility standards and credit amounts have not been adjusted in almost 30 years! Meanwhile inflation has eaten away at the value of incomes and the credit amounts.

We urgently need to attack our housing crisis. HB207 provides one way you can contribute to this effort. Please pass HB207.

Thank you for the opportunity to submit testimony.

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Renters' Credit Increase

BILL NUMBER: HB 207

INTRODUCED BY: JOHANSON, BELATTI, CULLEN, HOLT, C. LEE, LOWEN, LUKE, NAKASHIMA, NISHIMOTO, QUINLAN, SAIKI, WOODSON

EXECUTIVE SUMMARY: This bill expands the renters' credit. While it appears that this measure proposes tax relief to lower income taxpayers, consideration should be given to adjusting the income tax rates or the filing threshold amounts so those targeted taxpayers needing help will not need to claim these credits to get relief.

BRIEF SUMMARY: This measure contains multiple parts.

Amends HRS section 235-55.7 to Amends HRS section 235-55.7 to increase the amount of the renter credit from \$50 to an amount based on adjusted gross income:

<b>For unmarried taxpayers or married filing separately:</b>	
<b>Adjusted gross income</b>	<b>Tax credit per exemption</b>
<b>Not over \$20,000</b>	\$150
<b>Over \$20,000, not over \$30,000</b>	100
<b>Over \$30,000, not over \$40,000</b>	50
<b>For head of household:</b>	
<b>Adjusted gross income</b>	<b>Tax credit per exemption</b>
<b>Not over \$25,000</b>	\$150
<b>Over \$25,000, not over \$37,500</b>	100
<b>Over \$37,500, not over \$50,000</b>	50
<b>For married taxpayers filing jointly, surviving spouse, head of household:</b>	
<b>Adjusted gross income</b>	<b>Tax credit per exemption</b>
<b>Not over \$30,000</b>	\$150
<b>Over \$30,000, not over \$45,000</b>	100
<b>Over \$45,000, not over \$60,000</b>	50

EFFECTIVE DATE: Upon approval, applies to taxable years beginning after December 31, 2016.

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 like the home exemption for homeowners and the 4% general excise tax levied on rental income. The current renter credit was established by the 1977 legislature at \$20 per exemption for those taxpayers with adjusted gross incomes of less than \$20,000 who paid more than \$1,000 in rent during the tax year. Act 230, SLH 1981, increased the credit amount to \$50. Act 239, SLH 1989, increased the adjusted gross income (AGI) limit to \$30,000 to claim the credit. The proposed measure would increase the amount of the credit from \$50 to \$150. It does not increase the qualification amount – the taxpayer still will need to pay \$1,000 in rent during a taxable year to qualify for the credit.

There are two more issues with refundable credits targeted at low-income people generally.

First, a tax return is one of the most complicated documents for government agencies to process. The administrative costs associated with each one can quickly make heads spin. But when refundable credits are made available to folks who don't have much (or any) tax liability, those folks are motivated to file a return purely to get the refund check. When this happens, the department is visited by several folks who require special handling, homeless people for example. They might be able to provide a Social Security number, but they have no address and they don't have a bank account. Nevertheless, they are entitled to their refundable credit. Processing such people is even more expensive because higher level workers within the department need to get involved once the established procedures prove inadequate.

Second, as a policy matter, lawmakers might prefer that the recipient of the refund not use the money obtained on such things as cigarettes, alcohol, or illegal drugs. But the tax system contains no way of restricting the uses of a refund check; other departments do have systems in place (EBT, for example). The solution? Get such people out of the tax system entirely. They receive peace of mind because they don't have to worry about tax returns, and the department doesn't have to worry about processing those returns. If additional relief to such people is considered desirable, funnel it through the agencies that are better equipped to do so.

Digested 2/8/2017



THE HOUSE  
COMMITTEE ON HOUSING  
Thursday, Feb 9, 2017  
9:00 a.m.  
Conference Room 423

**RE: HB 207-RELATING TO TAXATION**

To: Rep. Tom Brower, Chair  
Members of Committee on Housing

AARP is a membership organization of people age fifty and over with nearly 150,000 members in Hawaii. AARP advocates for issues that matter to Hawaii families, including the high cost of long-term care; access to affordable, quality health care for all generations; providing the tools needed to save for retirement; and serving as a reliable information sources on issues critical to people over the age of fifty.

HB 207 updates Hawaii's renter's credit to recover ground lost to inflation by increasing both the maximum of the credit and the income eligibility limits.

AARP Hawaii **strongly supports HB 207.**

Hawaii's high cost of housing and low wages creates real financial struggles for Hawaii families. The cost of living is about 60 percent higher than most states, while wages are among the lowest when adjusted for the high cost to live here. The 2015 median monthly rental cost of a home was \$1500 (U.S. Census, American Community Survey). The high housing costs is a challenge for working families but even more burdensome for seniors on fixed income. The increased Renters' Credit has the potential to offset some of that burden.

Thank you for the opportunity to testify.



# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai‘i Appleseed Center for Law and Economic Justice  
Supporting HB 207 Relating to Taxation  
House Committee on Housing  
Scheduled for Hearing Thursday, February 9, 2017, 9:00 AM, Conference Room 423

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Dear Chair Brower, Vice Chair Nakamura, and members of the Committee on Housing:

Thank you for the opportunity to testify in **STRONG SUPPORT** of **HB 207**, which would help many economically struggling families in Hawai‘i by improving Low-Income Household Renters’ Credit, which has been updated to account for inflation since the 1980s.

### **Hawai‘i Ranks High for Tax Unfairness**

Hawai‘i has the lowest wages in the nation after adjusting for our cost of living, which is the highest in the nation. We also place the second highest tax burden in the country on our low-income households. In fact, we are in the minority of states that actually pushes low-income people deeper into poverty with taxes. As a result, nearly half of our state’s residents live paycheck-to-paycheck.

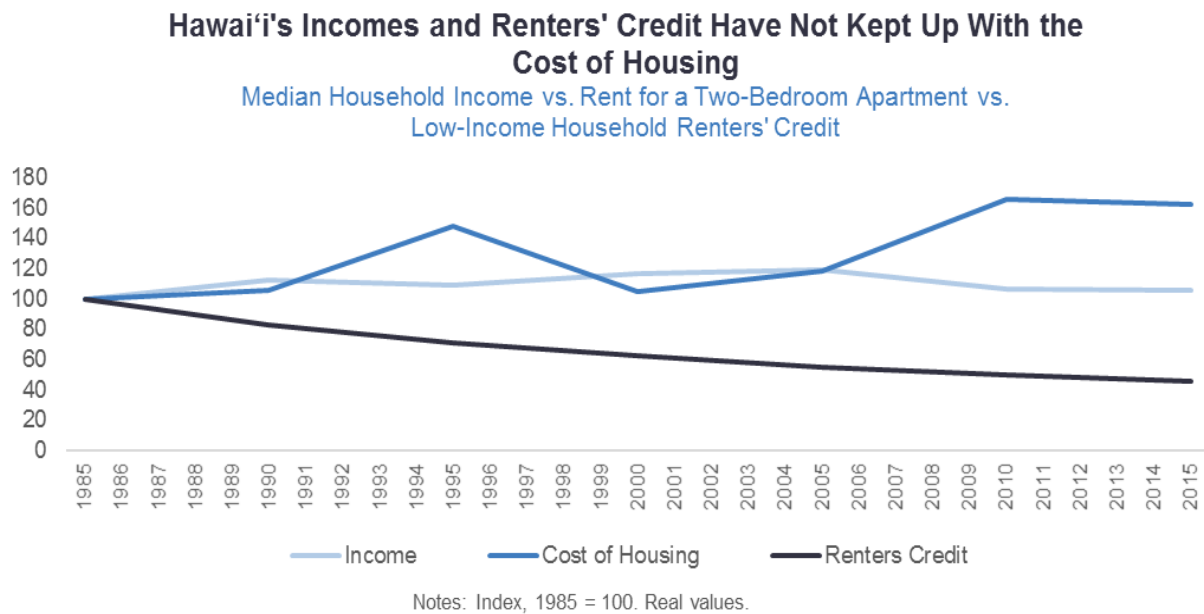
Our lowest-income households pay over 13% of their income in state and local taxes, while those at the top pay less than 8%. A main reason for this is the General Excise Tax (GET), applied to almost all goods and services, which hits low-income and working-class families almost ten times harder than those at the top.

As Hawai‘i families struggle to put food on the table, GET is effectively another hungry mouth to feed. The GET taxes food and other life necessities, placing a significant additional financial burden on people who are working hard to make ends meet.

### **The Renters’ Credit**

A full-time worker in Hawai‘i needs to make \$34.22 per hour (or over \$68,000 per year) to afford a 2-bedroom apartment. It’s no wonder that more than half of our state’s renters are housing cost-burdened, spending more than 30% of their income on rent. Almost three-quarters of Hawai‘i residents living at or near the poverty line spend more than 50% of their incomes on rent.





Hawai'i's Low-Income Household Renters' Credit was created almost 40 years ago to help make up for the high tax rates that burden our low- and moderate-income renters. However, it has not been updated in nearly three decades to even account for inflation.

The amount of the Renters' Credit was last set 35 years ago, in 1981, at \$50 per exemption. The income eligibility cut-off was set in 1989 at \$30,000, which was just above the median household income at that time. Neither of those levels have budged since then.

We should update the Renters' Credit to recover ground lost to inflation by increasing both the maximum value of the credit and the income eligibility limits. The maximum value of the Renters' Credit should be raised to \$150 per exemption, and the eligibility threshold should be lifted back to just above the median, up to \$60,000 in annual income for joint filers.

We desperately need to alleviate the tax burden on renter families struggling to afford housing. Simply bringing this credit up-to-date will benefit approximately 83,000 households, as well as put a much-needed additional \$11.2 million into the pockets of Hawai'i's low- and moderate-income families.

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*Hawai'i Appleseed Center for Law and Economic Justice Hawai'i Appleseed is committed to a more socially just Hawai'i, where everyone has genuine opportunities to achieve economic security and fulfill their potential. We change systems that perpetuate inequality and injustice through policy development, advocacy, and coalition building.*

Aloha Chair Brower, Vice Chair Nakamura and committee members.

I am a senior citizen and a resident of House District 19 and Senate District 9. I am a member of AARP, Kokua Council, the Hawaii Alliance of Retired Americans and the Legislative Committee of PABEA.

I'm testifying in strong support of HB207, which would expand the low income household renters' income tax credit based on adjusted gross income and filing status.

That credit has not been increased for 35 years despite inflation.

Hawaii has the highest cost of living in the nation, estimated to be 60% higher than in some locations. The monthly median rental of a 2 bedroom apartment is \$1500 and 43% of Hawaii's residents are renters.

Housing costs comprise more than 50% of many wage earners incomes, though it should not exceed 30%.

This is especially difficult for seniors on fixed incomes.

Increasing the Renters' Credit can offset that burden.

Please vote yes on HB207 to increase the Renters' Credit.

Thank you for the opportunity to testify.

Barbara J. Service

From: Rev. Stanley Bain <stanbain@facehawaii.org>  
Sent: Wednesday, February 8, 2017 9:14 AM  
To: HSGtestimony  
Subject: HB 207

TO: House Committee on Housing  
HEARING: Thursday, February 9, 2017 at 9:00 am  
PLACE: Conference Room 423  
FROM: Rev. Stanley Bain  
RE: Testimony Supporting HB 207  
ATTENDING HEARING: No

Dear Chair Brower, Vice Chair Nakamura, and members of the Committee on Finance:

I would like to voice my strong support for HB 207, regarding the Renters' Credit.

Our tax system places a heavy and unfair burden on families who are struggling to make ends meet. Our low-income residents are taxed at effective rates much higher than the more well-to-do because of how the GET taxes all of life's basic necessities. The Renters' Credit provides a way to offset at least some of this burden, but it has not been updated for 35+ years! While the cost of everything else has gone up, and the cost of housing in particular has skyrocketed, no adjustments have been made to this credit. An update is long overdue.

The wealthier among us have a responsibility to pay a higher portion of our assets. Although I do not count myself among the wealthy, I confess that I do not pay an adequate portion of my income in state income tax because my pension income is not taxed. It is not fair that low income people do not receive enough renters credit in order to compensate for what I am not charged in state income tax.

Please pass HB 207. Thank you for your consideration of this important bill.



**LATE**

**TO:** Chair Brower, Vice Chair Nakamura and the Members of the House Committee on Housing

**FROM:** Ryan Kusumoto, President & CEO of Parents And Children Together (PACT)

**DATE/LOCATION:** Thursday, February 9, 2017; 9:00 a.m., Conference Room 423

**RE: TESTIMONY IN SUPPORT OF HB 207 – RELATING TO TAXATION**

**We support the intent of HB 207 – Relating to Taxation.** Hawaii has one of the highest cost of living in the United States. Wages are still far below to close any livable wage gap. While the minimum wage has increased, it is still not adequate enough to deal with the price disparity. As a result many of our families are living in poverty. This is a very real issue. Many families struggle to meet their basic needs. The paychecks of too many workers in Hawaii have fallen behind the ability to keep up with the costs of essential needs. This erodes the foundation of a strong economy and healthy working class. No longer can we say, “if we work hard, we will be ok.” That mantra simply no longer applies to our current economics.

We support this bill as it provides a solution to reduce income inequality and provide more tax fairness, thus allowing more people to keep what they earn. Currently, we tax the lowest earner at a rate of 13% while those earning the most pay 8% or less. We must provide a better approach to taxation as our current system is pushing people deeper into poverty – we are simply redistributing income away from those in poverty.

We support the tax initiatives like the Renter’ Credit, Food Tax Credit and the Earned Income Tax Credit (EITC) that will ease the burden on our low income and working class families. These credits will make the tax system more equitable and adjust for the disparities of taxes such as the General Excise Tax – which has the greatest impact on our low income population. Keeping these credits relevant and up-to-date with the cost of living is also critical.

Research has also shown that there are other benefits for these tax credits. Access to Renter’ Credit, EITC and Food Tax Credits have improved the health of children, increased education opportunities and performance which have long term positive impacts and combats our war on intergenerational poverty. EITC also promotes the power of work, which is an important step to reduce the income inequality. Our communities and economy will prosper more when work is rewarded and taxes are more equitable.

History has shown that as the economy has changed to negatively impact the most vulnerable and disadvantaged in our society, it has a direct tie to increased homelessness, crime, substance abuse, decreased health, and decreased social and economic well-being. These impacts have long lasting and multi-generational consequences and impact the war on poverty and homelessness.

Founded in 1968, Parents And Children Together (PACT) is one of Hawaii’s not-for-profit organizations providing a wide array of innovative and educational social services to families in need. Assisting more than 18,000 people across the state annually, PACT helps families identify, address and successfully resolve challenges through its 16 programs. Among its services are: early education programs, domestic

violence prevention and intervention programs, child abuse prevention and intervention programs, child and adolescent behavioral health programs, and community building programs.

Thank you for the opportunity to testify in **support of HB 207**, please contact me at (808) 847-3285 or [rkusumoto@pacthawaii.org](mailto:rkusumoto@pacthawaii.org) if you have any questions.



CATHOLIC CHARITIES HAWAII

**LATE**

## TESTIMONY IN SUPPORT OF HB 207: RELATING TO TAXATION

TO: Rep. Tom Brower, Chair; Rep. Nadine K. Nakamura, Vice Chair; and Members, Committee on Housing

FROM: Terrence L. Walsh, Jr., President & Chief Executive Officer

Hearing: **Thursday, 2/9/17; 9:00 AM; CR 423**

Thank you for the opportunity to provide written testimony **in strong support of HB 207**, which expands the income tax credit for low-income household renters. I am Terry Walsh, with Catholic Charities Hawai'i. This bill speaks directly to our advocacy priority of reducing poverty in Hawai'i.

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.

Every day, Catholic Charities Hawai'i receives calls from renters facing homelessness. 25% of the homeless become homeless simply due to lack of funds to pay the full rent. Rents shot up 45% between 2005-2012, but the average wage increased by only 21%. From 2012 to 2015, rents increased 23.5%, per Hawaii News Now (4/14/16). With soaring rents and high food costs, the cost of living in Hawaii is 60% higher than the national average! **Hawaii's renters are in crisis.** Not only are lower income renters spending a high percentage of their income on rent and basic living expenses, but also on the regressive General Excise Tax.

The original intent of the low-income household renters' credit was to make up for the high tax rates that burden low and moderate income renters. However, the credit has not been updated since the 1980's. Nearly three decades of inflation have severely lowered the value of this credit. The current tax credit, when adjusted for inflation, is worth less than forty percent of its original value. Immediate action is needed to help renters who are struggling to make a decent life for their families and avoid homelessness.

Catholic Charities Hawai'i supports this bill since it would benefit about 83,000 households. It would make up for ground lost to inflation. Updating the low-income household renters' credit will help us in the fight to reduce and prevent homelessness. Our families need this tax credit to help with the struggle of covering their basic living expenses.

We strongly urge your support of this bill for tax fairness. Please contact me at [terry.walsh@catholiccharitieshawaii.org](mailto:terry.walsh@catholiccharitieshawaii.org); or Legislative Liaison, Betty Lou Larson, [bettylou.larson@catholiccharitieshawaii.org](mailto:bettylou.larson@catholiccharitieshawaii.org), or at 373-0356, if you have any questions.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eaumoku Street, Honolulu, HI 96822  
• [terry.walsh@CatholicCharitiesHawaii.org](mailto:terry.walsh@CatholicCharitiesHawaii.org)



From: Seena Clowser <zertle13@gmail.com>  
Sent: Wednesday, February 8, 2017 12:24 PM  
To: HSGtestimony  
Subject: HB 207

Follow Up Flag: Follow up  
Flag Status: Flagged



TO: House Committee on Housing  
HEARING: Thursday, February 9, 2017 at 9:00 am  
PLACE: Conference Room 423  
FROM: Seena Clowser  
RE: Testimony Supporting HB 207  
ATTENDING HEARING: No

Dear Chair Brower, Vice Chair Nakamura, and members of the Committee on Finance:

Hello, I would like to voice my strong support for HB 207, regarding the Renters' Credit.

Renting in Hawaii has made life precarious for many renters. I am one of them, sharing a studio in lower Manoa for 1300 dollars per month, of which I pay half. One year ago I shared a somewhat decrepit condo efficiency that was 205 square feet and 1000 dollars per month. At this rate, I am afraid that rents will continue to go up and that I could become homeless again if I can no longer afford rent (Full disclosure, I have been homeless). Yet as a single, childless adult, I am aware that single parents and working families have it worse when it comes to rising rents and the scarcity of affordable housing.

As a matter of justice, or basic survival, virtually any argument can be made for increasing the renter's credit. It is clear that our tax system places a heavy and unfair burden on families who are struggling to make ends meet. Our low-income residents are taxed at effective rates much higher than the more well-to-do because of how the GET taxes all of life's basic necessities. The Renters' Credit provides a way to offset at least some of this burden, but it has not been updated for 35+ years! While the cost of everything else has gone up, and the cost of housing in particular has skyrocketed, no adjustments have been made to this credit. An update is long overdue.

Please pass HB 207. Thank you for your consideration of this important bill.

Mahalo,  
Seena

February 8, 2017

Hearing date 2/9/2017

**LATE**

House Committee on Housing  
Representative Tom Brower, Chair

**RE: HB 207 – Relating to Taxation – Renter’s Credit**

Most distinguished Chair Brower and members of the Housing Committee:

**I strongly support HB 207**

AND request the Committee of Housing recommend the renter’s tax credit increase be brought up to date to benefit thousands of household renters in the low and moderate income brackets.

The Renters’ Credit was last set in 1981 and needs to be reset to reflect the current cost of living, increasing both the maximum value of the credit (\$150 per exemption) and the income eligibility limit up to \$60,000 in annual income for joint filers.

Please vote affirmatively on this measure.

Respectfully submitted,  
Christine Olah  
Honolulu Resident



## HSGtestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 9, 2017 8:44 AM  
**To:** HSGtestimony  
**Cc:** mkhan@hawaiiantel.net  
**Subject:** \*Submitted testimony for HB207 on Feb 9, 2017 09:00AM\*

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

**Categories:** Green Category

**LATE**

### HB207

Submitted on: 2/9/2017

Testimony for HSG on Feb 9, 2017 09:00AM in Conference Room 423

Submitted By	Organization	Testifier Position	Present at Hearing
Leimomi Khan	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.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

**LATE**



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

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## TESTIMONY FOR HOUSE BILL 207, RELATING TO TAXATION

**House Committee on Housing**  
**Hon. Tom Brower, Chair**  
**Hon. Nadine K. Nakamura, Vice Chair**

**Thursday, February 9, 2017, 9:00 AM**  
**State Capitol, Conference Room 423**

Honorable Chair Brower and committee members:

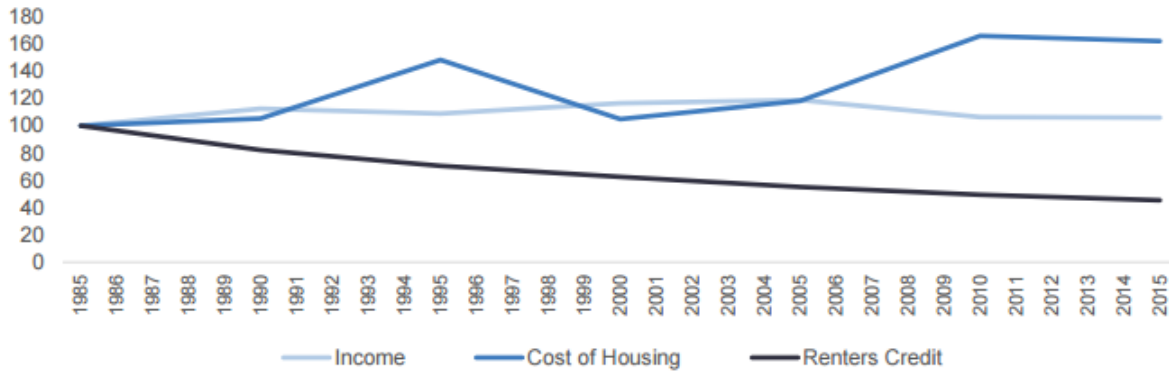
I am Kris Coffield, representing IMUAlliance, a nonpartisan political advocacy organization that currently boasts over 350 members. On behalf of our members, we offer this testimony in strong support of House Bill 207, relating to taxation.

Hawai'i is exorbitantly expensive. Researchers who authored the National Low Income Housing Coalition's *Out of Reach 2016* report found that a full-time worker would need to earn \$34.22/hour to afford a two-bedroom apartment at fair market value in our state, with Honolulu experiencing a 67 percent increase in fair market rent between 2005 and 2015. Average rent for a two-bedroom unit surpassed \$2,100 in 2015, with average rent for a 900-square-foot exceeding \$2,200 in 2016. In the past three years alone, Honolulu rent has increased 23.5 percent. While 47 percent of Hawai'i residents are renters (a number that does not include individuals and families renting outside of the regulated rental market), they earn an average wage of \$14.49/hour, scarcely enough to meet their basic needs. One out of every four households in Hawai'i report that they are "doubling up" or are three paychecks or less away from being homeless, per the Hawai'i Appleseed Center for Law and Economic Justice. Additionally, 54 percent of households are cost-burdened, meaning that they pay more than 30 percent of their income for housing costs.

To help ease Hawai'i's highest-in-the-nation cost of living, lawmakers must pass measures enhancing tax fairness and economic justice. Our state's low-income renters' credit is in dire need of adjustment. In 1981, the LIHRC was set at \$50. Later, in 1989, the income eligibility cutoff was established at \$30,000, just above the median household income of the time. Yet, neither of these amounts have changed since the 1980s, leaving the amount of the credit lagging far behind inflation and increases in the cost of housing for the 43 percent of Hawai'i households who are renters, as the following chart shows.

## Hawai'i's Incomes and Renters' Credit Have Not Kept Up With the Cost of Housing

Median Household Income vs. Rent for a Two-Bedroom Apartment vs. Low-Income Household Renters' Credit

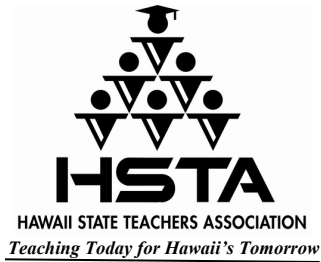


Notes: Index, 1985 = 100. Real values.

We must update the renters' credit to recover ground lost to inflation by increasing the maximum value of the credit to \$150 and income eligibility limits to \$60,000 in annual income for joint filers, once again a cut above our state's median income level.

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

Sincerely,  
Kris Coffield  
*Executive Director*  
IMUAlliance



**LATE**

1200 Ala Kapuna Street ♦ Honolulu, Hawaii 96819  
Tel: (808) 833-2711 ♦ Fax: (808) 839-7106 ♦ Web: www.hsta.org

Corey Rosenlee  
President  
Justin Hughey  
Vice President  
Amy Perruso  
Secretary-Treasurer  
Wilbert Holck  
Executive Director

TESTIMONY BEFORE THE HOUSE COMMITTEE ON  
FINANCE

RE: HB 207 – RELATING TO TAXATION.

THURSDAY, FEBRUARY 9, 2017

COREY ROSENLEE, PRESIDENT  
HAWAII STATE TEACHERS ASSOCIATION

Chair Luke and Members of the Committee:

The Hawaii State Teachers Association **strongly supports HB 207**, relating to taxation.

Hawai'i is expensive. Our cost of housing and renting is the highest in the nation, our food prices are exorbitant, and our income taxes disproportionately favor the rich. Because people in poverty spend most of their income on items that are subject to our state's general excise tax, the GET hits low-income families ten times harder than the top 1 percent of earners.

Teachers, too, are hurt by Hawai'i's high cost of living. Teachers earn the lowest salaries in the nation adjusted for cost of living. Overall state wages are also the lowest in the U.S. adjusted for cost of living, leaving thousands of people living paycheck to paycheck.

Lawmakers must provide impoverished families with financial relief. We urge your committee to update the low-income household renters' credit, which is currently set at \$50 and has not been changed since 1981. Today, 72 percent of Hawai'i residents live at or near the poverty line and spend more than half of their income on rent, while more than half of local renters are cost-burdened, spending more than 30 percent of their income on rent.

To prevent local families from being priced out of paradise, the Hawaii State Teachers Association asks your committee to **support** this bill.



**LATE**

**HB207**  
**RELATING TO TAXATION**  
House Committee on Housing

February 9, 2017

9:00 a.m.

Room 423

The Office of Hawaiian Affairs (OHA) Committee on Beneficiary Advocacy and Empowerment will recommend that the Board of Trustees **SUPPORT** HB207. This measure would relieve the tax burden on low income individuals and families, by increasing the low income household renters tax credit (LIHR), and adjusting the income threshold for those who may claim the credit.

**Native Hawaiian families are in particular need of relief targeted to low-income renters.** Native Hawaiians, whose homeownership rate is significantly lower than the state average, must rely substantially on the rental housing market.<sup>i</sup> More than half of Native Hawaiian renters, many of whom already live in overcrowded situations, also live in homes they are struggling to afford. Despite the fact that Native Hawaiians participate in the labor force at higher rates than the state average<sup>ii</sup> and have larger than average family sizes,<sup>iii</sup> Native Hawaiian median family income is also \$9,627 (or 12.2%) lower than the state median family income.<sup>iv</sup> Recent research has further shown that Native Hawaiian housing rental housing demand is almost entirely for units that are affordable, rather than for market-rate or other 'gap'-rate units.<sup>v</sup>

**HB207's proposed LIHR increase reflects a pragmatic approach to alleviating the tax burden on those low-income individuals and families facing housing insecurity, and will have a significant impact on Native Hawaiians, many of whom are struggling to afford their rent.** The 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. While the LIHR is intended to provide meaningful relief for those who may need it the most, the value of the LIHR credit has not been updated since 1981. This measure would adjust the credit for the first time in over three decades, setting it at \$150 per qualified exemption for the lowest income households with a graduated credit amount allowed for those making up to \$60,000 adjusted gross income. Providing a targeted asset-building credit to low-income renters would better enable our low-income beneficiaries and similarly situated members of the larger community to remain self-sufficient and housing secure.

Accordingly, OHA urges the Committee to **PASS** HB207. Mahalo nui for the opportunity to testify on this measure.

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<sup>i</sup> Out of 71,006 Native Hawaiian households, 37,562 households are owner-occupied. This figure is commonly used by most governmental agencies to represent the homeownership rate. Therefore, the homeownership rate for Native Hawaiians is 52.9% compared to the statewide average of 56.7% of households. See OFFICE OF HAWAIIAN AFFAIRS, OHA DATA BOOK HOUSING TENURE BY RACE-ETHNICITY IN HAWAII 2014, available at <http://www.ohadatabook.com/T02-131-15u.pdf>. This figure includes 8,329 DHHL residential lease “owner-occupied” property units. DHHL ANNUAL REPORT 2014, p. 48, available at <http://dhhl.hawaii.gov/wp-content/uploads/2011/11/DHHL-Annual-Report-2014-Web.pdf>. For non-DHHL properties, the Native Hawaiian homeownership rate is therefore 41.2%, 15.5 percentage points below the statewide rate.

<sup>ii</sup> See American Community Survey, 2013, Civilian Labor Force Datapoint, U.S. Census Bureau.

<sup>iii</sup> In 2014, the average size of a Native Hawaiian family was 4.06, .45 larger than the state average. See OFFICE OF HAWAIIAN AFFAIRS, NATIVE HAWAIIAN HOMEOWNERSHIP HO‘OKAHUA WAIWAI FACT SHEET VOL.2016, NO. 1, page 3, available at <http://www.oha.org/wp-content/uploads/NH-Homeownership-Fact-Sheet-2016.pdf>.

<sup>iv</sup> In 2015, the median family income for Native Hawaiians was \$69,560 compared to the state median family income of \$79,187. See OFFICE OF HAWAIIAN AFFAIRS, 2010-2018 STRATEGIC RESULTS: MEDIAN FAMILY INCOME INDICATOR SHEET 2015 available at <http://www.oha.org/wp-content/uploads/Hookahua-Waiwai.-Indicator-Sheet.-MFI.-2015.pdf>.

<sup>v</sup> 97% of the total needed multi-family rental units, and 87% of the total needed single family rental units for Native Hawaiians in the state must be affordable for those at 140% AMI or below. See HAWAII HOUSING PLANNING STUDY 74 (2016), available at [https://dbedt.hawaii.gov/hhfdc/files/2016/12/State\\_HHPS2016\\_Report\\_111416-FINAL-122216.pdf](https://dbedt.hawaii.gov/hhfdc/files/2016/12/State_HHPS2016_Report_111416-FINAL-122216.pdf).

**LATE**

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 8, 2017 5:35 PM  
**To:** HSGtestimony  
**Cc:** annsfreed@gmail.com  
**Subject:** Submitted testimony for HB207 on Feb 9, 2017 09:00AM

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**HB207**

Submitted on: 2/8/2017  
Testimony for HSG on Feb 9, 2017 09:00AM in Conference Room 423

Submitted By	Organization	Testifier Position	Present at Hearing
Ann S Freed	Hawaii Women's Coalition	Support	No

Comments: Aloha Chair Brower and members, The Coalition is in strong support of this bill that is one of the measures before the 2017 Legislature to address income inequality in our state. As you are no doubt aware Hawaii taxes the poor at the one of highest rates in the country while we have one of the highest costs of living. This bill could alleviate some of that burden. Consider: ● More than half of Hawai'i's renters spend more than 30% of their income on rent. For many that means a choice between buying food or medicine and paying the rent. ● A full-time worker needs to make over \$34 per hour (or \$68,000 per year) to afford a 2-bedroom apartment. So what about all those single mothers working at Walmart? For sure they aren't making that amount of money. ● The Renters' Credit has NOT been updated since the 1980s. Even though inflation is low, wages have NOT kept pace. ● Simply bringing this credit up-to-date would benefit about 83,000 households. Think about it. In our state the impact on buying power alone would boost the economy. Mahalo for allowing us to testify, Ann S. Freed, Co-Chair, Hawaii Women's Coalition

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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