

# SB 2856

Measure Title: RELATING TO TAXATION.

Report Title: Tax Credits; Low-Income Household Renters; Consumer Price Index

Description: Amends the income tax credit for low-income household renters claimed by qualified taxpayers depending on the taxpayer's status and adjusted gross income. Uses the consumer price index to adjust the amount of tax credit claimed by a taxpayer.

Companion:

Package: None

Current Referral: HOU, WAM

Introducer(s): S. CHANG

DAVID Y. IGE  
GOVERNOR

SHAN S. TSUTSUI  
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA  
DIRECTOR

DAMIEN A. ELEFANTE  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF TAXATION**  
830 PUNCHBOWL STREET, ROOM 221  
HONOLULU, HAWAII 96813  
<http://tax.hawaii.gov/>  
Phone: (808) 587-1540 / Fax: (808) 587-1560  
Email: Tax.Directors.Office@hawaii.gov

To: The Honorable Will Espero, Chair  
and Members of the Senate Committee on Housing

Date: Thursday, February 1, 2018  
Time: 2:55 P.M.  
Place: Conference Room 225, State Capitol

From: Linda Chu Takayama, Director  
Department of Taxation

Re: S.B. 2856, Relating to Taxation

The Department of Taxation (Department) appreciates the intent of S.B. 2856 and provides the following comments for your consideration. This measure increases the amount of the income tax credit for low income renters under Hawaii Revised Statutes (HRS) section 235-55.7, from \$50 per exemption to up to \$150, depending on the taxpayer's filing status and adjusted gross income. The credit is also indexed for inflation for taxable years beginning after December 31, 2019, based upon the Honolulu Region Consumer Price Index for All Urban Consumers. The measure is effective upon approval and applies to taxable years beginning after December 31, 2017.

First, the Department notes that it is not clear whether federal or Hawaii adjusted gross income (AGI) should be used in determining eligibility for the credit. The Department suggests using federal adjusted gross income is more accurate in measuring a taxpayer's income. Hawaii law makes adjustments to federal AGI and excludes items like distributions from pensions and social security. In order to specify that federal AGI should be used to determine the credit amount, subsection (a) can be amended to read as follows:

(a) As used in this section:  
[(-)] "Adjusted gross income" ~~is defined by section 235-1.~~  
means adjusted gross income as defined by the Internal Revenue Code.

Second, the Department notes that the measure defines "consumer price index" as "the Honolulu Region Consumer Price Index for All Urban Consumers published by the United

States Department of Labor or a successor index.” However, it is actually published by the United States Bureau of Labor Statistics. To avoid any confusion over which index should be used to compute the adjustment, the Department suggests amending the definition to read as follows:

"Consumer price index" means the Honolulu Region Consumer Price Index for All Urban Consumers, All Items as published by the United States Bureau of Labor Statistics, or any successor index.

Finally, the Department suggests: (1) specifying the exact method of determining the consumer price index (CPI) adjustment (increase or decrease); (2) rounding to the nearest dollar the resulting amount after the CPI increase; (3) making this measure effective for taxable years beginning after December 31, 2018; and (4) delaying the CPI increase for one year. In order to accomplish this, subsection (d) can be amended to read as follows:

(d) For each taxable year beginning after December 31, 2020, each dollar amount contained in subsection (c) shall be increased by the percentage increase, if any, by which the consumer price index for the preceding calendar year exceeds the consumer price index for calendar year 2019. The result of such increase shall be rounded to the nearest dollar and in no event shall the amount decrease from the previous calendar year.

Thank you for the opportunity to provide comments.

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Renters' Credit Increase

BILL NUMBER: SB 2856

INTRODUCED BY: S. CHANG

EXECUTIVE SUMMARY: Increases the credit for low-income household renters and indexes the brackets for inflation.

SYNOPSIS: 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>
Not over \$18,750	\$150
Over \$18,750, not over \$28,125	100
Over \$28,125, not over \$37,500	50
<b>For head of household:</b>	
<b>Adjusted gross income</b>	<b>Tax credit per exemption</b>
Not over \$28,125	\$150
Over \$28,125, not over \$42,188	100
Over \$42,188, not over \$56,250	50
<b>For married taxpayers filing jointly, surviving spouse, head of household:</b>	
<b>Adjusted gross income</b>	<b>Tax credit per exemption</b>
Not over \$37,500	\$150
Over \$37,500, not over \$56,250	100
Over \$45,000, not over \$75,000	50

For taxable years beginning after December 31, 2109, the bill provides that the dollar amounts in the above table are increased by the change in the consumer price index (also known as CPI-U).

EFFECTIVE DATE: December 31, 2017.

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 refundable credit for low-income household renters 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 certain things. For example, 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). To do this effectively, 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 pay out money rather than collect it

As a technical matter, some consideration should be given to how the index for inflation is defined. The federal Tax Cuts and Jobs Act has changed the index that drives how the tax code responds to inflation from CPI-U to chained CPI (C-CPI-U). If, as is likely, the State adopts all or most of the Tax Cuts and Jobs Act changes under its annual conformity bill, the indexing of the credit amounts will be out of sync.

Digested 1/29/2018



# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai‘i Appleseed Center for Law and Economic Justice  
Supporting SB 2856 -- Relating to Taxation  
Senate Committee on Housing  
Scheduled for Hearing Thursday, February 1, 2018, 2:55 PM, Conference Room 225

Dear Chair Espero, Vice Chair Harimoto, and members of the Committee:

Thank you for the opportunity to testify in **STRONG SUPPORT** of **SB 2856**, which would help many economically struggling families in Hawai‘i by improving Low-Income Household Renters’ Credit, which has not been updated to account for inflation since the 1980s.

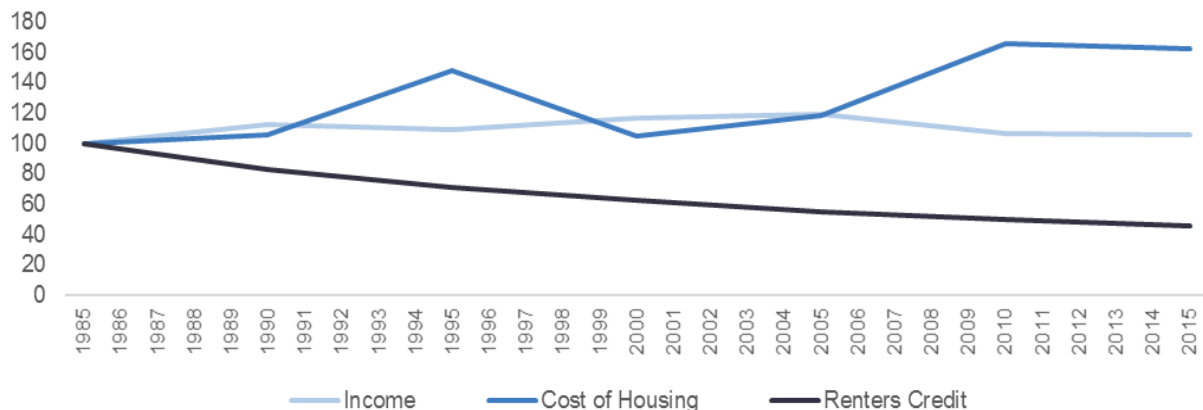
### Hawai‘i’s High Rents

A full-time worker in Hawai‘i needs to make \$35.20 per hour (or over \$73,000 per year) to afford a 2-bedroom apartment, the highest “housing wage” in the nation. We also have the largest gap between the average renter’s wage and the housing wage, a shortfall of \$19.56 per hour.<sup>i</sup>

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. An astounding three-quarters of Hawai‘i residents living at or near the poverty line spend more than 50% of their incomes on rent.<sup>ii</sup>

### 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.

## **The Renters' Credit**

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

The amount of the Renters' Credit was last set over 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.

SB 2856 updates the Renters' Credit to recover ground lost to inflation by increasing both the maximum value of the credit and the income eligibility limits. It raises the maximum value of the Renters' Credit to \$150 per exemption, and the eligibility threshold to just above the median<sup>iii</sup>, up to \$75,000 in annual income for joint filers. It also restructures the credit to phase out as earners move up the income scale, as well as to account for different tax-filing statuses. Finally, it pegs the amount of the credit to inflation, to avoid future erosion of its value.

## **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.<sup>iv</sup> 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.

We desperately need to alleviate the tax burden on renter families struggling to afford housing. Simply bringing the Renters' Credit up-to-date will benefit over 80,000 households, as well as put much-needed dollars into the pockets of Hawai'i's low- and moderate-income families.

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<sup>i</sup> *Out of Reach 2017*, National Low Income Housing Coalition, [http://nlihc.org/sites/default/files/oor/OOR\\_2017.pdf](http://nlihc.org/sites/default/files/oor/OOR_2017.pdf)

<sup>ii</sup> *2017 State Housing Profile: Hawaii*, National Low Income Housing Coalition, [http://nlihc.org/sites/default/files/SHP\\_HI.pdf](http://nlihc.org/sites/default/files/SHP_HI.pdf)

<sup>iii</sup> Hawaii Rankings and Comparisons, Department of Business, Economic Development & Tourism, <http://dbedt.hawaii.gov/economic/ranks/>

<sup>iv</sup> *Who Pays? 5<sup>th</sup> Edition*, Institute on Taxation and Economic Policy, <https://itep.org/whopays/#Low Taxes or Just Regressive Taxes?>



AMERICANS FOR DEMOCRATIC ACTION

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Karin Gill, Secretary	Chuck Huxel	Doug Pyle		

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January 29 , 2018

TO: Honorable Chair Espero and Members of Housing  
Committee

RE: SB 2856 Relating to Taxation

Support for hearing on Feb. 1

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 support SB 2856 as it would amend the income tax credit for low-income household renters claimed by qualified taxpayers depending on the taxpayer's status and adjusted gross income. It would use the consumer price index (CPI) to adjust the amount of tax credit claimed by a taxpayer. The cost of rental housing goes up even when the legislature does not act or is not in session. It just makes sense to rely on CPI more than the effort to pass a bill to allow this credit to keep up with inflation.

Thank you for your favorable consideration.

Sincerely,

John Bickel  
President





### **Board Members**

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Managing Partner,  
Commercial & Business  
Lending

#### *Secretary*

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*Food System Specialist*

Foley Pfalzgraf  
*AmeriCorps VISTA*

Alex Narrajos  
*AmeriCorps VISTA*

Date: January 30, 2018

To: Senator Will Espero, Chair, Senator Breene Harimoto, Vice-Chair,  
and members of the Committee on Housing

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

Re: Strong Support for SB 2856

Aloha Chair Espero, Vice-Chair Harimoto, and Committee Members,

The Hawai'i Alliance for Community-Based Economic Development (HACBED) strongly supports SB 2856, which amends the low income household renters' income tax credit based on adjusted gross income and filing status.

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 allowing the credit to increase based on inflation, tiering the amount of benefit based on income, and increase the household income cap to \$75,000 so that more working families can benefit from this 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.

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.



*Community Voice, Collective Action*

Hawai'i Alliance for Community-Based Economic Development  
1575 South Beretania Street, Suite 211 Honolulu, HI 96826  
Ph. 808.550.2661  
Email [info@hacbed.org](mailto:info@hacbed.org) [www.hacbed.org](http://www.hacbed.org)

SB 2856 - Testimony in Support  
*January 30, 2018 - Page 2*

The passage of SB 2856 would go a long way to supplement the needs of these families by amending the income tax credit for low-income household renters to adjust it for inflation, tiering the amount of benefit based on income, and increasing the household income cap to \$75,000, 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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Honolulu, HI 96817  
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[www.hawaiiancommunity.net](http://www.hawaiiancommunity.net)

January 30, 2018

Senate Committee on Housing  
Thursday, February 1, 2018  
Conference Room 225

**SB2856 – Relating to Taxation**

Aloha Chair Espero, Vice-Chair Harimoto, and Committee Members:

I am submitting testimony on behalf of Hawaiian Community Assets (HCA), the State's largest HUD-approved housing counseling agency to **STRONGLY SUPPORT SB2856**, which would adjust the credit for inflation for the first time since the 1980s by increasing the amount of the credit as well as the income eligibility limits.

According to the Corporation for Enterprise Development's 2016 Assets and Opportunities Scorecard, Hawaii ranks 50<sup>th</sup> in the nation among all states in housing cost burden for renters. 57.5% of all Hawaii renters pay more than 30% of their monthly income toward rent, up from 55.6% in 2014. Despite the increases in rental housing costs in Hawaii, our Renter Tax Credit has remained stagnant for nearly 40 years. More specifically, the Bureau of Labor Statistics Consumer Price Index Data shows that value of \$1 in 1980 is now \$0.34 cents today. Without adjusting our renter tax credit for inflation, we risk placing greater financial hardship on our lowest income renters and unnecessarily putting them at-risk of falling victim to our ongoing homeless crisis.

With the highest homeless rate per capita and some of the highest housing cost burdens of any state in the nation, we must look to a comprehensive strategy to meet our affordable housing goals. This strategy includes looking at how both the State and its taxpayers can support affordable housing. SB2856 would provide our renters and their families to become part of the solution to our homeless crisis by having access to more funds to pay for rising home prices. Support our low-income renters and help stop our homeless crisis. **Pass SB2856.**

Mahalo for your time, leadership and consideration. Please contact me directly at 808.587.7653 or [jeff@hawaiiancommunity.net](mailto:jeff@hawaiiancommunity.net) should you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink that reads "Jeff Gilbreath".

Jeff Gilbreath  
Executive Director

**SB-2856**

Submitted on: 1/30/2018 1:00:29 PM

Testimony for HOU on 2/1/2018 2:55:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Laurie Field	Planned Parenthood Votes Northwest and Hawaii	Support	No

Comments:



## CATHOLIC CHARITIES HAWAI'I

### TESTIMONY IN SUPPORT OF SB 2856: RELATING TO TAXATION

**TO:** Senator Will Espero, Chair, Senator Breene Harimoto, Vice Chair; and Members,  
Committee on Housing  
**FROM:** Terrence L. Walsh, Jr., President & Chief Executive Officer  
**Hearing:** **Thursday, 2/1/18; 2:55 PM; CR 225**

Thank you for the opportunity to provide testimony **in strong support of SB 2856**, which expands the income tax credit for low-income household renters. I am Terry Walsh, with Catholic Charities Hawai'i.

Catholic Charities Hawai'i (CCH) sees the reduction of poverty in Hawai'i as one of its top priorities. CCH has programs serving elders, children, the developmentally disabled, the houseless and immigrants. These are among the most vulnerable people in Hawai'i. We support SB 2856 because it can, and will be, a very effective instrument to address poverty.

This bill improves the renter's credit, which has not been adjusted for inflation in nearly thirty years. Doing this alone would help more than 80,000 households. That would be a big step forward in not allowing people to fall into houselessness because they have fallen back on a month's rent. We know that rents jumped by 45% between 2005 and 2015, while the average wage increased by only 21%. It is not reasonable to expect hardworking people to somehow magically make up the difference from their limited resources.

Against this backdrop of high rents and low wages it is no surprise that research shows that the cost of living in Hawaii is 60% higher than the national average.

**Good state public policy can protect the most vulnerable:** All the signals from our nation's capital tell us that we should brace ourselves for cuts to the programs designed to serve the poor and the elderly. But the signals from our state legislature tell a different story. Our elected representatives recognize that they have to take steps to counter that harm.

Every day, Catholic Charities Hawai'i receives calls from renters facing eviction. Every day we serve struggling families. And we will keep doing it. But good public policy can go a long way towards keeping struggling families from losing their balance financially, which in turn triggers the kind of stress that affects their mental and emotional well-being. We see it daily in the work we do. That work would be aided by the passage of SB 2856.

This moment in our politics calls for state leadership in a way that is particularly important. Passing this bill will be an act of leadership and pragmatism in addressing the challenges we face in Hawaii. As Mother Theresa once said, "If we have no peace, it is because we forget that we belong to each other." It's time to demonstrate that we have not forgotten our families who struggle with rent to keep their families housed.

We urge your support of this bill. Please contact our 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)





**TO: Chair Espero, Vice Chair Harimoto, and Members of the Senate Committee on Housing**

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

**DATE/LOCATION: February 01, 2018; 2:55 p.m., Conference Room 225**

**RE: TESTIMONY IN SUPPORT OF SB 2856– RELATING TO TAXATION**

**We urge you to support SB 2856 – Relating to low-income renters tax credit.** We support this bill which would amend the income tax credit for low-income household renters claimed by qualified taxpayers depending on the taxpayer's status and adjusted gross income. Housing represents a Hawaii family's biggest expense. This bill would help many of our low-income individuals and families who are most heavily impacted by the high cost of living.

Aloha United Way's ALICE (Asset Limited, Income Constrained, Employed) Report Notes:

- 11% of households in Hawaii are living in poverty.
- An additional 37% or 165,013 households are ALICE households.
- 1 out of 3 seniors qualify as ALICE.
- 116,805 households in Hawaii have children. Of these, roughly 50% have an income below the ALICE survival budget.

As a provider of services to a majority of low-income individual and families, we see the struggles that our clients face daily. Many of these individuals and families hold steady jobs and work hard but still struggle to make ends meet. After paying rent, utilities, bills and putting food on the table, there is little to no income left. Working families who are struggling to make ends meet are often forced to make difficult choices when their income doesn't cover basic costs. They work hard to keep a roof over their heads and may end up having to choose to cut back on healthcare, healthy food options for their children and even child care. While these choices seem to save money in the short term, they directly affect the health, safety and future of these individuals and families and may end up having long-term negative effects.

The low-income renter's tax credit would provide a boost to those individuals and families and help to alleviate some of the stress associated with balancing the budget and making difficult choices. The amount of credit an individual or family would receive could provide just enough to help them cover an essential cost, pay for an unexpected expense or put a little bit away as a savings. By supporting individuals and families to break the cycles of poverty, we encourage them to create promising futures and we build a stronger Hawaii community.

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, sex trafficking intervention, and community building programs.

Thank you for the opportunity to testify in **support of SB 2856**, please contact me at (808) 847-3285 or [rkusumoto@pacthawaii.org](mailto:rkusumoto@pacthawaii.org) if you have any questions.

To: Hawaii State Senate Committee on Housing

Hearing Date/Time: Thursday, February 1, 2018, 2:55PM  
Hawaii State Capitol, Rm. 225

*Position Statement Supporting Senate Bill 2856*

Thank you Chair Espero, Vice Chair Harimoto, and committee members,

The YWCA O'ahu **supports Senate Bill 2856**, which would help many economically struggling families in Hawai'i by improving Low-Income Household Renters' Credit, which has not been updated to account for inflation since the 1980s.

Hawai'i's High Rents

A full-time worker in Hawai'i needs to make over \$73,000 per year to afford a 2-bedroom apartment, the highest "housing wage" in the nation. The median salary for a woman, who works full-time, year-round is \$40,434. Women in our state head over 52,000 households. And of those families, about 17 percent have incomes below the poverty level. For female-headed households, our high rents have a significant negative impact.

The Renters' Credit

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

The amount of the Renters' Credit was last set over 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.

SB 2856 updates the Renters' Credit to recover ground lost to inflation by increasing both the maximum value of the credit and the income eligibility limits. It raises the maximum value of the Renters' Credit to \$150 per exemption, and the eligibility threshold to just above the median, up to \$75,000 in annual income for joint filers. It also restructures the credit to phase out as earners move up the income scale, as well as to account for different tax-filing statuses. Finally, it pegs the amount of the credit to inflation, to avoid future erosion of its value.

All of these provisions in Senate Bill 2856 make the credit stronger and help keep our working families housed, especially those headed by women. Thank you for the opportunity to testify and for your consideration on this matter.

Kathleen Algire  
Director, Public Policy and Advocacy  
YWCA O'ahu





Hawaii  
**Children's Action Network**  
Building a unified voice for Hawaii's children

January 31, 2018

To: Senator Will Espero, Chair  
Senator Breene Harimoto, Vice Chair  
Senate Committee on Housing

From: Mandy Finlay, Director of Public Policy  
Hawaii Children's Action Network

Re: **SB 2856 – Relating to Taxation**  
**Hawaii State Capitol, Room 225, February 1, 2018, 2:55 PM**

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**On behalf of Hawaii Children's Action Network (HCAN), we write in support of SB 2856 – Relating to Taxation**

Approximately 15% of our children in Hawaii live below the Federal Poverty Line. There is extensive research that shows that economic hardship is linked with lags in cognitive and behavioral development as well as academic failure and poor health. Hawaii's low-income families face the second highest tax burden in the nation. In Hawaii, approximately 43% of households are renters, the 4th highest percentage among the states. Almost 75% of Hawai'i residents that live at or near the poverty line spend more than half of their incomes on rent.

The state'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. Yet, it has not been updated in nearly three decades to account for inflation.

SB 2856 would provide necessary updates to the Low-Income Household Renters' Credit by increasing the maximum value of the credit to \$150 per exemption, increasing the income eligibility threshold to \$75,000 in annual income for joint filers, restructuring the credit to phase out as earners move up the income scale, as well as to account for different tax-filing statuses, and tying the amount of the credit to inflation. These changes will help to address the inequities that many of our children and families face.

**For these reasons, HCAN respectfully requests that the committee pass this bill.**

*HCAN is a Hawaii based non-profit committed to building a unified voice advocating for Hawaii's children by improving their safety, health, and education.*

**SB-2856**

Submitted on: 1/29/2018 5:26:15 PM

Testimony for HOU on 2/1/2018 2:55:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Greg and Pat Farstrup		Support	No

Comments:

**SB-2856**

Submitted on: 1/30/2018 7:03:56 PM

Testimony for HOU on 2/1/2018 2:55:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Mary Lacques		Support	No

Comments:

**SB-2856**

Submitted on: 1/30/2018 9:04:20 PM

Testimony for HOU on 2/1/2018 2:55:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Marion McHenry		Support	No

Comments:

This has not been updated since the 1980s and rents have gone way up. This is one easy step to take to help keep people in their homes and off our streets!

**SB-2856**

Submitted on: 1/31/2018 3:11:17 AM

Testimony for HOU on 2/1/2018 2:55:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kat Culina		Support	No

Comments:

**SB-2856**

Submitted on: 1/31/2018 4:39:38 AM

Testimony for HOU on 2/1/2018 2:55:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Randy Ching		Support	No

Comments:

Chair Espero and members of the committee,

I support SB2856. Low income earners face a very expensive rental market. They need help in affording rent. Many face being homeless if they do not receive some sort of financial assistance. A higher tax credit would help them. Thank you for the opportunity to testify.

Randy Ching / Honolulu / makikirandy@yahoo.com

January 31, 2018

To: Senate Committee on Housing

From: Ivette Rodriguez Stern

Subject: **Testimony in Support of SB 2856**

My name is Ivette Rodriguez Stern. I am a resident of Honolulu, and employed as a faculty at the University of Hawaii at Manoa – Center on the Family. I am providing personal testimony in support of SB 2856.

Hawaii's high cost of living is particularly burdensome on low-income families with children, many of which struggle to meet basic living expenses such as food, child care and housing. According to KIDS COUNT data from the Annie E. Casey Foundation, nearly a third of Hawaii's children are growing up in low-income families, and seven in 10 of these are living in households with a high housing cost burden. Decades of research shows that growing up in financial hardship can have a profound impact on children's cognitive, social, emotional and physical development.

Policies that promote family economic stability also support overall child well-being and improve life-long outcomes. The tax burden on renter families struggling to afford housing must be alleviated. SB 2856 would help many of our low-income families by improving the Low-Income Household Renters' Credit, which has not been updated to account for inflation since the 1980s. Updating the Renter's Credit will benefit over 80,000 households and put much-needed financial resources in the pockets of Hawaii's low-income families with children.

I thank you for the opportunity to share my support for SB 2856.