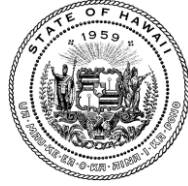


DAVID Y. IGE  
GOVERNOR

JOSH GREEN M.D.  
LT. GOVERNOR



ISAAC W. CHOY  
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 Nadine K. Nakamura, Chair;  
The Honorable Troy N. Hashimoto, Vice Chair;  
and Members of the House Committee on Housing

From: Isaac W. Choy, Director  
Department of Taxation

Date: Tuesday, February 8, 2022  
Time: 9:30 A.M.  
Place: Via Video Conference, State Capitol

**Re: H.B. 1513, Relating to the Low-Income Household Renters Tax Credit**

The Department of Taxation (Department) offers the following comments regarding H.B. 1513 for your consideration.

H.B. 1513 amends the refundable income tax credit for low-income renters. The bill is effective upon approval and applies to taxable years beginning after December 31, 2021. The bill makes the following changes to the credit:

- Increases the amount of the credit allowed per exemption;
- Phases the credit out based on adjusted gross income (AGI) thresholds
- Provides varying AGI thresholds for different filing statuses; and
- Adjusts the credit every three years based on the Consumer Price Index for Urban Honolulu.

The proposed changes are reflected in the table below:

Single or Married Filing Separately	
AGI	Credit per Qualified Exemption
Under \$20,000	\$200
\$20,000 to \$30,000	\$150
\$30,000 to \$40,000	\$100
\$40,000 and over	\$0

<b>Head of Household</b>	
<b>AGI</b>	<b>Credit per Qualified Exemption</b>
Under \$30,000	\$200
\$30,000 to \$45,000	\$150
\$45,000 to \$60,000	\$100
\$60,000 and over	\$0

<b>Married Filing Jointly</b>	
<b>AGI</b>	<b>Credit per Qualified Exemption</b>
Under \$40,000	\$200
\$40,000 to \$60,000	\$150
\$60,000 to \$80,000	\$100
\$80,000 and over	\$0

First, the Department recommends amending the measure to use *federal* AGI as the measure of credit eligibility. Federal AGI provides a more accurate representation of a taxpayer's financial situation.

Second, the Department notes that the current \$50 per exemption credit amount was not deleted in the bill. The Department recommends amending page 4, line 4, of the bill to remove the current \$50 credit amount.

Finally, the Department is able to administer this measure with its current effective date.

Thank you for the opportunity to provide testimony on this measure.

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON HOUSING  
ON  
HOUSE BILL NO. 1513

**February 8, 2022**  
**9:30 a.m.**  
**Room 423 and Videoconference**

**RELATING TO THE LOW-INCOME HOUSEHOLD RENTERS TAX CREDIT**

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 1513 amends the income tax credit for low-income household renters by increasing the credit amount and the income eligibility cap thresholds by establishing tax brackets, provided that the dollar amounts in the brackets increase to match inflation starting in the taxable year beginning after December 31, 2023, and in every third taxable year thereafter.

B&F notes that the federal American Rescue Plan (ARP) Act restricts states from using ARP Coronavirus State Fiscal Recovery Funds (CSFRF) to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation beginning on March 3, 2021, through the last day of the fiscal year in which the CSFRF have been spent. If a state cuts taxes during this period, it must demonstrate how it paid for the tax cuts from sources other than the CSFRF, such as:

- By enacting policies to raise other sources of revenue;
- By cutting spending; or

- Through higher revenue due to economic growth.

If the CSFRF provided have been used to offset tax cuts, the amount used for this purpose must be repaid to the U.S. Treasury.

The U.S. Department of Treasury has issued rules governing how this restriction is to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with this ARP restriction.

Thank you for your consideration of our comments.



AMERICANS FOR DEMOCRATIC ACTION

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OFFICERS	DIRECTORS	MAILING ADDRESS		
John Bickel, President	Melodie Aduja	Jan Lubin	Bill South	P.O. Box 23404
Alan Burdick, Vice President	Keola Akana	John Miller	Zahava Zaidoff	Honolulu
Dave Nagajji, Treasurer	Juliet Begley	Jenny Nomura		Hawaii 96823
Doug Pyle, Secretary	Stephanie Fitzpatrick	Stephen O'Harrow		

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February 1, 2022

TO: Chair Nakamura and Members of the HSG Committee

RE: HB 1513 RELATING TO THE LOW-INCOME HOUSEHOLD RENTERS TAX CREDIT.

Support for hearing on February 8

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 this bill as it would increase the credit amount and the income eligibility cap thresholds for the income tax credit for low-income household renters by using tax brackets. It also provides for inflation increases every three years based on the urban Hawaii consumer price index beginning with taxable years beginning after 12/31/2023. This bill will help reduce houselessness.

Thank you for your favorable consideration.

Sincerely,

John Bickel, President



Committee on Housing  
Chair Nakamura, Vice Chair Hashimoto

Tuesday, February 8, 2022, 9:30 am, Videoconference

HB1513 — RELATING TO THE LOW-INCOME HOUSEHOLD RENTERS TAX CREDIT.

TESTIMONY

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

Chair Nakamura, Vice Chair Hashimoto, and Committee Members:

**The League of Women Voters of Hawaii strongly supports the intent of HB1513 and suggests a revision to one section. We also comment on a section in the existing Section 235-55.7 HRS which has one effect probably not intended by the originating Legislature, or by this Committee.**

The League of Women Voters has long supported economic, fiscal and social policies which meet basic human needs such as housing. The low-income housing tax credit is widely used by eligible renters to help them meet basic needs within their incomes. As the preamble to HB1513 makes clear, it is high time to adjust the income eligibility and credit amounts to account for dramatic increases in housing costs. Thus our strong support for this bill.

We wish to call to this Committee's attention a section which we believe would benefit from revision: HB1315, p5., lines 14-20:

"For the taxable year beginning after December 31, 2023 and every third year thereafter, each dollar amount contained in the table in section (c) shall be increased by an amount equal to that dollar amount multiplied by the percentage, if any, by which the

consumer price index for June of the preceding calendar year exceeds the consumer price index for June 2022, rounded to the nearest whole dollar amount."

This calculation seems appropriate for 2024; but thereafter (2027, 2030, etc) the CPI for June of the preceding calendar year should be compared to the CPI in June three years previously, when the value of the credit was last adjusted.

We would also like to draw the Committee's attention to an effect of the language in the existing Section 235-55.7 HRS, which appears in HB1513 on page 3, lines 13-21:

"(b) Each resident taxpayer who occupies and pays rent for real property within the State as the resident taxpayer's residence or the residence of the resident taxpayer's immediate family [which] that is not partially or wholly exempted from real property tax, .... may claim a tax credit under this section against the resident taxpayer's Hawaii state individual net income tax ".

A common situation in Hawaii is that a property owner, who has a partial exemption from property tax (for instance, because the property is their primary residence), rents out a room or a floor of the property to a low income household renter. The renter does not benefit from the owner's property tax exemption, but this section makes that renter ineligible for the credit which he/she would otherwise receive. This seems to us very unfair, and probably unanticipated by the originating Legislature. This Committee could reword this section to redress this unfairness.

Thank you for the opportunity to submit testimony.



## HB 1513, RELATING TO THE LOW-INCOME HOUSEHOLD RENTERS' CREDIT

FEBRUARY 8, 2022 · HOUSE HOUSING COMMITTEE  
· CHAIR REP. NADINE NAKAMURA

**POSITION:** Support.

**RATIONALE:** Imua Alliance supports HB 1513, relating to the low-income household renters' credit, which increases the credit amount and the income eligibility cap thresholds for the income tax credit for low-income household renters by using tax brackets, and provides for inflation increases every three years based on the urban Hawai'i consumer price index beginning with taxable years beginning after 12/31/2023.

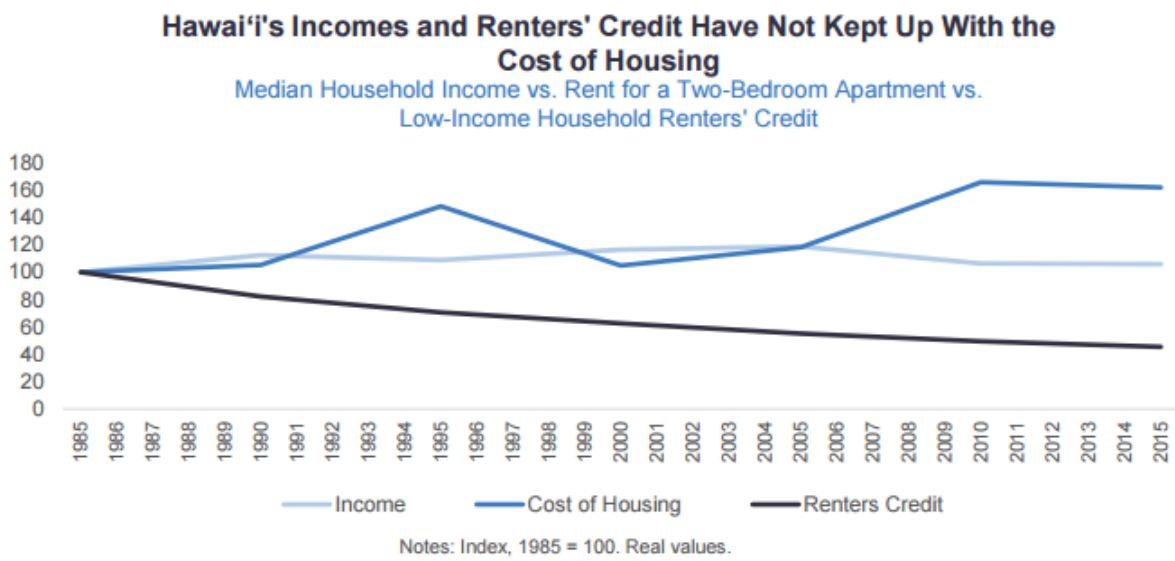
Hawai'i residents face the highest housing costs in the nation, at more than twice the national average. Researchers who authored the National Low Income Housing Coalition's *Out of Reach 2021* report found that a full-time worker would need to earn \$37.69/hour to afford a two-bedroom apartment at fair 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 \$2,000 in recent years, with minimum wage workers needing to log 114 hours per week to afford a modest one-bedroom apartment at fair market value and 149 hours per week to afford a two-bedroom—a number that is equivalent to working over 20 hours a day with no days off year-round.

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, over 60 percent of households are severely cost-burdened, following NLIHC data, meaning that they pay more than 30 percent of their income on housing, a



number that rises to over 80 percent of extremely low-income households, with only 74 homes available for every 100 households earning 80 percent of their respective area’s median income. Notably, housing costs increased during the pandemic. In Honolulu, median single-family home prices reached a record of \$1.06 million last December, driven largely by sales to residential property investors. Unsurprisingly, our state is now experiencing population decline. Hawai’i saw domestic out-migration increase for a fifth consecutive year in 2021, as the state’s high cost of living continued to push people to the mainland. Census estimates show that our state’s population dropped by 10,358 people from July 2020 to July 2021.

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.** We must update the renters’ credit to recover ground lost to inflation by increasing the maximum value of the credit to at least \$200 and ensuring that the credit is automatically adjusted in future years according to increases in the consumer price index, which will prevent the value of the credit from trailing our skyrocketing cost of living.



Kris Coffield · Executive Director, Imua Alliance · (808) 679-7454 · kris@imuaalliance.org



## **HOUSE BILL 1513, RELATING TO THE LOW-INCOME HOUSEHOLD RENTERS' CREDIT**

FEBRUARY 8, 2022 · HOUSE HOUSING COMMITTEE  
· CHAIR REP. NADINE NAKAMURA

**POSITION:** Support.

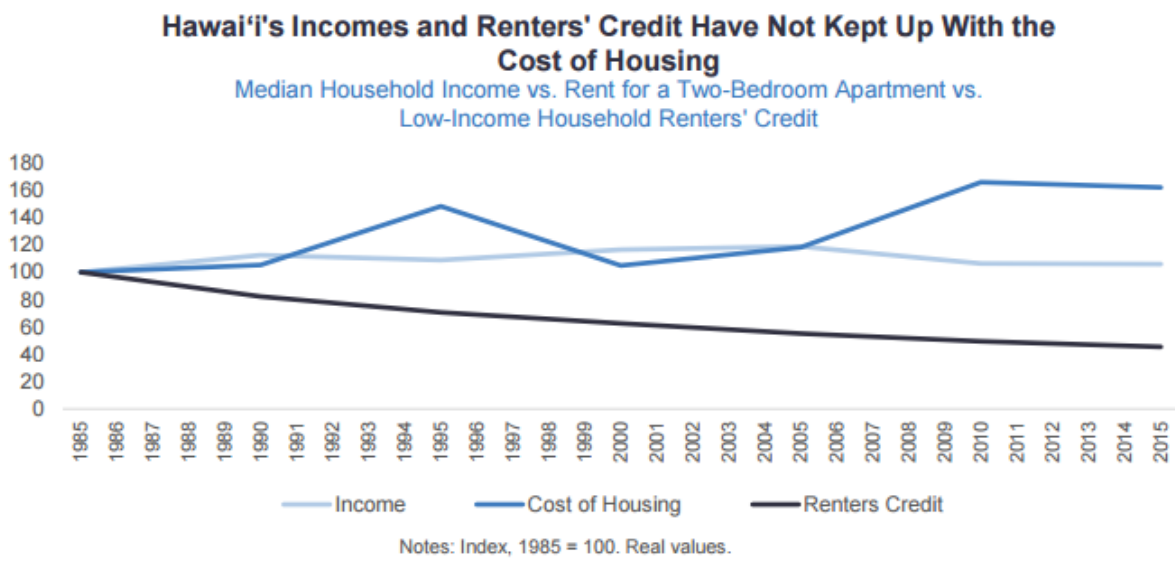
**RATIONALE:** The Democratic Party of Hawai'i Education Caucus supports HB 1513, relating to the low-income household renters' credit, which increases the credit amount and the income eligibility cap thresholds for the income tax credit for low-income household renters by using tax brackets, and provides for inflation increases every three years based on the urban Hawai'i consumer price index beginning with taxable years beginning after 12/31/2023.

Hawai'i residents face the highest housing costs in the nation, at more than twice the national average. Researchers who authored the National Low Income Housing Coalition's *Out of Reach 2021* report found that a full-time worker would need to earn \$37.69/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 \$2,000 in recent years, with minimum wage workers needing to log 114 hours per week to afford a modest one-bedroom apartment at fair market value and 149 hours per week to afford a two-bedroom—a number that is equivalent to working over 20 hours a day with no days off year-round.

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, over 60 percent of households are severely cost-burdened, following NLIHC data, meaning that they pay more than 30 percent of their income on housing, a number that rises to over 80 percent of extremely low-income households, with only 74 homes available for every 100 households earning 80 percent of their respective area’s median income. Notably, housing costs increased during the pandemic. In Honolulu, median single-family home prices reached a record of \$1.06 million last December, driven largely by sales to residential property investors. Unsurprisingly, our state is now experiencing population decline. Hawai’i saw domestic out-migration increase for a fifth consecutive year in 2021, as the state’s high cost of living continued to push people to the mainland.

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.** We must update the renters’ credit to recover ground lost to inflation by increasing the maximum value of the credit to at least \$200 and ensuring that the credit is automatically adjusted in future years according to increases in the consumer price index, which will prevent the value of the credit from trailing our skyrocketing cost of living.



Kris Coffield · Chairperson, DPH Education Caucus · (808) 679-7454 · kriscoffield@gmail.com



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

*Hawai'i Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.*

To: House Committee on Housing

Re: **HB 1513 - Relating to the low-income household renters credit**  
Hawai'i State Capitol, Via Videoconference, Conference Room 423  
February 8, 2022, 9:30 AM

Dear Chair Nakamura, Vice Chair Hashimoto, and committee members,

**On behalf of Hawai'i Children's Action Network Speaks!, I am writing in SUPPORT of HB 1513, relating to the low-income household renters credit.** This bill would increase the credit amount and the income eligibility cap thresholds for the income tax credit for low-income household renters by using tax brackets. It also would provide for automatic inflation increases every three years, starting after 2023.

It is well known that Hawai'i has the highest housing costs in the nation. According to the National Low-Income Housing Coalition, the "housing wage" needed to afford a one-bedroom apartment in Hawai'i in 2021 was \$28.86. Meanwhile, the average renter's wage didn't even come close, at \$17.56 per hour.<sup>1</sup>

The high cost of housing is a major reason why Hawai'i's Department of Business, Economic Development and Tourism (DBET) finds that a single parent with one child, and with employer-provided health insurance, needed to earn more than \$31 an hour "to meet their basic needs" in 2020.<sup>2</sup>

The low-income household renters' credit was created in 1977 to provide tax relief to low- and moderate-income renter households in our state. In 1981, the credit amount was set at \$50 per exemption. In 1989, the income eligibility cut off was set at \$30,000, which was just above the median household income at the time. Neither of those levels have budged in more than three decades.<sup>3</sup>

This bill rightly updates the renters' credit to recover ground lost to decades of inflation by increasing the income eligibility limit and allowing for an increase to the maximum value of the credit. It also recognizes the circumstances of head of household (single parent) and married tax filers by providing for higher credit values and eligibility limits for them. This is especially helpful to families with children.

For example, **a single mom with two children who earns \$35,000 per year is not eligible for the current renters' credit, due to her income being above the outdated \$30,000 eligibility limit. If this bill were to become law, then she would be able to claim \$150 per exemption – or \$450 for her family.** For struggling families, that could make a big difference.

Mahalo for the opportunity to provide this testimony. Please pass this bill.

Thank you,  
Nicole Woo  
Director of Research and Economic Policy

<sup>1</sup> <https://reports.nlihc.org/oor/hawaii>

<sup>2</sup> <https://files.hawaii.gov/dbedt/annuals/2021/2021-read-self-sufficiency.pdf>

<sup>3</sup> <https://files.hawaii.gov/tax/stats/stats/credits/2018credit.pdf>

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Increase and Index Tax Credit for Low-income Household Renters

BILL NUMBER: SB 2165, HB 1513

INTRODUCED BY: SB by RHOADS, CHANG, LEE, Shimabukuro; KAPELA, AQUINO, BRANCO, GANADEN, HASHEM, ILAGAN, LOPRESTI, LOWEN, MARTEN, MCKELVEY, NISHIMOTO, PERRUSO, TAKUMI, TARNAS, TOKIOKA, WILDBERGER, WOODSON, Tam

EXECUTIVE SUMMARY: Increases the credit amount and the income eligibility cap thresholds for the income tax credit for low-income household renters by using tax brackets. Provides for inflation increases every three years based on the urban Hawaii consumer price index beginning with taxable years beginning after 12/31/2023. Our view is that it would be more efficient to get low-income taxpayers out of the tax system entirely than to add the complexity that this bill does.

SYNOPSIS: SYNOPSIS: Amends section 235-55.7, HRS, to amend the credit brackets as follows (MFS = married filing separately, HOH = head of household, MFJ = married filing jointly):

Adjusted gross income (single or MFS)	Credit per exemption
<b>Under \$20,000</b>	\$200
<b>\$20,000 under \$30,000</b>	\$150
<b>\$30,000 under \$40,000</b>	\$100
<b>\$40,000 and up</b>	\$ 0
Adjusted gross income (HOH)	Credit per exemption
<b>Under \$30,000</b>	\$200
<b>\$30,000 under \$45,000</b>	\$150
<b>\$45,000 under \$60,000</b>	\$100
<b>\$60,000 and over</b>	\$ 0

Adjusted gross income (MFJ or surviving spouse)	Credit per exemption
<b>Under \$40,000h</b>	\$200
<b>\$40,000 under \$60,000</b>	\$150
<b>\$60,000 under \$80,000</b>	\$100
<b>\$80,000 and over</b>	\$ 0

For the taxable year beginning after December 31, 2023, and in every third taxable year thereafter, each dollar amount contained in the table in subsection (c) shall be increased by an amount equal to that dollar amount, multiplied by the percentage, if any, by which the consumer price index for June of the preceding calendar year exceeds the consumer price index for June of 2021, rounded to the nearest whole dollar amount.

EFFECTIVE DATE: Taxable years beginning after December 31, 2021.

STAFF COMMENTS: The 1970 legislature adopted a system of tax credits for household renters 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 does not increase the rent qualification amount – the taxpayer still will need to pay \$1,000 in rent during a taxable year to qualify for the credit.

The proposed system adds a considerable amount of complexity to the low-income household renters credit.

There are some issues to consider with refundable credits targeted at low-income and homeless 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. Furthermore, as the U.S. Treasury has experienced with the Earned Income Tax Credit, the combination of complexity and a refundable credit result in a certain percentage of improper payouts, some due to mistake or misunderstanding, and some due to bad actors.

Second, the low-income household renters' credit does nothing for most of the homeless; the credit requires payment of more than \$1,000 in rent. And even for those in the target population who do qualify for this credit, the relief that the credit provides comes in a tax refund which is paid, at the earliest, in the early part of the year after the tax return filer needs the relief. A person who qualifies for the credit in 2022, for example, won't get a check until early 2023.

Third, as a policy matter, lawmakers might prefer that the recipient of the refund not use the money obtained on certain things, illegal drugs for example. But the tax system contains no way of restricting the uses of a refund check; other departments do have systems in place to give some assurance that the payment will go toward legitimate living expenses such as groceries (EBT, for example).

The better solution is to 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, it can be delivered through the agencies that are better equipped to do so.

Digested: 1/27/2022



**Parents And  
Children Together**  
BUILDING THE RELATIONSHIPS THAT MATTER MOST

**LATE**

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

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

**DATE/LOCATION: February 8, 2020; 9:30 a.m., Conference Room 423**

**RE: TESTIMONY IN SUPPORT OF HB 1513– RELATING TO THE LOW-INCOME HOUSEHOLD RENTERS TAX CREDIT**

**We support HB 1513 which increases the credit amount and the income eligibility cap thresholds for the income tax credit for low-income household renters by using tax brackets and provides for inflation increases every three years based on the urban Hawaii consumer price index beginning with taxable years beginning after 12/31/2023.** Wage increases in Hawaii have continued to lag behind the cost of housing increases over the last 10 years. Housing continues to be a family's biggest expense. This bill would help many of our low-income individuals and families who are most heavily impacted by Hawaii's high cost of living.

A recent Aloha United Way ALICE (Asset Limited, Income Constrained, Employed) Study reported that there are 190,390 households living at or below the poverty level, a majority of whom are employed and still struggle to make ends meet. This includes almost 40% of our seniors and roughly 50% of our families with young children. Two thirds of these individuals and families spend more than 50% of their income on housing and are battling housing increases that continue to rise at a much faster rate than wage increases.

As a provider of services to a majority of low-income and ALICE individuals 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 childcare. 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. This bill improves the renter's credit, which has not been adjusted for inflation in nearly thirty years and would benefit over 80,000 households. 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 savings. By setting good public policy and 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 under-resourced families. Assisting more than 17,000 people across the state annually, PACT helps families identify, address and successfully resolve challenges through its 20 programs. Among its services are: early education programs, domestic violence prevention and intervention programs, child abuse prevention and intervention programs, childhood sexual abuse supportive group services, child and adolescent behavioral health programs, sex trafficking intervention, poverty prevention and community strengthening programs.

Thank you for the opportunity to testify in **support of HB 1513**, please contact me at (808) 847-3285 or [rkusumoto@pacthawaii.org](mailto:rkusumoto@pacthawaii.org) if you have any questions.



1001 Bishop Street | Suite 625 | Honolulu, HI 96813-2830  
1-866-295-7282 | Fax: 808-536-2882  
aarp.org/hi | [aarphi@aarp.org](mailto:aarphi@aarp.org) | [twitter.com/AARPHawaii](https://twitter.com/AARPHawaii)  
[facebook.com/AARPHawaii](https://facebook.com/AARPHawaii)

The State Legislature  
The House Committee on Housing  
Tuesday, February 8, 2022  
9:30 a.m.



TO: The Honorable Nadine Nakamura, Chair

RE: Support for H.B 1513, Relating to Low-Income Household Renters Tax Credit

Aloha Chair Nakamura and Members of the Committee:

My name is Keali'i Lopez and I am the State Director for AARP Hawai'i. AARP is a membership organization of people age fifty and over, with over 140,000 members in Hawai'i. **AARP supports H.B. 1513** which increases the credit amount and the income eligibility cap thresholds for the income tax credit for low-income household renters by using tax brackets.

Creating livable communities throughout our neighborhoods, where residents of all ages can live, work, raise their families, and retire – is a priority for AARP Hawai'i. Essential to this vision is affordable housing.

Targeted tax relief efforts can be critical to keeping people in their homes by making housing more affordable, addressing the impacts of gentrification, helping renters achieve housing stability, and combatting long-standing discrimination. Moreover, targeted relief programs keep rents manageable and foster housing stability and affordability. Housing stability is essential for long-term health and financial security.

Relief efforts, like HB 1513, can be designed to assist those who need it most – older lower and income residents who are renters. These individuals are most often retired, have limited options for rejoining the workforce, higher health care costs, and virtually no time horizon for increased saving. They also have other increasing expenses like medications, utilities, and groceries that they must pay from their fixed income.

Thank you very much for the opportunity to **support H.B. 1513**.

Sincerely,

A handwritten signature in black ink that reads "Keali'i Lopez".

Keali'i Lopez, State Director

**HB-1513**

Submitted on: 2/4/2022 2:24:14 PM

Testimony for HSG on 2/8/2022 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Alice Cadow	Individual	Support	No

Comments:

I'm writing in support of HB1513. Raising the renters credit will truly help renters who are often earning minimum wage, and having a higher credit will impact their lives positively.

Will Caron  
Pālolo Valley  
[willcaronforhawaii@gmail.com](mailto:willcaronforhawaii@gmail.com)

February 5, 2022

TO: House Committee on Housing  
RE: Testimony in Support of HB1513 with Suggested Amendments

Aloha Committee Members,

The Low-Income Household Renters' Credit was created in 1977 to provide meaningful tax relief to low- and moderate-income households in Hawai'i. In 1981, the Renters' Credit was set to \$50 per exemption, and the income eligibility cut off was set to \$30,000 in 1989.

At that time, the same year I was born, the Soviet Union still existed, Bruddah Iz was still 4 years away from releasing *Facing Future*, and \$30,000 was just above the median household income level in Hawai'i.

After more than three decades without an update, the effectiveness of this credit has been greatly diminished by inflation and other increases to the cost of living over time. In particular, the cost of housing, which the credit is meant to alleviate, has exploded over the past three decades.

While I support HB1513, and am glad to see an automatic adjustment index included in the bill, I would like to see a few amendments to more accurately reflect the reality facing Hawai'i's working families. In particular, our state has the largest gap between housing costs and wages. Therefore, please consider:

- Increasing the maximum value of the credit to at least \$200 per exemption.
- Raising the eligibility threshold up to \$85,000 for joint filers, back to just above the median annual household income.
- Adjust the credit for inflation and other cost of living increases each year, not every 3 years.

Hawai'i does [a poor job](#) when it comes to using the tax system to help low-income workers make it here. In fact, Hawai'i puts one of the highest income tax rates in the nation on its families with poverty-level earnings. In 2018, Hawai'i's overall tax burden was ranked the 15th *least* progressive in the nation despite its progressive individual income tax. That means that Hawai'i's tax system puts a larger burden on low-income families than it does on high income ones.

In fact, the lowest income families currently spend up to 15% of their strained earnings on state and local taxes, while the wealthiest are asked to spend less than 9% of their vast incomes on state and local taxes.

At the same time, 75% percent of people in Hawai'i living at or near the poverty line now spend more than half of their incomes on rent. And more than half of Hawai'i's renters are cost-burdened, spending 30% or more of their income on rent.

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. Doing so would help thousands of households deal with the extraordinary cost of housing in Hawai'i, giving working families breathing room, and helping to boost our economic power at the same time.

Mahalo for the opportunity to support this important measure.

**HB-1513**

Submitted on: 2/5/2022 1:13:14 PM

Testimony for HSG on 2/8/2022 9:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Lee Curran	Individual	Support	No

Comments:

**Aloha Chair Nakamura, Vice Chair Hashimoto, and Committee Members.**

**My name is Lee Curran and I am testifying as an individual who is a co-facilitator of the Transformative Justice Task Force which is part of Faith Action for Community Equity, (FACE) I am testifying in SUPPORT of House Bill 1513.**

**Although my primary focus is cash bail reform this legislative session, I feel moved to testify in support of HB1513. All of the myriad of injustices in Hawai'i nei are intersectional and addressing the classism and outrageous cost of housing is a great place to positively impact and dismantle some of the other injustices.**

**Purchasing a home in Hawai'i is nearly impossible for the vast number of Hawai'i residents. My husband and I, both working professionals, I a teacher with the HODOE and my husband a fisheries biologist with NOAA, were not able to purchase a home on Oahu until we were 40 years old and even that was with family support. Fast forward almost 20 years later and housing costs including rent are substantially more prohibitive for many people. I recently spoke to a friend who is a realtor and she lamented that there were only 75 homes on the entire island of Oahu for sale under a million dollars. The home prices directly impact the rental prices as people look at market value and demand to determine rent.**

**When people are unhoused or under housed, it impacts individuals, families and communities deeply. This is where the intersectionality piece comes in. I implore you to pass HB1513 without amendments that water down the life-saving and dignity-building provisions of the bill. More people need to have access to rent credit and that rent credit needs to be bumped up to meet the current market demands for housing. The provision for inflation increases every three years based on the urban Hawaii consumer price index beginning with taxable years beginning after 12/31/2023 is a valuable part of this legislation and please do not push the date out beyond this.**

**I am grateful for this opportunity to testify in support of HB1513 and ask that this message of change, grounded in care, compassion and community, sits on your hearts and impacts your decision-making as you create laws that recognize and uplift the humanity and inherent dignity and worth of the people of Hawai'i now and in future generations.**

**In solidarity for a more just and equitable Hawai'i nei,**

**Lee Curran**

**Makaha, Oahu 96792**

**HB-1513**

Submitted on: 2/5/2022 3:25:41 PM

Testimony for HSG on 2/8/2022 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Jonah Bobilin	Individual	Support	No

Comments:

Aloha,

My name is Jonah Bobilin and I am a constituent from Pearl City and I am writing in support of HB1513.

As the costing of living continues to rise in Hawai‘i and as we look forward towards combatting the economic affects of the COVID-19 pandemic, we must support low-income renters in a way that adjusts for the effects of inflation. I fully endorse this bill to increase the tax credit amount, modify the eligibility thresholds, and adjust the tax credit for inflation every three years based on the CPI.

Thank you.



**HB-1513**

Submitted on: 2/6/2022 7:47:23 PM

Testimony for HSG on 2/8/2022 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Christy MacPherson	Individual	Support	No

Comments:

Aloha members of the House Committee on Housing,

I STRONGLY support HB 1513. We all know how absolutely expensive housing is here in Hawai`i and this would be an impactful way to support our low-income families, many of whom spend the majority of their income on housing with *very little* left for anything else. I know this first-hand from working at a shelter and trying to find affordable housing for homeless families for over a decade.

Mahalo for your consideration.



**JOSH FROST**

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**LATE**

Tuesday, February, 8 2022

House Bill 1513 Relating to the Low-Income Household Renters Tax Credit  
**Testifying in Strong Support**

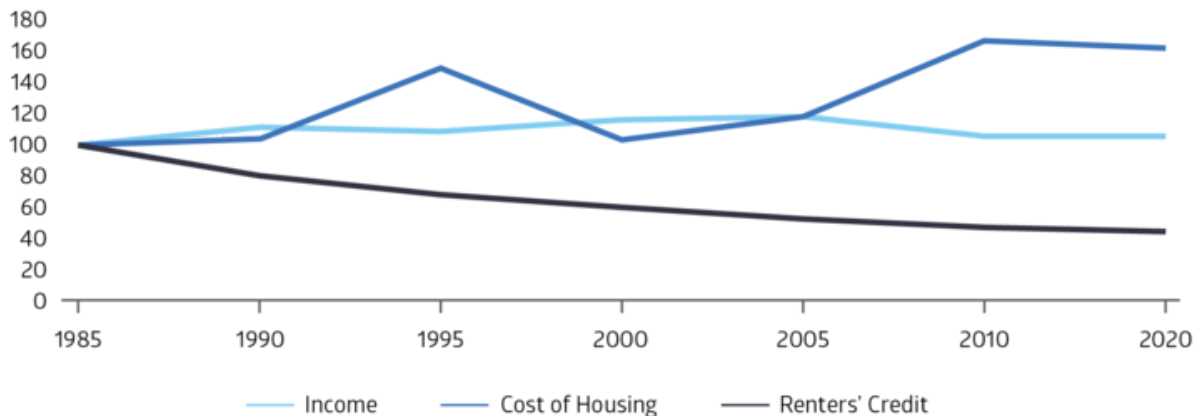
Aloha Chair Nakamura, Vice Chair Hashimoto, and Members of the Committee on Housing,

I am submitting testimony today in strong support of HB1513.

Given skyrocketing housing and other living costs across the islands and the fact that the low-income household renters credit hasn't been updated in more than 30 years, it is long past time to increase this credit to reflect our current times. In 1989, when the income eligibility was capped at \$30,000 that figure reflected approximately the median household income in Hawaii. Today that median income figure sits at approximately \$96,000. That's more than a three-fold increase.

Today, more than half of Hawaii's renters are over-burdened; their rent exceeds 30% of their income, as is commonly recommended

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



Note: Index, 1985 = 100. Real values.

The time has long since passed for this tax credit to be increased. This bill not only creates a sliding scale for the income cap, but it also increases the tax credit per exemption.

The other reason this bill is so important is because it includes language to chain the low-income renters credit to the urban Hawaii consumer price index to ensure another 30 years doesn't pass before this very important credit is again raised. Doing so will help prevent those families struggling on the brink of homelessness to stay in their homes.

This is one of a handful of bills that strikes at the heart of income inequality in Hawaii. Please act favorably and move this bill out of your committee today without amendment. Let's get this done and get it done fast. Hawaii's working poor need a win.

Mahalo for the opportunity to testify.