



PARTNERS IN CARE

Oahu Continuum of Care

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

TESTIMONY IN SUPPORT OF SB 555: RELATING TO TAX CREDITS

TO: Senator Jill Tokuda, Chair; Sen. Ronald Kouchi, Vice Chair; and members of the Senate Committee on Ways and Means
FROM: Betty Lou Larson, Advocacy Committee, Partners in Care
Hearing: **Friday, February 6, 2015, 9:00 am, Room 211**

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

Thank you for the opportunity to provide testimony in **strong support** of SB 555 to increase the food/excise tax credit. I am Betty Lou Larson from the Advocacy Committee of Partners in Care. We support this policy to promote the financial security of low-income families at risk of homelessness and to help those transitioning out of homelessness to get back on their feet.

Hawai'i has the highest cost of living in the United States, at nearly 160% of the national average. Groceries here cost almost 60% more than they do on the mainland, with housing costing twice as much. We have the 5th highest rate of poverty among the states, with 18.4% of our households considered poor under the U.S. Census's Supplemental Poverty Measure. Given the high cost of living and high poverty rate, it is no surprise that we have the **highest rate of homelessness** among the states.

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

Everyone who purchases anything in Hawai'i pays taxes, and our poorest residents spend 11% of their income on the GET, making it even harder for them to achieve financial self-sufficiency. The food/excise tax credit is a way to alleviate this tax burden. This credit is particularly important for the people we serve, because even those with little or no income tax liability can receive a credit to refund them for the GET they have paid on purchases throughout the year.

Unfortunately, this credit has not been adjusted for inflation since its creation in 2007. We strongly urge the committee to support this measure and update the credit values and income eligibility thresholds. We also encourage the committee to key future increases in the credit to the rate of inflation to ensure that it does not lose ground going forward. The food/excise tax credit is an effective way help our most vulnerable individuals, but it must be updated to achieve its purpose.

Again, thank you for the opportunity for Partners in Care to testify in **strong support** of SB 555. Please contact me at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.

SB555

Submitted on: 2/5/2015

Testimony for WAM on Feb 6, 2015 09:00AM in Conference Room 211

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

Comments: The Hawaii Women's Coalition strongly supports this bill. It will mitigate the unfair, regressive impact of the GET on Hawaii's poor and working poor. A tax on food is bad social policy and a tax on medicine is obscene. Please have a heart. Pass this measure. Mahalo for letting me testify, Ann S. Freed Co-Chair, Hawaii Women's Coalition annsfreed@gmail.com, 808-623-5676

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COMMITTEE ON WAYS AND MEANS

Senator Jill N. Tokuda, Chair Senator Ronald D. Kouchi, Vice Chair

Friday, February 06, 2015

SB 555, RELATING TO TAX CREDITS

Testifying in Support

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

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

SB 555 would adjust the refundable food/excise tax credit and tie future increases in the credit to increases in the consumer price index. The tax credit has not been adjusted for inflation since 2007 and this adjustment is overdue. By tying future increases to the CPI, it will allow the credit to be adjusted automatically, without action by the Legislature.

The platform of the Democratic Party of Hawaii unequivocally states:

"We re-affirm our commitment to a progressive tax structure and will work to re-establish a system based upon 'ability to pay'."

As shown in the recent report from the Institute on Taxation and Economic Policy, titled, "Who Pays?," Hawaii's state and local taxes fall most heavily on low and middle income earners, with high income earners paying the smallest proportion of their income in local taxes. We support legislation like SB 555 as a means for re-balancing the tax structure and a step towards increased tax justice.

Therefore, the State Central Committee of the Democratic Party has established support for bills like SB 555 as a top-tier priority for the 2015 legislative session.

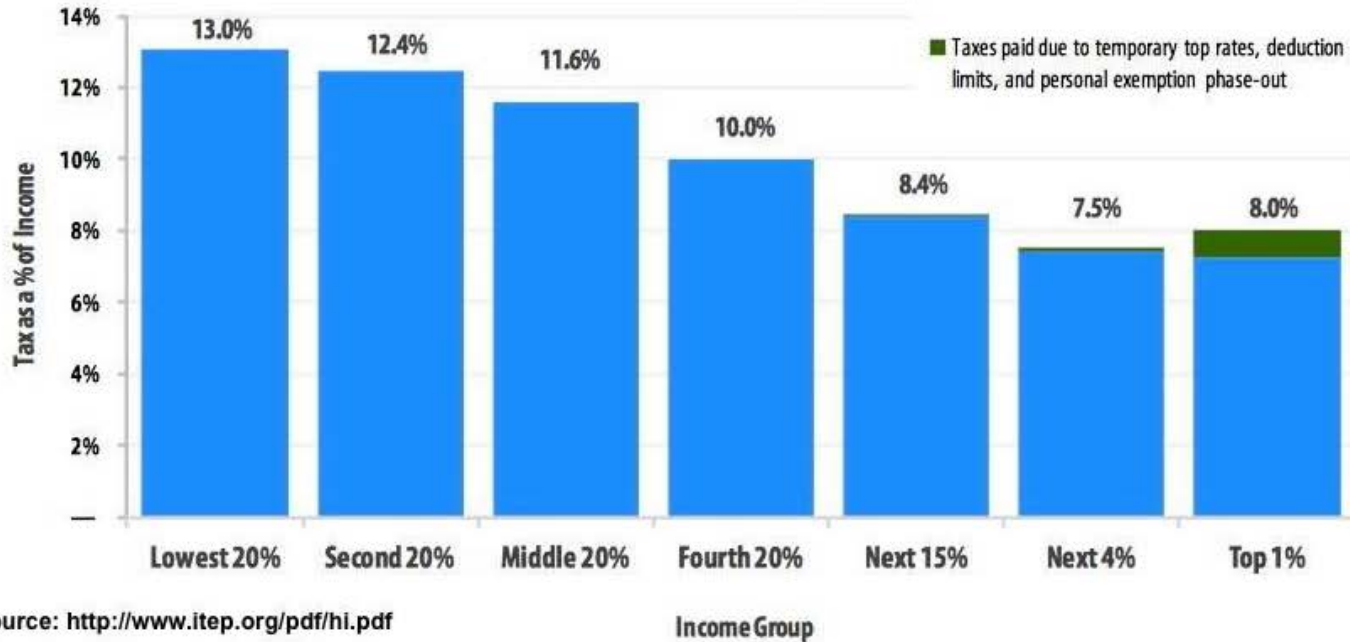
We strongly urge your support for this measure.

Thank you for the opportunity to testify on this important matter.

The Legislation Committee of the Democratic Party of Hawaii

ATTACHED is a chart from the Institute on Taxation and Economic Policy which graphically illustrates the regressive structure of Hawaii current tax code. We believe SB 555 would help correct this situation and commend this chart to you.

Temporary Income Tax Provisions in Hawaii are a Modest Step Toward Reduced Tax Regressivity



Source: <http://www.itep.org/pdf/hi.pdf>

To the right, you will see a green segment atop the tax rate paid by the 1%. That is a temporary tax hike, scheduled to expire at the end of 2015, unless the legislature acts to delete the "sunset" provision. So your legislator gets to CHOOSE, this coming session, if he/she wants to give the 1% a tax cut or not.

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SB555

Submitted on: 2/6/2015

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Submitted By	Organization	Testifier Position	Present at Hearing
Kenny Wusstig	Individual	Support	No

Comments:

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