

DAVID Y. IGE  
GOVERNOR

DOUGLAS S. CHIN  
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 Donovan M. Dela Cruz, Chair  
and Members of the Senate Committee on Ways and Means

Date: Tuesday, February 13, 2018  
Time: 10:15 A.M.  
Place: Conference Room 211, State Capitol

From: Linda Chu Takayama, Director  
Department of Taxation

Re: S.B. 3029, Relating to Taxation

The Department of Taxation (Department) offers the following comments on S.B. 3029 for your consideration.

S.B. 3029 amends individual income tax brackets and rates. The bill applies to taxable years beginning after December 31, 2017.

Specifically, S.B. 3029 **eliminates** individual income taxes for taxpayers with taxable income of:

- \$3,300 and less for single filers,
- \$4,800 and less for head of household filers, and
- \$6,600 and less for joint filers.

S.B. 3029 also **reduces** individual income taxes for taxpayers with taxable income of:

- \$3,301 to \$14,400 for single filers,
- \$4,801 to \$21,600 for head of household filers, and
- \$6,601 to \$28,800 for joint filers.

S.B. 3029 **does not change** individual income taxes for taxpayers with taxable income of:

- Over \$14,400 for single filers,
- Over \$21,600 for head of household filers, and
- Over \$28,800 for joint filers.

The Department respectfully requests that the changes to individual income tax brackets and rates be made applicable to taxable years beginning after December 31, 2018. The Department is in the process of implementing individual income tax into its new computer system and additional time will allow the Department to properly implement the changes to individual income tax brackets and rates.

Thank you for the opportunity to provide comments.



AMERICANS FOR DEMOCRATIC ACTION

**OFFICERS**

John Bickel, President  
Alan Burdick, Vice President  
Marsha Schweitzer, Treasurer  
Karin Gill, Secretary

**DIRECTORS**

Guy Archer  
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Chuck Huxel  
Jan Lubin  
Jenny Nomura  
Stephen O'Harrow  
Doug Pyle

**MAILING ADDRESS**

P.O. Box 23404  
Honolulu  
Hawai'i 96823

February 11, 2018

TO: Honorable Chair Dela Cruz and Members of the Ways & Means Committee

RE: SB 3029

Support for hearing on Feb. 13

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 30229 to eliminate state income tax for those at or below the poverty level beginning December 31, 2017. Richard Wilkinson and Kate Pickett wrote a book entitled The Spirit Level. In it they argue that greater equality makes societies stronger. The book is full of graphs. Each graph shows how a greater inequality causes social problems such as mental health, physical health, obesity, educational performance, teenage births, violence, social mobility, and sustainability. The more you can do to use the tax code to reduce income inequality, the more progress we will make on a host of other issues and will probably save money in the long run. Support this bill.

Thank you for your consideration.

Sincerely,

John Bickel  
President



# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice  
Supporting SB 3029 – Relating to Taxation  
Senate Committee on Ways and Means  
Scheduled for hearing Tuesday, February 13, 2018, at 10:15 am, in Conference Room 211

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Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to testify in **STRONG SUPPORT** of **SB 3029**, which would eliminate state income tax for many taxpayers living below the poverty level.

We are one of only fifteen states that actually tax people further into poverty. While we tax the income of those in poverty in Hawai'i, most other states either provide a refund or require no payment. This bill would eliminate state income tax liability for many of those living in poverty in Hawai'i.

According to the Institute for Taxation and Economic Policy, Hawai'i places the second highest tax burden in the country on low-income families. Households in the bottom fifth of the income spectrum pay over 13 percent of their income in state and local taxes, while those in the top fifth pay 8 percent or less.

On top of their heavy tax burden, families in poverty in our state also face the highest cost of living in the nation. It is obvious that this imbalance is a contributing factor in our state's homelessness crisis. Eliminating state income tax for those households is one basic way to help them pay their bills and stay in their homes.

We appreciate your consideration of this testimony.

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*The Hawai'i Appleseed Center for Law and Economic Justice 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.*



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

COMMITTEE ON WAYS AND MEANS  
TUESDAY, FEB. 13, 10:15 AM, Room 211  
SB3029, RELATING TO TAXATION

**TESTIMONY**

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

Chair Committee DELA CRUZ, Vice-Chair KEITH-AGARAN and Committee Members:

**The League of Women Voters of Hawaii supports SB3029, that eliminates state income tax on the very lowest incomes, and decreases the amount of tax on other very low incomes, while retaining the current rates on other incomes. We add a comment on the level at which income is exempt from taxation.**

The preamble to SB3029 lays out the strong case for eliminating income taxes for very low incomes. The Federal Poverty Guideline for Hawaii for 2017, for a family of 4 people, was \$28,290 (\$2,358/month). We can hardly imagine the challenges of managing one's life at these income levels. But many of Hawaii's residents face these daily challenges. For example, *The State of America's Children*, published by the Children's Defense Fund, reports that not only do 30,907 children in Hawaii under 18 years old live in these poor families, but 15,689 of them live in families with *half or less* of the poverty level incomes.

It seems cruel to take from these struggling families the taxes they are required to pay by current Hawaii law. SB3029 decreases the taxes taken from extremely poor individuals and households, eliminating taxes on the drastically poor. Hawaii would then move in the direction of the 35 states which do not tax incomes at or below the poverty level.

We note however that the exempt taxable income level in SB3029 is far lower than the 2017 or 2018 poverty level for Hawaii. We fail to find in the preamble or elsewhere in SB3029 an explanation of how the bill's drafters arrived at the stated exemption level. We would appreciate understanding the rationale for the bill's exemption level.

Thank you for the opportunity to submit testimony.



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Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Senate Ways & Means Committee,

The Young Progressives Demanding Action – Hawai‘i, representing nearly 600 registered members, **strongly supports** SB3029 to eliminate state income tax for those at or below the poverty level.

This is a socioeconomic justice issue that gets at the heart of the tragic trend in our state of local families being priced out of Hawai‘i. Working families here must contend with the highest cost of living in the nation, keeping the promise of a middle class future with upward mobility, financial flexibility and and future security out of reach for many. Many others choose to leave their home. Alleviating the tax burden on the lowest bracket—those at or below the poverty level—not only provides these struggling, local families with an opportunity to remain in Hawaii and hope for a middle class future, it creates a potential for economic activity while costing the state very little in lost tax revenue.

The Department of Taxation estimates that the total tax liability for residents with income under \$10,000 is just about \$3.5 million. That amount is probably higher than what the bill would actually cost, but probably the closest we can get with publicly available information. Additionally, Hawai‘i is actually in the minority of states that tax people further into poverty: Most other states either provide a refund or require no payment at all.

We see this bill as a first step to combating poverty in our state. Eliminating state income tax liability for workers in the lowest tax bracket—which is actually well below the poverty line (\$6,600 for couples, \$4,800 for HOH, \$3,300 for singles) will help, but more must be done. We encourage this committee and the entire legislature to continue working toward creating a tax system that is designed to level the playing field and create opportunities for the least fortunate among us to achieve the so-called American Dream, not one that is designed to further stratify our society into an economic caste system that concentrates wealth at the top and denies the majority of people a life of opportunity.

Mahalo for your support,

Will Caron  
Social Justice Action Committee Chair  
8083874920

**SB-3029**

Submitted on: 2/9/2018 10:49:09 PM

Testimony for WAM on 2/13/2018 10:15:00 AM

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

Comments:



**SB-3029**

Submitted on: 2/10/2018 8:36:43 PM

Testimony for WAM on 2/13/2018 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Cory Harden		Support	No

Comments:

Aloha legislators,

Let's follow the lead of most other states, plus do the right thing to help struggling families, by not taxing people in poverty.

mahalo,

Cory Harden, Hilo

**SB-3029**

Submitted on: 2/10/2018 9:53:49 PM

Testimony for WAM on 2/13/2018 10:15:00 AM

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

Comments:

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee,

I urge the committee to pass SB 3029, which would be to eliminate state income tax for those living in poverty in our state.

Hawai'i is one of only fifteen states that taxes the income of residents living at or below the poverty level.

In fact, Hawai'i places the second highest tax burden in the nation on low-income families. Our lowest income households pay over 13% of their income in taxes, while those at the top pay 8% or less.

Let's restore some balance to our state's tax system by providing tax relief to those with the lowest incomes in the state.

Thank you for the chance to testify on this important bill. Please pass SB 3029.

Marilyn Mick
Michael DeYcaza
Kathleen Kikuchi Samonte
Jeff Gilbreath
Randy Gonce
Donald Erway Erway

**From:** [Dan Gardner](#)  
**To:** [WAM Testimony](#)  
**Subject:** SB 3029 -- Relating to Taxation  
**Date:** Sunday, February 11, 2018 11:10:51 AM

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TO: Senate Committee on Ways and Means  
HEARING: Tuesday, February 13, 2018, 10:15 AM  
PLACE: Conference Room 211  
FROM: Dan Gardner  
RE: SB 3029 -- Relating to Taxation  
ATTENDING HEARING: No

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee,

I urge the committee to pass SB 3029, which would be to eliminate state income tax for those living in poverty in our state.

Hawai'i is one of only fifteen states that taxes the income of residents living at or below the poverty level.

In fact, Hawai'i places the second highest tax burden in the nation on low-income families. Our lowest income households pay over 13% of their income in taxes, while those at the top pay 8% or less. This disparity is not acceptable and the legislature should work together to improve this balance beyond this current positive first step.

Let's restore some balance to our state's tax system by providing tax relief to those with the lowest incomes in the state.

Thank you for the chance to testify on this important bill. Please pass SB 3029.

**From:** [Andrea Brower](#)  
**To:** [WAM Testimony](#)  
**Subject:** Strong support for SB 3029  
**Date:** Sunday, February 11, 2018 6:43:14 PM

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**TO:** Senate Committee on Ways and Means  
**HEARING:** Tuesday, February 13, 2018, 10:15 AM  
**PLACE:** Conference Room 211  
**FROM:** Andrea Brower  
**RE:** SB 3029 -- Relating to Taxation  
**ATTENDING HEARING:** No

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee,

Please accept this testimony in strong support of SB 3029.

Aloha

**From:** [Jonathan Boyne](#)  
**To:** [WAM Testimony](#)  
**Subject:** SB 3029 -- Relating to Taxation  
**Date:** Saturday, February 10, 2018 4:31:29 PM

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TO: Senate Committee on Ways and Means  
HEARING: Tuesday, February 13, 2018, 10:15 AM  
PLACE: Conference Room 211  
FROM: Jonathan Boyne  
RE: SB 3029 -- Relating to Taxation  
ATTENDING HEARING: No

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee,

I urge the committee to pass SB 3029, which would be to eliminate state income tax for those living in poverty in our state.

Hawai'i is one of only fifteen states that taxes the income of residents living at or below the poverty level.

While we tax the income of those in poverty in Hawai'i, most other states either provide a refund or require no payment.

A first step to help families in poverty in our state would be to eliminate state income tax liability for workers in the lowest tax brackets.

In fact, Hawai'i places the second highest tax burden in the nation on low-income families. Our lowest income households pay over 13% of their income in taxes, while those at the top pay 8% or less.

Let's restore some balance to our state's tax system by providing tax relief to those with the lowest incomes in the state.

Thank you for the chance to testify on this important bill. Please pass SB 3029.

**From:** [Jeff Gilbreath](#)  
**To:** [WAM Testimony](#)  
**Subject:** SB 3029 -- Relating to Taxation  
**Date:** Saturday, February 10, 2018 9:17:08 AM

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TO: Senate Committee on Ways and Means  
HEARING: Tuesday, February 13, 2018, 10:15 AM  
PLACE: Conference Room 211  
FROM: Jeff Gilbreath  
RE: SB 3029 -- Relating to Taxation  
ATTENDING HEARING: No

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee,

I urge the committee to pass SB 3029, which would be to eliminate state income tax for those living in poverty in our state.

Hawai'i is one of only fifteen states that taxes the income of residents living at or below the poverty level.

In fact, Hawai'i places the second highest tax burden in the nation on low-income families. Our lowest income households pay over 13% of their income in taxes, while those at the top pay 8% or less.

Let's restore some balance to our state's tax system by providing tax relief to those with the lowest incomes in the state.

Thank you for the chance to testify on this important bill. Please pass SB 3029.