



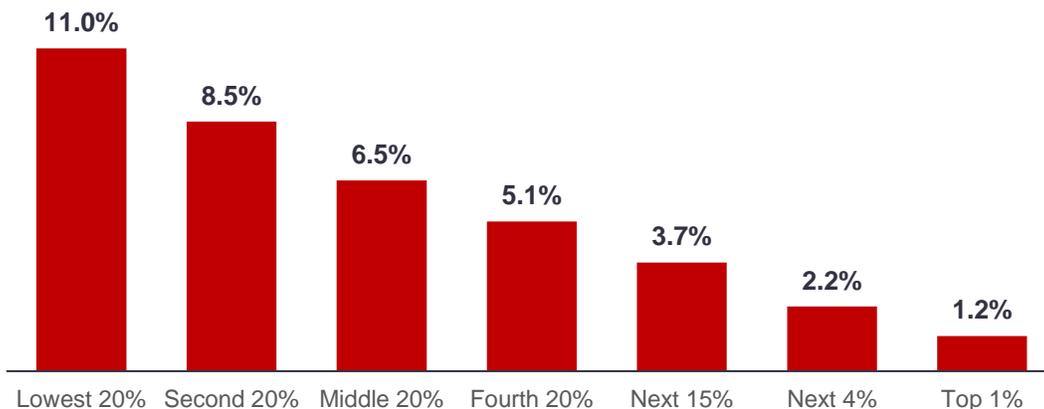
Helping Hawai'i's Low-Income and Working-Class Families Better Afford Food

As Hawai'i families struggle to put food on the table, the General Excise Tax (GET) is effectively another hungry mouth to feed. The GET taxes food and other life necessities, placing a significant additional financial burden on people who are working hard to make ends meet. Since 2007, Hawaii has had a Refundable Food/Excise Tax Credit designed to help ease the tax burden on basic necessities. **To keep up with the continuously rising cost of living, the credit should be increased, but the opposite will happen if we don't act this session to prevent the credit from being automatically reduced.** We should adopt a credit that keeps up with future cost of living increases so that the tax burden on basic necessities does not increase year after year as living costs go up.

Hawai'i's low-income families face the second-highest tax rate in the nation, with our lowest-income households paying almost twice as much of their income (over 13%) in taxes as those in the top fifth (who pay 8% or less). A main reason for this disparity is the General Excise Tax (GET), which is applied to nearly all goods and services in Hawai'i. It hits our low-income and working-class families harder because they spend almost all of their earnings on items and services that are taxed by the GET.

The GET Hits Low-Income Workers Almost 10 Times As Hard As the Top 1%

Hawaii's General Excise Tax as a Share of Family Income



On top of that, Hawai'i has the highest cost of living in the nation, with prices more than two-thirds (68.6%) higher than the national average. One of the main contributing factors is our high cost of food. **Hawai'i is one of only seven states that fully taxes groceries**, and researchers have found that grocery taxes increase food insecurity among poorer residents who do not get SNAP benefits (formerly known as food stamps).

