



The Low-Income Household Renters' Credit: Lessening the Burden on Hawai'i's Families

Hawai'i has the highest cost of living in the nation. One of the main drivers of this is skyrocketing housing costs. Currently a full-time worker in Hawai'i needs to earn more than \$34 per hour (over \$68,000 per year) to afford a two-bedroom apartment.

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. However, it has not been updated in nearly three decades to even account for inflation.

The amount of the Renters' Credit was last set 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.

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. The maximum value of the Renters' Credit should be **raised to \$150** per exemption, and the eligibility threshold should be lifted back to just above the median, up to **\$60,000 in annual income** for joint filers.

HAWAI'I RENTERS ARE COST-BURDENED

- 43% of Hawai'i's households are renters, the 4th highest percentage among the states.
- More than half are housing cost-burdened, spending more than 30% of their income on rent.
- Almost 3/4 of Hawai'i residents living at or near the poverty line spend more than half of their incomes on rent.
- Almost two-thirds of Hawai'i's moderate-income renters are cost-burdened.
- A full-time worker needs to make \$34.22 per hour to afford a 2-bedroom apartment.

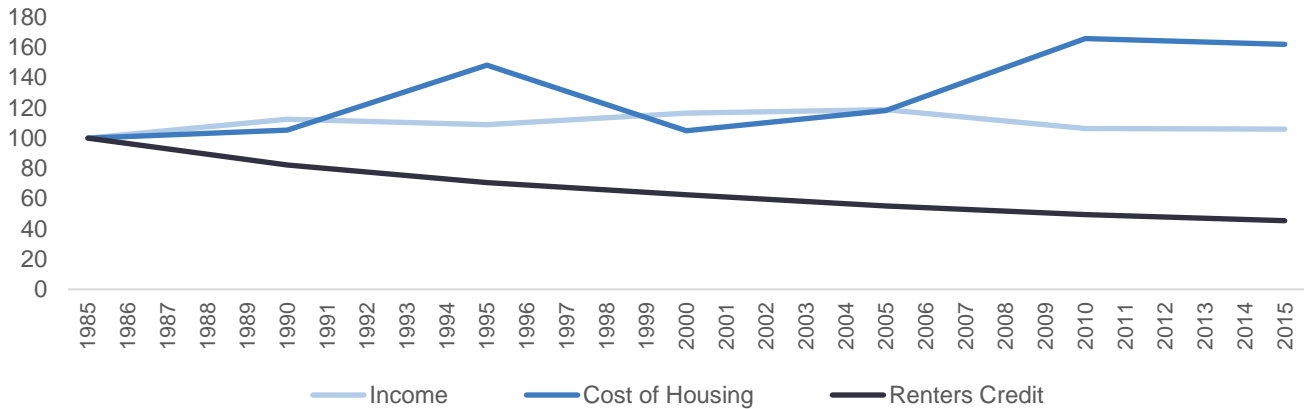
HAWAI'I'S TAX SYSTEM MAKES IT WORSE

- Hawai'i's overall tax structure actually contributes to poverty and inequality.
- Our low-income families face the 2nd highest tax burden in the nation.
- The General Excise Tax (GET) hits low-income families the hardest because they spend almost all of their income on goods and services that are taxed by the GET.
- Our lowest-income households pay over 13% of their income in taxes, while those at the top pay 8% or less.
- Hawai'i is in the minority of states that pushes low-income people deeper into poverty with high taxes.

We desperately need to alleviate the tax burden on renter families struggling to afford housing. Simply bringing this credit up-to-date will benefit approximately **83,000 households**, as well as put a much needed additional \$11.2 million into the pockets of Hawaii's low- and moderate-income families.

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 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

