



Hawai'i has the lowest wages in the nation after adjusting for our cost of living, which is the highest in the nation. We also place the 2<sup>nd</sup> highest tax burden in the country on our low-income households. Faced with this one-two-three punch, almost half of our state's residents are living paycheck-to-paycheck.

**We can move closer to tax fairness in Hawai'i with these reforms:**

**Improve the Food Credit**

The General Excise Tax (GET) hits our lowest-income households much harder than others because they spend almost all of their earnings on items and services that are taxed by the GET. Hawai'i is also one of the few states that taxes food.

The GET hits low-income workers almost **10x** as hard as the top 1%

**The Refundable Food/Excise Tax Credit helps ease that burden** on our low-income and working-class families, but its value will drop at the end of 2017 if we don't act. We should **improve the credit with cost-of-living adjustments** to make sure it keeps up with inflation.

**Create a Working Family Credit**

The federal Earned Income Tax Credit (EITC) helps working-class families keep more of their earnings through tax refunds. Twenty-six states and the District of Columbia have created state-level working family tax credits, but Hawai'i is not one of them.

**We should create a Working Family Credit** to help working-class families keep more of what they earn.



11,000 families' state income tax bill would reduce to \$0

**Adjust the Renters' Credit**

The Low-Income Household Renters' Credit helps make up for the high tax rates that burden our low- and moderate-income renters. However, it has not been updated since the 1980s and does not account for nearly three decades of inflation.

We should **adjust the Renters' Credit to recover ground lost to inflation.**



83,000 households would benefit  
**\$11 million** back into the pockets of low- and moderate-income earners

**Restore Revenues**

From 2009 to 2015, Hawai'i's highest-income residents (e.g., joint filers earning over \$300,000 per year) paid higher tax rates than in prior years, which slightly narrowed the gap between the tax burdens of our high and low-income neighbors. However, those rates were allowed to sunset at the end of 2015.

We should **reinstate those top tax rates**, which would raise over \$75 million of dollars per year – more than enough to pay for needed tax relief for our state's low-income and working-class families.

About **90%** of the revenues raised would be paid by the top 1%