

Editorial | Island Voices

If wealthy can get tax breaks, why not low-income earners?

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One of the walk-up apartments located in the Mayor Wright Homes public housing for low income individuals and families.

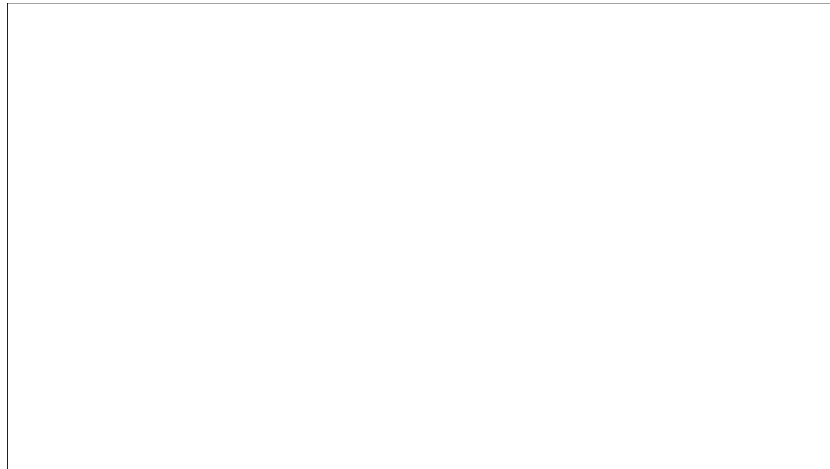
Like most people, we believe in fairness. And there is nothing fair about the fact that, as a percentage of their income, most of the people in at the upper end of the income ladder pay a smaller percentage of their income in Hawaii taxes than those who live near the bottom. The top 5 percent — those fortunate to be earning \$200,000 per

annum and more — take for granted that they can save money, travel and spend on luxuries. Paying for food, shelter, gas, health care and other necessities is not something we worry about. We do not live paycheck to paycheck.

But recent polling shows that nearly 90 percent of Hawaii residents recognize that too many working people here do — and that their situation of living precariously on the edge needs to be addressed. Our elected representatives must make it a priority in the 2017 legislative session.

Taking action now to restore and extend tax credits that have expired, or are due to expire, for low-income earners is good public policy. Just a few hundred dollars can make all the difference. It was recently reported that Aloha United Way helped more than 4,200 people who were teetering on the edge of homelessness stay in their homes by providing modest financial assistance to each. So, let's help low-income families keep more of their wages by supporting [House Bill 209](#) and [Senate Bill 648](#).

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We have to stop punishing low-income families by making smart adjustments to tax policy.

The refundable food/excise tax credit adjustment passed in 2015 will expire in 2017 — unless legislators act. More than 40 percent of our households rent. The majority of those renters apply more than 30 percent of their income to rent. Among the lowest income earners, most pay more than half of their income in rent. Low-income families constantly find themselves with less income in real terms as wages lag inflation. The 1981 renters tax credit to those earning less than \$30,000 a year was \$50. Today, 35 years later, that tax credit is still \$50. It should be closer to \$150, if we do what sound public policy planning dictates, and adjust for cost of living increases.

The community as a whole would benefit from a Working Family Credit. Like the federal Earned Income Tax Credit (EITC), this would give low-income workers real relief through tax refunds. Let's emulate the 26 other states and D.C. that have created state versions of this proven poverty-fighting tool. Most reasonable people, including those who will be facing a higher tax bill, will support raising taxes on the wealthiest to help ensure that low-income families, especially those with children, keep more of what they earn. They will, after all, use it to buy basic necessities, thus stimulating economic activity. More than 100,000 low income families would benefit from a tax credit of this nature.

Economic stress is a relentless driver of many societal problems: from rising homelessness to poor health to children who are denied the opportunity to excel at school because their basic needs are unmet at home. No one enjoys paying taxes. But we are confident that the 5 percenters — who last year got hefty tax breaks — understand we need to assume a fairer share of the tax burden. That burden is now disproportionately borne by those with much lower incomes and fewer assets than we have at our disposal. That is downright embarrassing.

Restoring and improving on tax credits for the hardworking people of Hawaii is just one arrow in a large quiver of creative solutions that must be deployed if we want to live in a manner consistent with this state's culture of aloha. People who believe in tax fairness can learn more about how state tax credits can help create a better community for all (see www.hitaxfairness.org), and help the economically stressed better cope in our high-cost state.

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