



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, which are also the highest in the nation. Currently a full-time worker in Hawai'i needs to earn \$35.20 per hour (over \$73,000 per year) to afford a two-bedroom apartment.

The state's Low-Income Household Renters' Credit was created 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.

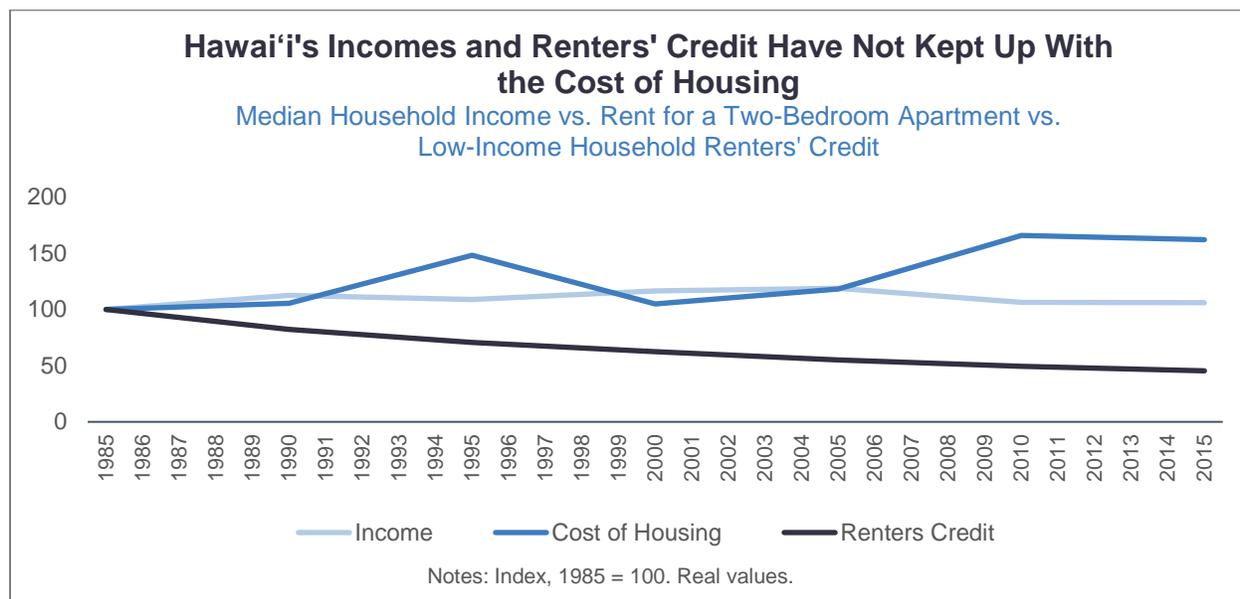
The amount of the Renters' Credit was last set over 35 years ago, in 1981, at \$50 per exemption. The income eligibility cut-off was set in 1989 at \$30,000, which was just above the median household income at that time. Neither of those levels have budged since then.

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 **\$75,000 in annual income** for joint filers. Then the credit should automatically adjust for inflation, in order to prevent future erosion in its value.

Low-income families are in crucial need of the type of tax relief that an improved Renters' Credit could provide. For example, a couple with a child earning \$35,000 per year currently does not qualify for the credit. If the credit were increased to catch up with inflation, then this family would be able to receive a renters' credit of \$450, which could be a big help with bills or debts.

Currently a full-time minimum wage worker in Hawai'i earns about \$21,000 per year. She would have to work 139 hours per week just to afford to rent a 2-bedroom apartment, or work almost 3.5 jobs.

Across the state, we're facing a serious shortage of affordable housing. It is estimated that for every 100 Hawai'i households living below the poverty level, there are only 35 affordable homes available to them.



HAWAI'I'S RENTERS ARE COST-BURDENED	HAWAI'I'S TAX SYSTEM MAKES IT WORSE
<ul style="list-style-type: none"> 43% of Hawai'i's households are renters, the 4th highest percentage among the states. More than half of renters are housing cost-burdened, spending more than 30% of their income on rent. 75% of Hawai'i residents living at or near the poverty line spend more than half of their incomes on rent. A full-time worker needs to make \$35.20 per hour to afford a 2-bedroom apartment. Hawai'i's gap of \$19.56 per hour between the average renter's wage and the "housing wage" is the largest in the nation. 	<ul style="list-style-type: none"> 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 hits low-income families the hardest because they spend almost all of their income on goods and services that are hit 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.