

Food/excise tax credit better, but working poor need housing - Hawaii News - Honolulu Star-Advertiser

StarAdvertiser.com

Food/excise tax credit better, but working poor need housing

By Jenny Lee and Victor Geminiani

POSTED: 11:35 a.m. HST, May 24, 2015

LAST UPDATED: 11:40 a.m. HST, May 26, 2015

This session resulted in small but concrete steps that suggest a Legislature that recognizes the struggles of low-income residents as a pressing issue, if not a top priority.

>> Tax fairness: Low-income families will see their first tax reduction in a decade with a modest increase in the food/excise tax credit. For a state with the second-highest effective tax rate on the low-income, this increase is long overdue.

The money committee chairpersons considered various options to help working families and settled on an increase in the food/excise tax credit, a particularly important action as the Legislature gave Honolulu the option to extend the GET rail surcharge.

But it was the other end of the income spectrum that saw the biggest tax cut as the Legislature allowed the 2009 high earner tax rates to expire, which will result in a \$43 million revenue loss. Ninety-one percent of this tax cut will benefit the wealthiest 1 percent, who will see an average tax cut of \$7,750.

The Legislature should revisit the issue of tax fairness next session by increasing the low-income renters credit, which has been neglected for more than 30 years, as well as taking a hard look at regressive tax breaks for the wealthy.

>> Affordable housing and homelessness: Hawaii's families are being squeezed to the brink by the highest cost of housing in the country, which has resulted in the highest rate of homelessness among the states.

The governor's initial request of \$100 million for the Rental Housing Trust Fund was whittled down to \$40 million — still a relatively generous appropriation from a fiscally cautious Legislature facing many demands.

However, micro-units, a promising option for transit-oriented development that can help our poorest residents afford housing, did not receive any funding. With rents continuing to climb, the Legislature will need to continue its investment in affordable housing.

Housing First, the most effective intervention for chronic homelessness, received a flat level of funding. Despite the program's success, the Legislature did not fund its expansion to the neighbor islands.

Housing First can result in public cost reductions upwards of 80 percent. Many of these expenses, such as incarceration and medical care, are borne by the state, so funding this program is in its own fiscal interest.

The Legislature did remove one barrier to housing by waiving the state ID card fee for people experiencing homelessness.

>> Access to driver's licenses: The Legislature passed a bill that will make Hawaii the 12th jurisdiction to

allow undocumented immigrants to receive driver's licenses. This bill, the most progressive in the country, will also benefit a wide range of vulnerable individuals, such as domestic violence survivors and elders, who cannot produce documentation of their citizenship status. The Legislature took a stance that was both progressive, helping immigrants care and provide for their families without fear, and pragmatic, prioritizing community safety over ideology.

>> Payday lending: Efforts to cap the annual percentage rate for payday loans at 36 percent were fiercely opposed by the payday loan industry and died during a deadlocked conference committee meeting, meaning that the existing 459 percent APR on payday loans will continue to trap low-income borrowers in a devastating cycle of debt.

Our state cannot afford to ignore poverty, which hampers economic development, educational achievement, health and overall quality of life. The Legislature acknowledged this and took incremental steps to alleviate poverty, but it has left plenty to be done in future sessions — along with the question of how much further these struggling families will fall in the meantime.

Jenny Lee is public policy director for the Hawaii Appleseed Center for Law and Economic Justice; Victor Geminiani is the group's co-executive director.

GMC SPRING SALES EVENT

2015 GMC SIERRA 1500 SLT MODELS

0% APR FOR 5 YRS. FOR QUALIFIED BUYERS

PLUS RECEIVE A \$2,000 ALLOWANCE²

[VIEW OFFERS >](#)

1. Monthly payment is \$16.67 for every \$1,000 you finance. Example down payment is 13.1%. Not available with some other offers. Some customers will not qualify. Take retail delivery by 5/31/15. Residency restrictions apply. See dealer for details.

2. Not available with some other offers. Take retail delivery by 6/1/15. Residency restrictions apply. See dealer for details.

Advertisement



Copyright (c) Honolulu Star-Advertiser