



HAWAI'I APPLESEED
CENTER FOR LAW & ECONOMIC JUSTICE

POLICY \approx PERSPECTIVE

LOOKING FORWARD FROM THE 2023 STATE LEGISLATIVE SESSION





HAWAI'I APPLESEED
CENTER FOR LAW & ECONOMIC JUSTICE

Hawai'i Appleseed envisions a Hawai'i that puts its people first—a Hawai'i where everyone can meet their basic needs while living happy, healthy and creative lives. We advocate for economic justice for and with Hawai'i's people.

TABLE OF CONTENTS

Executive Summary	3	Labor & Wages	16
		• Policy Priorities	17
Key Takeaways	4	• Change Analysis	18
		• Next Steps	19
Affordable Housing	5	Tax & Budget	20
• Policy Priorities	7	• Policy Priorities	22
• Change Analysis	8	• Change Analysis	22
• Next Steps	10	• Next Steps	23
Anti-Hunger	11	Endnotes	24
• Policy Priorities	13		
• Change Analysis	14		
• Next Steps	15		

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EXECUTIVE SUMMARY

HAWAI'I APPLESEED IS COMMITTED to a more socially and economically just Hawai'i, where everyone has genuine opportunities to achieve economic security and fulfill their potential. Our theory of change involves conducting data analysis and research to address economic inequality, educating policymakers and the public, engaging in collaborative problem solving and coalition building, and advocating for policy and systems change. It is through that lens that we evaluate each legislative session—an annual window of opportunity to impact state law with policy that addresses inequality and fosters greater opportunity for all of Hawai'i's people.

The 2023 legislative session was the first to include the outsized wave of new lawmakers who came into office just after the most recent reapportionment process, a decennial shakeup of political boundaries. It was also the first session with the Green Administration helming the state's executive branch, and without now-Lt. Gov. Sylvia Luke chairing the powerful House finance committee. Other longtime lawmakers were tapped for executive branch positions or resigned due to scandal. The high volume of turnover may have adversely impacted management of the legislative process—particularly the already chaotic conference committee step. Many widely-supported bills that were expected to pass were, instead, left on the table.

Another major factor that impacted the tone of the 2023 legislative session was the state's revenue forecast going into the session. In January, the state's Council on Revenues was projecting a budget surplus of \$2 billion that lawmakers would have to work with, which likely impacted the lens through which many tax and budget proposals were viewed. By the halfway point of the session, in March, the council had downgraded its prediction by more than \$300 million, which changed the way these proposals were framed by lawmakers yet again.¹ This shifting budget

landscape is a common variable that often complicates advocacy efforts. While the legislature made significant progress in supporting working families as they struggle with Hawai'i's high cost of living by expanding, again, the state Earned Income Tax Credit,² it did not act on generating new, consistent, equitable sources of revenue through higher taxes on corporations and the super wealthy.

Nevertheless, the legislature did direct, over the next two fiscal years:

- \$827.6 million toward programs to create housing and mitigate houselessness;
- \$175.9 million for healthcare and wellness;
- \$52.4 million for early learning; and
- \$284 million to address climate change and ecosystem degradation.

As the Hawai'i Budget & Policy Center concluded in its [analysis](#) of the fiscal biennium 2024–2025 budget,³ many of these investments are critical for Hawai'i's future. However, the legislature also chose to bank \$1 billion into the Emergency Budget Reserve, or rainy day fund. As lawmakers who ended up voting against the 2023 budget bill noted:⁴ for many of their constituents it's raining right now, and that's money that should have been used to provide relief today.

While external factors are certainly important in shaping the outcome of each legislative session, the continuing importance of centering impacted communities through our “people first” approach is a constant, essential ingredient to success. No matter what the budget outlook is, or which lawmakers chair which committees, advocacy efforts are only successful when they are backed by the people. In this report, we provide key takeaways from our advocacy in 2023 before diving into detail about the efforts behind each Hawai'i Appleseed issue focus area: affordable housing, anti-hunger, labor & wages, and tax & budget.

KEY TAKEAWAYS

- 1. Impacted communities should drive the policy discussion.** People-first policy means, of course, policy that prioritizes the health, well-being and happiness of the people of Hawai'i. But to achieve policy that truly places the needs of the people first, that policy must come up through the community from the very people that policy would impact. Too often, even the most well-intentioned advocate or policymaker will propose a top-down policy solution that may not fully understand the true needs of the community. Such policy can have unintended consequences and can serve to undercut community trust in policymakers and in government itself. Of the coalitions Hawai'i Appleseed facilitates, the most successful in carrying forward bold policy ideas in 2023 were the coalitions with the capacity to facilitate a true grassroots process, in which people with genuine lived experience of the problems we are attempting to solve were able to participate and help shape proposed policy solutions.

Including people with lived experience in this process not only ensures that the coalition's policy priorities are in-line with the actual needs of the community, it also helps to nurture a powerful base of support among the community. This base is then capable of mobilizing wider community support for these policy priorities when the time comes to submit testimony, meet with policymakers, or attend a rally or action. Investing in the capacity to facilitate this people-first approach to problem-solving and coalition-building by including directly impacted communities from the bottom up is key to success.

- 2. Messaging should focus on shared values and what we can achieve together through policy.** The most successful communications messaging focuses on what we have in common with one another—a shared local identity and local values; the same wants and basic needs—and then ties those common experiences to a concrete vision of what a better future could look like if certain policies are adopted. This is particularly important in communicating to the public the importance of tax and budget policy, a technical topic that can be hard for people that aren't experts to engage with. But just about everyone can understand the need for good schools, resilient infrastructure, a clean environment and truly affordable housing. Focusing on the vision of a Hawai'i where these visceral needs are fully satisfied makes it easier to concretely show the otherwise more abstract need for tax policy that can adequately fund it.
- 3. Identify areas of alignment with policymakers early on.** Conversations with policymakers should begin before session, and should focus on getting to know the priorities of key legislators to identify areas of alignment early on and build collaborative relationships. The issue of tax credits for working families has become a strong issue area of alignment between key lawmakers and economic justice advocates such as Hawai'i Appleseed, and working together on this important working families issue has created a level of collaboration that made advocating for back-to-back expansions to the Earned Income Tax Credit in 2022 and 2023 not just possible, but a stated priority for the Speaker of the House from the outset of the 2023 legislative session.

AFFORDABLE HOUSING



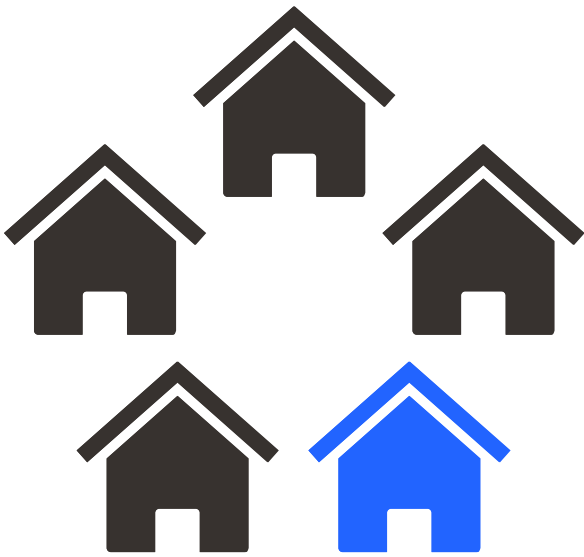
Summer-Lee Yadao speaks in support of the conveyance tax increase at a Working Families Coalition rally in March, 2023. // Stacy Iler

There is growing consensus that we need bold new approaches to address our lack of affordable housing, and the inhumane reality that thousands of Hawai'i residents are currently living unsheltered throughout the state. More lawmakers are embracing the concept that our housing policy should better reflect the values of Hawai'i. That means everyone deserves to have safe and affordable housing, regardless of their life circumstances or income. That means that access to housing should be considered a basic human right similar to healthcare, clean water and quality education.

This is an important and much needed mindset shift because, if our housing shortage is ever going to be successfully addressed, doing so will require significant investment of public resources. That means investment in infrastructure such as roads, water and electricity, as well as in the construction of new affordable housing and in the preservation of existing stock. But it also means investment in rent assistance for lower-income residents, and in social workers and other staff to offer supportive services for those who need it.

In an excellent first step toward this mindset shift, the legislature passed a supportive housing pilot project that provides funding for supportive staff and rent assistance to help people emerging from homelessness to get back on their feet and stay housed. This is a much more practical and realistic approach than simply offering someone an apartment without access to professional support to get their lives back on track.

AFFORDABLE HOUSING



2023 investment: \$150 million
Nets 900 units, 20% of annual need



Required annual investment: \$667–834 million
Nets 4,000–5,000 units per year, 100% of need

The question is whether the State of Hawai'i is moving fast enough for the scale of the problem we are facing. Is \$150 million for affordable housing construction, \$5 million for a supportive housing project and \$6 million for rent assistance enough for the number of residents who need help and can't afford to continue to live in Hawai'i? Unfortunately, it's not. The \$150 million for affordable housing construction will likely support the building of 900 affordable homes across the state. The most recent state housing study indicates that we should be funding the construction or acquisition of 4,000–5,000 affordable units per year.⁵ We are reaching around 20 percent of the goal with this year's investments.

A bill to reform the state conveyance tax—a one-time tax on the sale of property—so that it would collect hundreds of millions of dollars in new revenue by targeting the tax toward the sale of luxury property was intended to further us toward that goal, but did not pass. Creating a new source of permanent funding is key to moving housing policy forward because it reduces the risk for affordable housing developers who plan projects years in advance and require certainty of funding to reduce both risk and costs. It also enables service providers to hire new staff (you can't do that reliably with only a year or two of funding at a time) and increase capacity to provide desperately-needed services.

Another bill would have helped prevent people from sliding into homelessness by funding emergency rental relief and eviction mediation services. Every dollar spent on eviction prevention saves the state \$6 on homeless services. Each year, roughly 2,500 evictions take place across our state, costing the public \$30 million each year.⁶ The human and social costs of losing one's housing is even higher. While this bill also did not pass, it nearly did—and the support it received from lawmakers shows the progress being made in this mindset shift.

POLICY PRIORITIES

[HB1439/SB393](#): Rent Assistance & Eviction Prevention

This bill was modeled after a successful pandemic pilot program aimed at preventing evictions that Hawai'i Appleseed research helped to craft. HB1439 made it all the way to the very last day of the conference committee process. However, conferees could only agree on funding the mediation program (\$1.25 million of the \$14 million requested), not the rent assistance component. Ultimately, the bill died as a result.

The effort around this bill brought together mediation centers and rent assistance providers, as well as tenants and landlords, from across the state to advocate for effective eviction prevention methods. Additional [research](#) from the Hawai'i Budget & Policy Center also helped to educate the public about the high cost of eviction. This heightened public awareness about the need for mediation and rent assistance likely contributed to the final 2024–25 state fiscal biennium budget including a huge increase in funding for a state rent assistance program—from \$500,000 per year to \$6 million in Fiscal Year (FY) 2024. This is the first significant increase in a state-funded rent assistance program (separate from COVID-19 rent assistance) in at least a decade.

We are hopeful that increasing awareness about the effectiveness of early eviction prevention through mediation—that takes place before any case is filed in court and before there are any lawyers involved—coupled with access to rent assistance, will translate into a successful bill in 2024.

[SB362](#): Conveyance Tax

SB362 made it through three of its required four committees, but ultimately was not given a hearing in the House Committee on Finance. Committee Chair Kyle Yamashita expressed a desire to consider conveyance tax increases as part of a larger tax reform effort in a subsequent session. Hawai'i Appleseed analyses⁷ estimated that this enhanced conveyance tax would increase:

- The Rental Housing Revolving Fund from \$38 million to \$150–200 million annually;
- The Land Conservation Fund from \$5.1 million to \$30–40 million annually; and
- The new Homeless Services Fund from \$0 to \$30–40 million annually.

At the beginning of the 2023 session, it seemed unlikely that a bill expanding the conveyance tax would pass. Attempts in the past had gone mostly nowhere. However, the concept of permanent new funding for homeless services and affordable housing through a sales tax on homes selling for multi-millions of dollars proved to be a compelling issue for the [Hawai'i Housing Affordability Coalition](#) (HiHAC), for the public, and in the media.

In the clearest sign of support for the concept, dozens of houseless community members showed up to testify in support of the issue, despite the many barriers they face to participation in the policymaking process. Sadly, legislators did not get to hear from these testifiers because the hearing they showed up to testify for ran over time. Between SB362 and an earlier, more robust bill, SB678, the conveyance tax issue generated far more supportive testimony overall (over 90 pages) than any other housing bill during the 2023 session. The reason this issue got so far is because of the support from members of the public—particularly from those with lived experience of houselessness.

AFFORDABLE HOUSING

[HB1397](#): Supportive Housing Pilot

HB1397 establishes a supportive housing pilot program in the Hawai'i State Office of Homelessness and Housing Solutions to provide and maintain affordable housing opportunities and supportive services for certain individuals and families with special needs earning 0–30 percent Area Median Income (AMI), as well as 80–120 percent AMI. This bill was passed and signed into law by Governor Josh Green as Act 95 on 06/21/2023.

HB1397 represents a significant investment in creating new affordable housing opportunities at 0–30 percent AMI by offering “rent vouchers” and staff support. Specifically, the bill appropriates:

- \$1,740,000 for rent supplement payments (so tenants won't have to pay for their own rent);
- \$2,784,000 for supportive services; and
- \$467,000 for a new supportive housing information system.

[SB363](#): Rent Reporting and Credit Building

SB363 would have created a program that all renters in Hawai'i could access and use to build up their credit scores with rent payments. This program would be extremely low-cost, requiring only about \$200,000 per year to set up and manage. The bill made it through its first committee, the Senate housing committee, but failed to receive its next assigned hearing before a joint Committee on Commerce & Consumer Protection and Ways & Means. Despite this, it was only the first year this type of publicly-sponsored program, made available to all Hawai'i renters, had been proposed. Perhaps the concept will make it further next year.

[HB1338](#): Tenant's Bill of Rights

HB1338 did not receive a single hearing, but it was an extremely ambitious bill that brought forward a wide array of tools to provide renters with greater housing stability. The bill was a recognition of the fact that, even as we work to build more affordable housing, we also need increased protections for the tens of thousands of Hawai'i residents struggling to survive and stay housed in the “Renters Wild West.”

CHANGE ANALYSIS



People First/Organizing

During the 2023 legislative session, Hawai'i Appleseed was just beginning to build its staff capacity to engage in community outreach, engagement and organizing. The trust-building that is required before people impacted by housing insecurity and homelessness feel comfortable sharing their stories with us is already substantial. Getting them to feel confident enough to share their story with a committee chair is even harder.

However, existing Hawai'i Appleseed staff pitched in to dedicate multiple hours, including several trips to Kaua'i and Maui, to engage homeless community members there. These efforts were housed within HiHAC, and began the process of building trust and, going forward with new staff members and resources, we hope they will catalyze future legislative advocacy from the very people lawmakers need to hear from most.



Research/Data

Research on both the conveyance tax and eviction prevention issues was undertaken with support from key contractors. HBPC produced [a report](#) on the costs of eviction to back-up the eviction prevention bill with data on the need for the program, while raw data on housing sales in the state was essential to making the case for conveyance tax reform.



Coalitions/Relationships

The HiHAC coalition's ability to connect with people with lived experience of housing insecurity and houselessness, and to provide space for them to lead the policy prioritization process translated into highly-successful mobilization efforts. The conveyance tax bills increase, for example, was the second most testified on housing policy in 2023 with the highest rate of supportive testimony to opposition. Dozens of people currently experiencing houselessness testified or tried to testify on the issue. The fact that the issue did not make it to the conference committee step underscores the need to also build relationships with legislative leadership that can allow for better collaboration on the issue of finding consistent, large sources of tax revenue to invest into affordable housing and houselessness.



Communications/Media

The conveyance tax and eviction prevention issues received solid media coverage throughout the 2023 legislative session. Articles written included:

- [“Property sale tax could create \\$2.1 million for Kaua‘i homeless”](#)
- [“Bill to increase conveyance tax on Hawai‘i homes will potentially fund homeless services”](#)
- [“Proposed tax increase to fund homeless services not likely to advance in legislature”](#)
- [“While a tax hike to fund homeless services may not pass, housing advocates have a plan”](#)
- [“Tax to fund affordable housing advances in state legislature”](#)
- [“Hawai‘i taxpayers are paying a high cost for evictions”](#)
- [“Covid has slowed but Hawai‘i still needs rent assistance”](#)
- [“Luxury home sales tax to fund affordable housing killed”](#)
- [“Bill creating a luxury home sales tax to fund homeless services misses key deadline”](#)
- [“Housing advocate calls for a departure from the status quo to meet basic needs”](#)
- [“State funds for late rent, mediation to be revisited”](#)
- [“Mediating rent disputes”](#)
- [“In Hawai‘i’s housing crunch, tenants are vulnerable to rent hikes and evictions”](#)

The media coverage was helpful in educating the public and keeping its attention focused on these issues. With the spotlight on these issues, advocates had a pretext to make literature drops at the offices of key lawmakers and provided a context within which to have brief conversations with staff, reinforcing the attention and pressure on the issue.

Working with HiHAC, Hawai‘i Appleseed created several videos in support of both the [conveyance tax issue](#) and the [eviction prevention issue](#). The videos were posted to social media, and the eviction prevention [video was boosted on YouTube](#) and Facebook to more than 25,000 viewers. While HiHAC lacked its own social media presence during the 2023 legislative session, we have since created social media pages for the coalition to host and spread its content and messaging.

AFFORDABLE HOUSING

NEXT STEPS

“IT IS ENTIRELY POSSIBLE TO CREATE THE HOUSING SUPPLY WE NEED TO MEET OUR DEMAND WHILE MAINTAINING IMPORTANT PROCEDURAL, LEGAL, ENVIRONMENTAL, CULTURAL, AND PUBLIC HEALTH REGULATIONS. THE KEY TO BRINGING DOWN COSTS IS PUBLIC INVESTMENT.”



The narrative around housing needs to shift for both the public and lawmakers to one that centers ongoing and permanent sources of public funding to finance a variety of methods for creating affordable housing units. Narratives about solving the problem through the gutting of important regulations alone should be pushed back on. This narrative is cover for profit-driven development to expand its own bottom line. And as long as the motive is profit, such a strategy will continue to fail to create housing at costs that actually meet our needs. It is entirely possible to create the housing supply we need to meet our demand while maintaining important procedural, legal, environmental, cultural, and public health regulations. The key to bringing down costs is public investment.

Members of the public that wish to get involved can attend HiHAC meetings every first Thursday of the month. You can sign-up for the HiHAC mailing list [here](#), or email info@hihac.org for more information.

ANTI-HUNGER



Hunger continues to be a major issue in Hawai‘i, where the cost of food on a thrifty budget is some 80 percent higher than the average on the continent—the highest food costs in the United States.⁸ Vulnerable populations, including keiki and kupuna, are at particular risk of being food insecure.

To address this critical issue, the [Hawai‘i Hunger Action Network](#) (HHAN) piloted some ambitious new initiatives this year that it had not pushed in prior years, including universal free school meals, expanded state benefits for SNAP users, and Department of Education (DOE) school food services reforms. Another issue HHAN championed this year for the first time was the push to create a state Child Tax Credit (CTC), marking the first time local anti-hunger advocacy groups/orgs have organized advocacy efforts around “upstream” solutions to food insecurity.

At the same time that the coalition was pushing for new, innovative solutions, however, longstanding, successful



programs that have been proven to increase nutrition security and food access for vulnerable populations, and that have received overwhelming community and legislative support, died unexpectedly during the conference committee step of the 2023 legislative session. That includes two coalition priorities (DA BUX and foodbank funding) that the food security community have been advancing for years.

While this was a frustrating result for anti-hunger efforts in 2023, the results do not necessarily indicate that these programs are no longer supported within the legislature. The conference committee process, by many accounts, was particularly chaotic this past legislative session, and these important anti-hunger bills weren't the only ones to slip through the cracks. With people's health, wellness and livelihoods on the line with these programs, lawmakers should act swiftly in 2024 to ensure these measures pass and are signed into law right away.

Several other factors impacted the 2023 session's anti-hunger efforts, including:

- New funding for additional anti-hunger policy positions within a cohort of four organizations, including Hawai'i Appleseed, resulting in greater momentum for several initiatives within this focus area;
- Hawai'i's "30 percent by 2030" farm-to-school goal, passed into law in 2021 (HRS 302A-405.5 & 405.6), continues to dominate the conversation around child food access; and
- DOE leadership remains focused on centralized kitchens as a strategy for school food reforms, planning to build a \$35 million facility in Wahiawā. This has put other important school food reforms on the back burner for lawmakers.

Although none of the bills the HHAN coalition advocated for this year made it through the process, the coalition's efforts kickstarted a conversation that will continue into the next session, and inspired new food security champions to get involved.

POLICY PRIORITIES

[HB247](#), [HB248](#), [HB249](#), [HB250](#): DOE Reforms

This suite of DOE reforms that would have made accessing nutritious meals through schools easier for Hawai'i's keiki died after the halfway point in the session when bills crossed over to their non-originating chambers.

[HB1248](#): Funding for the SNAP Double Up Food Bucks (DA BUX) Program

This program provides a state match in purchasing power when SNAP benefits are used by recipients on local food products. The program is extremely popular with SNAP users, distributors and local food producers. The bill to fund the program crossed over and passed all its committees before it died in conference committee.

[HB314](#): Food Bank Funding

This bill would have provided funding to the state emergency food access program, but died in conference committee on the last day of session. The failure to pass this bill has had major consequences on Maui in the wake of the August 2023 wildfires that destroyed Lahaina town, killed some 100 people, and displaced thousands. In an age of increasing danger from climate change-fueled catastrophes, this underscores the need for the state to keep its emergency programs—including emergency food relief—properly funded.

[SB430](#): Farm-to-Food Bank Funding

This farm-to-food bank program that strengthens local food production and food security also crossed over, passed all committees and died in conference committee on the final day of negotiations.

[HB233](#): Child Tax Credit

This bill would have created a state child tax credit—or Keiki Credit—to provide families with economic support to raise families in Hawai'i where the costs for raising kids is significantly higher than on the continent. As an “upstream” solution to food insecurity, this credit would help keep keiki fed. The bill made it through all its committees but died during the conference committee process. (More on this bill in the Tax & Budget section)

[SB154](#), [HB540](#): Universal Free School Meals

This proposal would have guaranteed school meals to every Hawai'i public school student regardless of ability to pay, and was an ambitious anti-hunger proposal that managed to build momentum through the session as the issue gained traction among the public and in national media. Several other states have now signed bills from their 2023 legislative sessions into law creating universal free school meal programs. In Hawai'i, both bills crossed over, but then died in their non-originating chambers.

[HB740](#), [SB940](#): Expanded Benefits for SNAP Recipients

These bills to strengthen the benefits provided by SNAP in Hawai'i died in their originating chambers and did not cross over.

CHANGE ANALYSIS



People First/Organizing

Hawai'i Appleseed and HHAN are committed to ensuring the voices of those most impacted by hunger and food insecurity are centered and supported. While capacity for community engagement and organizing was limited during the 2023 session, additional capacity through a new staff position will give Appleseed and HHAN the opportunity to engage the community through community listening and base-building sessions during the fall of 2023 and into the 2024 legislative session.



Research/Data

Data was critical to advocating for anti-hunger initiatives during the 2023 legislative session. From sharing the number of SNAP participants in Hawai'i losing benefits with the ending of SNAP emergency allotments, to estimating the cost to the state for universal free school meals—legislators relied on data provided by Appleseed and HHAN to help craft and improve introduced legislation.



Coalitions/Relationships

With renewed coordination and facilitation support, HHAN set an ambitious policy agenda encompassing upstream and downstream approaches to address food and nutrition insecurity. HHAN members were supported with data and talking points to submit oral and written testimony in support of more than 10 bills that spanned four priority areas. HHAN members received timely action alerts to encourage advocacy and keep advocates informed of critical legislative updates.



Communications/Media

Hawai'i Appleseed's and HHAN's policy priorities received earned media from multiple news outlets:

- [“Inside the push to make school meals free in Hawai'i”](#)
- [“DOE hopes a \\$35M kitchen in Wahiawa will improve school lunches”](#)
- [“Hawai'i families are on the edge of a hunger cliff”](#)
- [“Bills to transform Hawai'i school meals die in Senate”](#)
- [“Lack of leadership hurts farm to school”](#)
- [“Food and farming advocates look to state budget after mixed results this session”](#)

In addition, utilizing social media, HHAN engaged community members to advocate for multiple anti-hunger priorities. Since the end of the 2023 session, HHAN has expanded its social media capacity and launched a [brand new website](#) to help coordinate advocacy.



NEXT STEPS

The food access and nutrition security bills proposed by HHAN during the 2023 legislative session were well-coordinated and strategically aimed to address the varied needs of Hawai'i's food insecure communities. The coalition will continue to advocate for these evidence-based, well-tested food access strategies that are so desperately needed in Hawai'i. In addition to legislative advocacy, HHAN will continue to work with local and state partners to improve administration of and access to food assistance programs as well.

Sign up to join the Hawai'i Hunger Action Network email list [here](#) to connect with local anti-hunger advocates and stay updated on advocacy opportunities that advance nutrition security and food access for Hawai'i's people.

LABOR & WAGES



Christen Zulli speaks in support of paid family leave and paid sick leave at a Working Families Coalition rally in March, 2023. // Stacy Iler

Hawai'i made a significant stride forward in 2022 with the passage of a law raising the minimum wage to \$18 an hour by the year 2028—raising the incomes of some 200,000 low-wage workers by a total of \$1 billion in higher wages each year.⁹ But even that progress isn't enough to overcome the high cost of living in Hawai'i, and workers continue to be vulnerable to the impacts of missed work for illness or to care for a loved one or child. There is a clear and immediate need for stronger safety net programs for workers and their families to help cope with the cost of caring for loved ones while missing work.

In particular, a paid family leave and paid sick leave program for workers would each increase economic stability for the workforce, businesses and the overall economy. Hawai'i Appleseed participated in the [Hawai'i Working Families Coalition](#) and [Raise Up Hawai'i Coalition](#) efforts around both programs, submitting testimony and helping to coordinate communications and logistics for a Working Families Coalition rally at the capitol that featured low-wage workers and their families speaking in support of these measures.

Despite these efforts, advocates were not able to overcome opposition from the state's own Department of Labor & Industrial Relations, the executive department that would be responsible for administering the proposed programs, as well as from the business lobby, which continues to block any labor policies that would change the current dynamic between employers and employees—even when research shows these policies strengthen businesses too.¹⁰

These policies are more complex than a comparatively straightforward minimum wage increase. It will be important to educate both community members and lawmakers to build the necessary support, both inside and outside of the Capitol, to get these policies implemented. We must demonstrate that, like so many things, investing the upfront cost of funding these programs will be well-worth the long term savings and economic multiplier effects that these programs generate by strengthening the workforce. The improved quality of life, reduced healthcare costs, reduced unemployment costs, reduced eviction costs, and economic stimulus of a strengthened working class will pay for these programs many times over.

Lawmakers did make some progress by strengthening Hawai'i's salary transparency law to improve gender equity.

POLICY PRIORITIES

SB270: Tip Credit Phase-Out

This bill started out as a proposal to phase-out the tip credit, a harmful policy that allows certain employers in the service industry to pay a sub-minimum wage to their workers, as long as these workers are earning a certain amount in tips. There is strong evidence to suggest that employers are routinely failing to properly assess the tip credit, paying the subminimum wage even when their workers are not earning the necessary amount in tips required by law.¹¹ This means the tip credit is, in fact, a tip penalty for many workers. Beyond that, workers that are forced to work for tips to account for a portion of their basic needs income are at higher levels of risk of workplace abuse from both employers and customers.

Despite strong arguments for the harm this “tip penalty” does to workers—while padding the profit margins of business owners—the Senate labor committee chair chose to turn the proposal into a study. The amended bill crossed over to the House where advocates asked the House labor committee chair to turn the bill back into its original form. Instead, the bill was allowed to die.

HB235/SB342: Paid Sick Leave

These bills were the preferred vehicles for paid sick leave from the Working Families Coalition. On the Senate side, SB342 was also turned into a study by the Senate labor chair. The House labor chair never scheduled HB235 for a hearing.

HB236/SB360: Paid Family Leave

These bills were the preferred vehicles for paid family leave from the Working Families Coalition. The House labor committee chair did not schedule HB236 for a hearing and allowed it to die, while—once again—the Senate labor committee chair turned SB360 into a study. Two studies have already been carried out by the state on the topic of how to implement a successful paid family leave program in Hawai'i. When the bill crossed over to the House labor committee, advocates therefore had strong reason to push for this bill to be turned back into its original form as well, but the chair deferred the measure instead.

LABOR & WAGES

SB1057: Strengthening Salary Transparency

This bill was signed into law as Act 203 on 7/03/2023. Effective January 1, 2024, job listings in Hawai'i (with certain exceptions) will be required to include an hourly rate or salary range that reasonably reflects actual expected compensation. Employers will be prohibited from discriminating between employees because of any protected category established under state law by paying wages at a rate less than the rate at which the employer pays wages to other employees for substantially similar work. Fairly small, but important distinctions in the language used in this updated salary transparency law will make big differences in advancing gender equity in the workplace.

HB1087/SB1385: Closing the Minimum Wage Law Loophole

Both bills advanced throughout the session without opposition. The measures, advanced by the Green Administration, were understood to be essentially procedural in that they were simply making a small fix to the existing law. By the time the conference committee period came around, it was the Senate version that was chosen to be the final vehicle. However, like many other measures that were expected to pass as a matter of fact, the bill was allowed to fall through the cracks during the chaos of the conference committee process.

CHANGE ANALYSIS



People First/Organizing

Mobilizing working families to support policy at the legislature is a constant challenge because of the barriers they face to participation in the policymaking process. Most working parents cannot take off work to testify in person, and even submitting written testimony can be a major challenge when time as a parent is limited and precious. However, mobilizing this constituency to participate is essential to winning on labor and wages, or the voices of the business lobby will continue to drown out the needs of the people. Strategic partnerships with organizations that have capacity to organize this critical constituency will become increasingly important as working families continue to struggle with the high cost of living in Hawai'i.



Research/Data

Hawai'i Appleseed relied on national research in testimony to show how paid family leave and paid sick leave programs benefit businesses and the economy. Recent Hawai'i data collected on worker stats was also included. Likewise, Appleseed relied on national data to show the harm the "tip penalty" causes to workers, and the benefits to everyone involved in phasing it out.



Coalitions/Relationships

The Raise Up Hawai'i coalition is experiencing some growing pains as it transitions from a purely minimum wage increase-focused coalition to a broader labor issue-focused coalition. Personnel changes in the past two years mean Hawai'i Appleseed no longer has a labor and wages policy expert

or coalition coordinator, which limited capacity to primarily a supportive role.

The Working Families Coalition made both paid family leave and paid sick leave priorities, but—with the exception of the [Hawai'i Children's Action Network](#), which organizes parents and families to support issues like paid family leave and paid sick leave—most of the organizations in the Working Families Coalition are focused primarily on grassroots advocacy. While that is also needed, the effort to build engagement with impacted community members to turn out mobilization for policy change efforts needs to be supported and expanded.



Communications/Media

In a similar vein, our communications and messaging competency around these non-wage specific labor issues is on a learning curve. The looming cost of living crisis and the difficulty it creates in caring for family and health continues to drive the need for these programs, and presents a clear case to be made for the public and lawmakers. Additional messaging around the ability of these programs to also strengthen businesses and the overall economy, and to make both more resilient could help nurture support among the business community. The following media hits captured work around the labor and wages issue in 2023:

- [“Salary transparency can promote economic justice”](#)
- [“As Hawai'i's minimum wage rises, some lawmakers want to scrap the tip credit”](#)
- [“Working families rally at the Hawaii state capitol for paid family leave, affordable housing, and paid sick days”](#)
- [“Following Labor Department pushback, paid family leave proposal dies”](#)

NEXT STEPS

Policymakers need to hear from working parents if we are to secure people-first labor and wage policies over the objections of hesitant bureaucrats and shortsighted lobbyists. Finding business owners with vision, who are supportive of these programs and willing to speak out and challenge the dominance of the business lobby's narrative around labor-related programs, will also make it easier to convince lawmakers that these policies won't result in economic harm—that they will, in fact, strengthen the economy.

Getting the major labor unions on board with these policies from the start would mean a significant power boost in the efforts to advance these policies as well. Meeting with both legislative labor chairs, other interested lawmakers, DLIR staff, the governor's office and other stakeholders to get on the same page about these programs ahead of time would help ensure that the next draft bill is feasible given state capacity, while still delivering the benefits that workers and their families deserve.

The labor coalitions could organize and hold coalition meetings structured more closely to a HiHAC meeting, which is geared toward cultivating grassroots power and building public engagement and mobilization capacity. An easy first step is to funnel interested members of the public into a legislator contact form that can allow them to send a message of support to their lawmakers ahead of the 2024 session. Sign up to join the Raise Up Hawai'i email list [here](#).

TAX & BUDGET

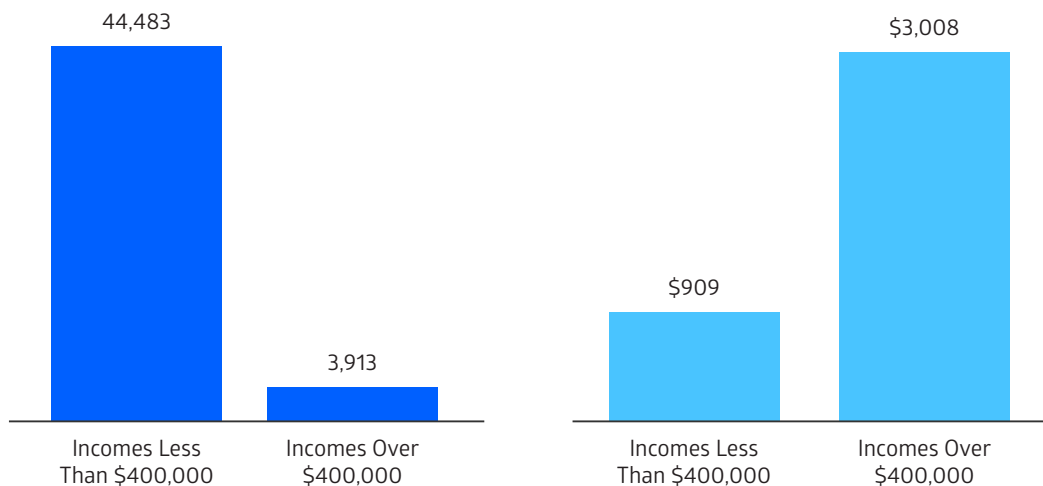


Supporters of tax fairness initiatives that would capture more wealth from the rich to help fund our collective future gather at a press conference in January, 2023. // Connie Choy

Hawai'i continued to make progress in the 2023 legislative session on making its tax system more fair toward low-income workers by letting them keep more of what they earn. Tax credits help offset the high cost of living, alleviate poverty and stimulate the consumer economy all at the same time. Tax credits are less burdensome to apply for than government benefit programs. With the passage of [Act 163](#), Hawai'i's refundable Earned Income Tax Credit (EITC) will expand to 40 percent of the federal credit. This gives Hawai'i one of the strongest EITCs in the nation, behind only California, Maryland, and Washington D.C.

Although the EITC expansion is great progress, its benefits still aren't enough for many families in the state. And because the EITC depends on work, not all residents qualify. As another means of delivering a targeted form of economic relief to offset the high cost of raising children, in 2023 the [Hawai'i Tax Fairness Coalition](#) advocated for the establishment of a state child tax credit, or Keiki Credit. This credit would deliver an additional economic benefit to families with children, regardless of work status, to help cover the cost of things like child care.¹² In 2023, lawmakers left this proposal on the table, but perhaps the dramatic increase in poverty during 2022—spurred in large part by the end of federal Child Tax Credit expanded benefits¹³—will change their minds in 2024.

Governor Josh Green had a great deal of influence on the conversation surrounding tax credits, since he proposed his own tax credit plan. The Green Affordability Plan (GAP) both helped and hurt our efforts around creating a CTC. The GAP created a lot of buzz around the broader concept of tax credits. However, the sheer volume of tax credits being proposed made carving out space for the CTC a challenge.



The distribution of returns with income from long-term capital gains and the amounts of income reported both disproportionately favor the wealthiest taxpayers in Hawai'i. These figures include data for both resident and nonresident taxpayers in 2020.

Number of Hawai'i returns with long-term capital gains, 2020

Dollar value of all long-term capital gains (\$Millions), 2020

On the other side of the tax equation is assessing equitable taxes on corporations and the wealthy to pay for the many things Hawai'i needs as a collective community to meet the serious challenges of the 21st century. At the top of the list is affordable housing, its associated infrastructure costs, and houseless services; anti-hunger programs like universal school meals; and economic support programs like the Keiki Credit and paid leave.

In addition to the conveyance tax (see Affordable Housing section), Hawai'i Appleseed also supported a proposal to change how wealth from capital gains is taxed. Capital gains is wealth created by the selling of capital assets like stocks, bonds, art, antiques and real estate. It is wealth held almost exclusively by the top 5 percent of Hawai'i's richest households and, therefore, a higher tax on capital gains would almost exclusively impact those same wealthy households.¹⁴ Hawai'i is one of only nine states that taxes capital gains at a lower rate than regular income from wages. This policy provides a tax break to the wealthiest among us, and costs the state tens of millions of dollars in lost revenue each year. Instead, the state should tax capital gains at the same progressive tax rates as regular income from work.

While this proposal was also put forward in 2021 during the height of the pandemic, it was billed, then, as a revenue-generating budget deficit solution to help avoid pandemic-related cuts. However, federal relief money quickly supplanted the need for bolstered budget revenue from taxes—temporarily. Similarly, a rosy budget surplus forecast at the start of the 2023 session led many legislators to discount the idea of implementing revenue raising tax proposals such as a progressive capital gains tax. But while federal money may have helped stave off a full blown recession, and led to a rosy budget surplus projection, that situation could change given external factors like pandemics, supply chain-disrupting wars, or devastating natural disasters.

The 2023 session was the first session that the capital gains proposal was put forward as part of a push to “fund our future”—messaging that explicitly recognizes the need for consistent investment of public tax revenue, collected equitably, in order to meet our problems head on and overcome them. The campaign was coordinated with sister campaigns in states across the country, all championing the same message.

TAX & BUDGET

POLICY PRIORITIES

[HB233](#): Keiki Credit

This bill to establish a state child tax credit advanced all the way to the conference committee but did not make it out of the process once the budget was decided on.

[HB954](#): Majority Caucus Tax Relief Bill

This bill expands the state EITC to 40 percent of the federal benefit amount, as well as expanding the child and dependent care tax credit and refundable food/excise tax credit. This bill was advanced by the House majority caucus and was signed into law by Governor Green as Act 163 on 06/30/2023.

[HB232](#): Taxing Capital Gains Like Ordinary Income

This bill received no hearings, failing to get through the House Committee on Economic Development. A different proposal to raise the capital gains tax rate to a higher—but still flat—rate of 9 percent advanced further but was still deferred.

CHANGE ANALYSIS



People First/Organizing

As with other issue areas, Hawai'i Appleseed continued to develop its capacity to mobilize working families to turn out to rallies and lobby days in support of tax policy changes. While we still lack dedicated tax and budget organizing staff, our Lead Community Developer, Christy MacPherson, continues to be an important resource in facilitating that work. With her efforts, the coalition does have a few community leaders that are able to speak at rallies or to the media about the importance of tax credits to their family wellbeing. However, more outreach and organizing to strengthen this capacity further is likely needed before major tax reforms stand a chance of passage.



Research/Data

Hawai'i Appleseed used data from the [Institute on Taxation and Economic Policy](#) (ITEP) to communicate key talking points about tax measures to legislators and their staff. Appleseed created two 2023 research products through the Hawai'i Budget & Policy Center—one on the benefits of the [Keiki Credit](#), and the other on the benefits of a [progressive capital gains tax](#). Releasing research products on the issues we're advocating for in advance of the legislative session, rather than during the session itself, would give lawmakers more time to absorb the information, and provide opportunities for follow ups before hearings begin.



Coalitions/Relationships

Hawai'i Appleseed convened the Hawai'i Tax Fairness Coalition throughout the session, and established new relationships with legislators and advocates. However, the coalition currently focuses on grass tops advocates, and would be strengthened by the addition of participation from community members outside the tax policy sphere. Securing meetings with key lawmakers ahead of the legislative session and introducing these tax concepts with supporting material would help lawmakers make better-informed decisions once session starts in January.



Communications/Media

The coalition was able to coordinate a “Fund Our Future” press conference to support the capital gains tax proposal, as well as a proposal from a legislative champion to strengthen the estate tax. Appleseed also coordinated the placing of an op-ed from our two tax fairness legislative champions in the State House in *Honolulu Civil Beat*.

As part of the Working Families Coalition rally, Appleseed coordinated speakers to support the Keiki Credit and EITC expansion, and placed a *Honolulu Star Advertiser* op-ed in support of the Child Tax Credit and the moms who would benefit from it for Women's History month in March. Media coverage of our tax and budget proposals included:

- [“Billionaires in blue states face coordinated wealth-tax bills”](#)
- [“Hawai'i Tax Fairness Coalition protest at State Capitol in favor of new tax on ultra-wealthy”](#)
- [“Hawai'i bill looks to increase capital gains taxes”](#)
- [“Want to give our kids a future? Change the way we tax wealth”](#)
- [“Move ahead with care on tax relief”](#)
- [“‘Audacious’ tax relief plan advances at Hawai'i Legislature”](#)
- [“Hawai'i's working moms deserve \(child tax\) credit”](#)
- [“Working families need tax relief”](#)

Through the coalition, Hawai'i Appleseed generated multiple [short videos](#) to promote the Child Tax Credit and capital gains tax, which were shared and boosted on YouTube, Facebook, Instagram and Twitter, collectively racking up tens of thousands of views.

NEXT STEPS

Hawai'i Appleseed should work to expand the Tax Fairness Coalition to include more grassroots community members, as well as to reconnect with grass tops members that have not been as involved lately. Awareness campaigns to educate the public on tax issues and encourage them to become more involved should be created and implemented before the 2024 session begins. It is possible to move the Tax Fairness Coalition towards having a more robust and community-centered model, and doing so would allow us to mobilize a much stronger presence at the Capitol in support of tax fairness and a budget that invests heavily in people. Sign up to join the Hawai'i Tax Fairness Coalition email list [here](#).

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