

BILL 38(22)
TESTIMONY

MISC. COM. 130
COUNCIL

TO: Members of the Honolulu City Council

FROM: Natalie Iwasa, CPA, CFE

DATE: Wednesday, March 15, 2023

SUBJECT: Bill 38 (2022), Low-Income Credit for Real Property Taxes – **COMMENTS**

Aloha Chair Waters and Councilmembers

Thank you for this opportunity to provide testimony on Bill 38 (2022), which would increase the threshold for low-income credit for real property taxes and tie it to the 80% two-person area median income (AMI) as published by the U.S. HUD. I support increasing the credit, but please consider the following.

In 2020 the two-person 80% AMI for Honolulu was \$80,600. In 2021 it dropped to \$77,350, and in 2022 it increased to \$83,600. Had the threshold been tied to the AMI for 2021, fewer people would have qualified for the credit. If the council wishes to pursue this bill over Bill 37, which would simply increase the maximum income amount to \$70,000, I recommend it be amended to include wording such as “except in no case shall it be lower than the prior year.”

Please also clarify what year will be used when the bill becomes effective and when it should be updated thereafter, as well as what methods will be used to educate taxpayers.