

BILL038(22)
Testimony

MISC. COMM. 147

BUDGET (BUD)

BUDGET (BUD) Meeting

Meeting Date: Apr 4, 2023 @ 09:00 AM

Support: 0

Oppose: 0

I wish to comment: 1

Name: Ted Kefalas	Email: tkefalas@grassrootinstitute.org	Zip: 96813
Representing: Grassroot Institute of Hawaii	Position: I wish to comment	Submitted: Apr 3, 2023 @ 01:24 PM



April 4, 2023

9 a.m.

Honolulu City Council Chambers

To: Honolulu City and County Council, Committee on Budget

Councilmember Radiant Cordero, Chair

Councilmember Matt Weyer, Vice Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

RE: Bill 38 (2022) — RELATING TO REAL PROPERTY TAXATION

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on [Bill 38 \(2022\)](#), which would change the formula for calculating the eligibility for the real property tax credit.

The advantage of this measure compared to Bill 37 is that it would automatically index the credit to changes in personal income, ensuring that people are not disqualified from the credit simply because of a small pay raise or cost-of-living increase.

Since we last testified on this measure, two amendments have been proposed, both of which would expand eligibility for the credit. Of the two proposed amendments, Councilmember Matt Weyer's would generously increase the eligibility to 100% of the area median income, while Councilmember Esther Kia'āina's amendment would retain the 80% AMI standard.

Both amendments would clarify the mechanics of the credit and push the implementation date to July 1, 2024.

We would prefer the higher amount, of course, but either way, the amount needs to be increased.

Honolulu's real property tax credit was last increased in 2014 from \$50,000 to \$60,000.¹ At the time, a two-person household income of \$61,350 equaled 80% AMI.² In today's terms, 80% of AMI for a two person household is \$83,600 - an increase of more than \$22,000 since 2014.³

In other words, over the last nine years, personal income has increased while the eligibility for the credit remained flat.

Property tax credits, also known as "circuit breakers," are used nationwide to ensure that lower income property owners who are "land rich, cash poor" receive property tax relief. Every county in the state, except for Hawaii island, employs some form of circuit breaker.

Between fiscal years 2012 and 2022, this program reduced Honolulu residents' tax burdens by almost \$40 million.⁴ In fiscal year 2023, the credit provided assistance to 3,252 Oahu households.

Expanding eligibility for this credit would be a targeted way to provide critical tax relief.

Thank you for the opportunity to testify.

Sincerely,

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

¹ [Ordinance 14-33](#). See also Revised Ordinances of Honolulu, [§ 8-13.2 Real property tax credit established](#), accessed April 3, 2023.

² "[Honolulu County Income Schedule by Family Size](#)," Hawaii Housing Finance and Development Corp., 2014, p. 1.

³ "[Honolulu County Income Schedule by Family Size](#)," Hawaii Housing Finance and Development Corp., 2022, p. 16.

⁴ Uniform Information Practices Act request filed with the Honolulu Department of Budget and Fiscal Services, Dec. 8, 2022.