HAWAIʻI TAX FAIRNESS COALITION · 2027 SESSION

# Tax Fairness Coalition 2027 Priorities

Local families can no longer afford to remain in Hawaiʻi , while the ultra-wealthy continue to build on their fortunes. These three tax policies would ask the wealthiest among us to pay more, without affecting working families.

## 01 Increase the Conveyance Tax on Luxury Homes

**$271M**

**Estimated FY2027 revenue** under last session's House bill, rising to **$303M** by FY2031.

Up to **$60M a year** for Hawaiian Home Lands.

- Rates **unchanged since 2009**; none of the revenue goes to Hawaiian Home Lands.
- Today one rate applies to the **whole price**, so the tax jumps at set prices.
- **The proposal:** switch to **marginal rates**, like income tax brackets, so each rate applies only to the part of the price in that bracket.

**RECOMMENDATION**

Raise rates on high-value and non-owner-occupied properties, and dedicate the new revenue to Hawaiian Home Lands.

## 02 Preserve Working Families' Tax Credits

**$76M***

**Less for working families** in 2028 if the expansions expire.

That is **$43M** from the EITC and **$34M** from food/excise.

*Does not include the CDCTC.

- Act 163 expanded the earned income, food/excise, and child and dependent care credits; all expansions end after 2027.
- In 2028, roughly 175,000–185,000 households would get reduced benefits. Single parents would lose $817 on average.

**RECOMMENDATION**

Extend the earned income, food/excise, and child and dependent care tax credits before they expire.

## 03 Tax Profits Like Paychecks

**$100M+**

**Estimated revenue in 2027 from the capital gains tax**, not including non-resident taxpayers.

About **90%** would come from the top **1%** of households.

- Capital gains are the profits from selling stocks, bonds, and other assets are **taxed at a maximum of 7.25%**; wages are taxed up to **13%**.
- **Most local families would pay not pay higher taxes if the capital gains rate were raised.**

**RECOMMENDATION**

Tax capital gains at the same rates as ordinary income, so investment income does not receive preferential treatment.

**Questions?** Devin Thomas · devin@hiappleseed.org

# Preserve Working Families' Tax Credits

In 2023, Act 163 doubled the state Earned Income Tax Credit (EITC) and the food/excise tax credit, and it increased the child and dependent care tax credit (CDCTC). Both expansions end after 2027. Here is where the money goes today, and who stands to lose their benefits if the expansions expire.

## $76M*

less for working families in 2028

**Does not include the CDCTC.*

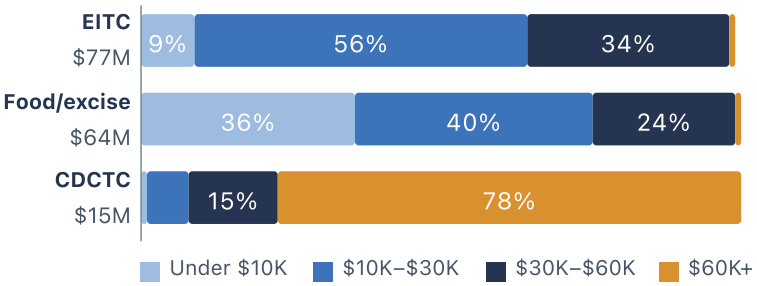



**State EITC** · 56% **Food/excise credit** · 44%

**Food/excise falls from $64M (2023) to estimated $53M (2028)** even if renewed: its amounts and income limits don't rise with inflation.

## WHERE THE BENEFITS FLOW NOW

Share of each credit's dollars, by filer income, 2023

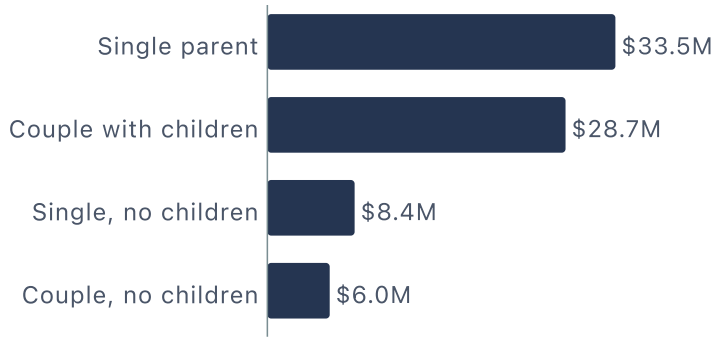



| 2023 | EITC | Food/ excise | CDCTC |
|---|---|---|---|
| Total Amount | $77.1M | $64.0M | $14.8M |
| Average Benefit | $912 | $256 | $818 |

**78%** of child and dependent care dollars go to filers at $60K or more. For the EITC and food/excise, 99% goes to filers under $60K.

## WHO STANDS TO LOSE

**Total loss by family type**, EITC and Refundable Food/Excise Tax Credit, 2028




*By household income (all members combined, so a household may include more than one filer)*

| Household income | Avg. loss | Total |
|---|---|---|
| Lowest 20% | $460 | $34.2M |
| Second 20% | $533 | $18.8M |
| Middle 20% | $356 | $8.9M |
| Fourth 20% | $366 | $6.9M |
| Top 20% | $292 | $7.6M |

**Single parents** are hit hardest: in 2028, 64% lose part of a credit, averaging **$817**.

### RECOMMENDATION

Extend the earned income, food/excise, and child and dependent care tax credits before they expire.

Roughly

**175,000–185,000**

households would receive less benefits in 2028

Sign up for bill alerts and testimony at hitaxfairness.org

**Questions?** Devin Thomas · devin@hiappleseed.org

Sources: Hawai'i Appleseed Census-Forecaster tax model, tax year 2028 (run Oct. 19, 2026); Hawai'i Dept. of Taxation, Tax Credits Claimed, tax year 2023 (Tables 4, A-5), and EITC Report, tax year 2024; Act 163 (2023). Model estimates carry sampling error.