



THERE'S POWER IN NUMBERS

LESSONS FROM HAWAII'S CAMPAIGN TO ENACT A STATE-LEVEL EITC

This case study is part of a series examining the strategies and messages used by advocates to create, expand or protect state Earned Income Tax Credits.

BACKGROUND

In July 2017, Hawaii Governor David Ige (D) signed bipartisan legislation to enact a state-level, nonrefundable Earned Income Tax Credit (EITC) worth 20 percent of the federal credit. The legislation resulted from more than a decade of effort by EITC advocates in the state to bring much-needed relief to low-wage Hawaii residents.

For years, Hawaii residents have struggled to make ends meet in a state that boasts the highest cost of living in the nation coupled with the lowest-paying jobs after adjusting for cost of living. The tax burden on Hawaii's lowest-wage residents is the [second worst in the nation](#) – those earning the least pay more than 13 percent of their income in state and local taxes, while those earning the most pay only seven percent. By 2017, [nearly half \(48 percent\) of all Hawaii residents were living paycheck-to-paycheck](#).

Bills to enact a state-level EITC to help struggling workers had been introduced in the Hawaii legislature for more than a decade without success. Although the state is deeply Democratic, many of its lawmakers are fiscally conservative and were reluctant to agree to a new expenditure despite the EITC's proven economic benefits. Advocates spent years building relationships with key lawmakers, organizing a diverse coalition and executing a thoughtful campaign that highlighted the EITC as smart policy for helping Hawaii's lowest-wage residents.

CAMPAIGN STRUCTURE AND STRATEGY

Advocates credit the bulk of the EITC's success in Hawaii to a diverse coalition of organizations who leveraged their collective voice in favor of a more equitable tax system for low-wage workers. Led by the Hawaii Appleseed Center for Law & Economic Justice and the Hawaii Alliance for Progressive Action, the [Hawaii Tax Fairness Coalition](#)'s members include religious groups, LGBT organizations, environmental activists, children's networks and mental health associations, among many more.

The diversity of voices in the coalition drew attention from unlikely allies, especially those in the media. Members secured interviews in local newspapers, on the radio and on television. They promoted



their campaign on social media, reaching new supporters in all parts of the state. To keep organized, the coalition surveyed members and kept a spreadsheet detailing how each group could contribute their skills and expertise to the campaign. The coalition also hired a communications consultant who strategized around the best way to leverage each coalition member's unique voice. The coalition created videos featuring diverse voices on the need for an EITC. One video featured a pastor and one of his congregants: a single father who could benefit from a Hawaii EITC. A professor at a local university found students willing to testify in favor of an EITC. Another member who leads a mental health organization wrote an Op-Ed about [how poverty can be toxic to mental health](#), and how a state-level EITC could help. The coalition's branding was consistent throughout each of these efforts: its logo appeared on websites, videos, [infographics](#) and written products; those who testified in person wore the logo as a sticker to remind lawmakers that they were one of many.

COALITION MEMBERS

AF3IRM Hawai'i
Americans for Democratic Action Hawai'i
Catholic Charities Hawai'i
Center on the Family, University of Hawai'i
Community Alliance on Prisons
Democratic Party of Hawai'i
Hawai'i Alliance for Progressive Action
Hawai'i Alliance for Community Based Economic Development
Hawai'i Appleseed Center for Law & Economic Justice
Hawai'i Children's Action Network
Hawaiian Community Assets
Hawai'i Habitat for Humanity Association
Hawai'i State Coalition Against Domestic Violence
Hawai'i State Commission on the Status of Women
Hawai'i State Democratic Women's Caucus
LGBT Caucus of the Democratic Party of Hawai'i
League of Women Voters of Hawai'i
Mental Health America of Hawai'i
Parents and Children Together
PHOCUSED
Sierra Club of Hawai'i
The CHOW Project
YWCA Oahu

Because Hawaii's legislative session runs for only 60 days, from late January to April, organization was key for keeping things moving at a fast pace. Op-Eds needed to appear every several weeks, and because there are only a handful of local papers in Hawaii, it was important that their content was appealing enough to get placed often. Similarly, it was vital to maintain a steady drumbeat of testimony to the Hawaii legislature. The coalition dedicated a portion of its website to hosting pre-written testimony individuals could customize and send directly to the legislature. Coalition members sent out email alerts to their individual networks, urging them to testify. At the legislation's first hearing, there were [more than 150 pages of testimony](#) almost entirely in support, an amount that impressed lawmakers.

The coalition proposed a revenue-neutral package to address concerns about the upfront costs associated with enacting a state-level EITC. The key was to identify a funding source for the new credit: restoring a slightly higher income tax rate for wealthier Hawaii residents that lawmakers had allowed to sunset in 2015. Using [data from the Institute on Taxation and Economic Policy](#) that showed Hawaii's lowest-wage residents paid nearly twice as much of their income in state and local taxes than did its wealthiest residents, they quickly built support for this idea. Coalition members identified [wealthier Hawaii residents willing to write Op-Eds](#) and testify in front of the legislature in favor of paying more in taxes to help those struggling to make ends meet.

Some legislators were also concerned by the rate of improper EITC payments at the federal level, which they often incorrectly referred to as "fraud." For years, Hawaii

Appleseed used thoughtful messaging around the EITC's error rate to educate the legislature. By 2017, not a single lawmaker used the word "fraud" and it was clear most understood that improper EITC payments are made in error. However, some remained unwavering in their concern and the original proposal for a refundable EITC was eventually made nonrefundable in an attempt to reduce improper payments at the state level.

Ultimately, the coalition's efforts paid off, and the Hawaii legislature enacted a state-level EITC to help low-wage residents make ends meet. However, because the credit is nonrefundable, those earning the very least receive little to no benefit and continue to fall victim to Hawaii's regressive tax structure. Moving forward, advocates in Hawaii plan to work toward securing refundability for the state's EITC using the same formula for success: a well-organized, diverse coalition of groups dedicated to tax fairness.

KEY MESSAGES USED

- **Low-wage Hawaii residents desperately need a tax break.** Hawaii has the highest cost of living in the nation, the lowest wages, and the second-highest tax burden on low-income households.
- **The EITC is an efficient tool for helping working families.** The EITC is the most effective anti-poverty program in America because it targets working families in need and efficiently delivers support through tax refunds, a process that requires minimal administrative costs.
- **The EITC helps local businesses.** When working families struggle, businesses suffer. By helping workers keep more of their hard-earned wages, the EITC directly benefits local businesses through increased consumer spending.
- **Now is the time for Hawai'i to invest in its residents and businesses** by creating a state refundable EITC that puts dollars back into workers' pockets and into the cash registers of local business.

Tax Credits for Workers and Their Families (TCWF) is a strategic communications campaign working to promote the Earned Income Tax Credit, Child Tax Credit and other tax credits at the state and federal level. We offer communications support to advocates and policymakers working to enact new tax credits or improve existing ones. Our website (www.taxcreditsforworkersandfamilies.org) provides information, resources and tools to help community-based organizations and elected officials raise awareness about these important tax credits and help working families get ahead.

TCWF is a non-partisan initiative led by The Hatcher Group, a communications and public affairs firm dedicated to inspiring social change for good. For more information, contact Lauren Pescatore at (301) 656-0348 or lpescatore@thehatchergroup.com.