

**PETER L. FRITZ**  
2229 COOPER ROAD  
HONOLULU, HAWAII 96822  
(808) 532-7118

**THE SENATE  
THE TWENTY-FOURTH LEGISLATURE  
REGULAR SESSION OF 2008**

**COMMITTEE ON HUMAN SERVICES AND PUBLIC HOUSING**

**Hearing January 31, 2008**

**Testimony on S.B. 2349**

**(Relating to Exemption from General Excise Tax)**

Chair Chun Oakland, Vice-Chair Ihara, members of the Committee:

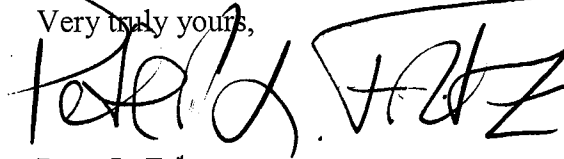
This bill provides an exemption for Assistive Technology ("AT") devices from Hawaii's General Excise Tax ("GET"). We all know individuals who use AT such as hearing aids, wheelchairs, walkers, canes, crutches, and speech synthesizers. We see such individuals everywhere, including coaching sporting games. What we may not know is that all of these assistive devices were subject to the GET.

**I strongly support this bill because:**

1. It makes the AT devices more affordable because the GET will not be added to the cost.
2. It eliminates the unfairness that is caused when the entire amount of the GET is passed onto the consumer. The tax, as a percentage of what is paid by the consumer is often much higher than 4%. For example, if the cost of an assistive device is \$100, the tax is \$4.00 making the total cost \$104.00. If an insurance company pays \$80.00, the consumer pays \$24.00 because the tax will be part of their share of \$20.00. The consumers cost is increased by 20% because the consumer bears the full burden of the General Excise Tax. This can often make AT unaffordable.
3. It is substantially certain that there will not be a double tax benefit for most individuals because individuals can only deduct the amount that exceeds 7½ of their Adjusted Gross Income from their income tax. Very few taxpayers ever reach this threshold.

Thank you for the opportunity to testify.

Very truly yours,



Peter L. Fritz