

NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



FREDERICK D. PABLO
DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
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HOUSE COMMITTEE ON FINANCE

TESTIMONY OF THE DEPARTMENT OF TAXATION REGARDING HB 1092 HD1 PROPOSED B RELATING TO TAXATION

TESTIFIER: FREDERICK D. PABLO, DIRECTOR OF TAXATION
(OR DESIGNEE)

COMMITTEE: FIN

DATE: FEBRUARY 25, 2011

TIME: 1:30PM

POSITION: SUPPORT PART I AND II, OPPOSE PART III

This measure amends the current law that excludes employer-funded pension income from income tax. It treats employer-funded pension income like all other income, similar to that of the federal tax code. It starts in the 2011 tax year.

The Department of Taxation (Department) **supports** this measure.

PART I: TAXATION OF PENSION INCOME

FAIRNESS—This proposal makes taxation of pensioners more "even handed." Currently, retirees without employer-funded pensions are taxed on their retirement income, such as 401K, dividends, rental income, and other sources of income. It is a fair tax policy to treat the taxation of employer-funded retirement income similar to the self-funded retirement income.

The 1995-1997 and 2001-2003 Tax Review Commission recommended a phase in taxation of all pension income. Similarly, the 2005-2007 Tax Review Commission recommended conforming to the federal tax treatment of retirement income, excluding an annual base amount (*e.g.*: \$50,000). Hawaii is one of only ten (or 20%) states that

exclude all federal, state and local pension income from taxation¹. Forty (or 80%) states taxed pension.

PRESERVE THE EXEMPTION FOR OF PENSION INCOME UP TO CERTAIN AMOUNT REGARDLESS OF INCOME LEVELS—

This measure proposes to preserve the exemption of the pension income, regardless of income levels, up to:

- \$75,000 of pension income for single or married filing separately;
- \$112,500 of pension income for head of household or surviving spouse;
- \$150,000 of pension income for joint returns.

The Abercrombie-Schatz Administration proposes to preserve the exemption of the pension income for those with a federal Adjusted Gross Income of less than:

- \$37,500 for single or married filing separately;
- \$56,250 for head of household or surviving spouse;
- \$75,000 for joint returns.

The thresholds chosen by the Administration took into consideration the average household income and average pension amount. According to the US Census Bureau, average Hawaii household income in 2008 was \$66,701. According to the 2008 Federal Individual Income tax data, the average Hawaii residents' pensions and annuities taxed at the federal level was \$22,686. According to the 2009 State Individual Income tax data, the amount of pensions taxed at the federal level but not by the State is \$2.61 billion. This exemption currently benefits approximately 96,200 taxpayers, or only 18% of Hawaii resident taxpayers².

This measure will only impact 896 taxpayers (or approximately 0.2% of Hawaii resident taxpayers), whereas the Administration's proposal will impact 43,520 taxpayers (or approximately 8.1% of Hawaii resident taxpayers).

¹ The ten (10) states are as follows: Alabama, Hawaii, Illinois, Kansas, Louisiana, Massachusetts, Michigan, Mississippi, New York and Pennsylvania.

² Total number of 2009 resident individual income tax returns is 535,996.

REVENUE GAIN—This measure will result in an estimated revenue gain of \$9.9 million per year for FY 2012 and thereafter, whereas the Administration's proposal will result in an estimated revenue gain of \$112.3 million per year for FY 2012 and thereafter.

PART II: STATE TAX DEDUCTION

SOUND TAX POLICY—It is a fundamental tax policy to eliminate an absurd deduction allowed by the same source that is taxing the income. The current deduction is irrational and poor tax policy. It also simplifies the tax code. Only a handful (approximately 5) other states allow a state tax deduction for state income tax paid.

PHASE-OUT THE REPEAL FOR THOSE WITH MODEST INCOME—Eliminates the deduction for the 2011 tax year for those earning:

- \$75,000 or more for single or married filing separately;
- \$112,500 or more for head of household or surviving spouse;
- \$150,000 or more for joint returns.

Phases-out the deduction by reducing it over two taxable years for all others:

- 50% reduction for 2011
- 75% reduction for 2012
- 100% reduction for 2013.

REVENUE GAIN—This measure will result in an estimated revenue gain of \$63.7 million for FY 2012, \$79.0 million for FY 2013, \$94.4 million for FY 2014 and thereafter.

PART III: ROYALTIES EXCLUSION

The Department opposes the repeal of the royalties exclusion. The royalties exclusion encourages the entertainment industry in Hawaii and directly benefits Hawaii's local musicians and filmmakers. The Department defers to the Department of Business Development and Tourism on the further merits of this exclusion.

REVENUE GAIN—This measure will result in an estimated revenue gain of \$2.5 million/year for FY 2012 and thereafter.

REVENUE GAIN FOR PART I, II, AND III—This measure will result in an estimated total revenue gain of \$76.1 million: FY 2012, \$91.4 million: FY 2013, \$106.8 million: FY 2014 and thereafter.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 24, 2011 7:34 PM
To: FINTestimony
Cc: julietotamayo@yahoo.com
Subject: Testimony for HB1092 on 2/25/2011 1:30:00 PM

Testimony for FIN 2/25/2011 1:30:00 PM HB1092

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Julieto and Filipina Tamayo
Organization:
Address:
Phone:
E-mail: julietotamayo@yahoo.com
Submitted on: 2/24/2011

Comments:
February 25, 2011

Dear Committee Members,

Our names are Julieto and Filipina Tamayo and we are timeshare owners living now in Honolulu. We are strongly opposed to HBs 809 and HB 1092 which propose to raise the TAT for timeshare owners. We are one of the over 6,000 Hawaii residents who have purchased timeshare units in Hawaii. As Hawaii taxpayers, we are disturbed that timeshare is being singled out for an almost 400% increase.

This large increase in the TAT would increase our maintenance fee payment from \$2126.00 to \$2344.00 in one jump. Our family have made a financial commitment to spend our vacations in Hawaii. We are truly "buying local" and for this are being assessed a transient tax for staying in a unit that that we already own. No other owners of real property are subjected to pay an occupancy tax to occupy the real property they already own in Hawaii. No other state in the U.S. assesses such a tax on timeshare owners.

As local timeshare owners, we believe we not only support our local communities, but also contribute to the sustainability of our visitor industry. We strongly oppose this tax and any increase to it and ask you to hold any bills which propose to increase any tax on timeshare owners.

Sincerely yours,

Julieto Tamayo

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Thursday, February 24, 2011 12:49 PM
To: FINTestimony
Cc: darterburn@hhbconline.com
Subject: Testimony for HB1092 on 2/25/2011 1:30:00 PM

Testimony for FIN 2/25/2011 1:30:00 PM HB1092

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Dan & Alice Arterburn
Organization: Individual
Address:
Phone:
E-mail: darternburn@hhbconline.com
Submitted on: 2/24/2011

Comments:

Please accept this as our testimony on opposition for HB 809 and HB 1092.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 25, 2011 12:26 PM
To: FINTestimony
Cc: gfarstrup@msn.com
Subject: Testimony for HB1092 on 2/25/2011 1:30:00 PM

Testimony for FIN 2/25/2011 1:30:00 PM HB1092

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Greg and Pat Farstrup
Organization: Individual
Address:
Phone:
E-mail: gfarstrup@msn.com
Submitted on: 2/25/2011

LATE TESTIMONY

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 25, 2011 11:47 AM
To: FINTestimony
Cc: jodi.behn@gmail.com
Subject: Testimony for HB1092 on 2/25/2011 1:30:00 PM

Testimony for FIN 2/25/2011 1:30:00 PM HB1092

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Jodi Behn
Organization: Individual
Address:
Phone:
E-mail: jodi.behn@gmail.com
Submitted on: 2/25/2011

LATE TESTIMONY

Comments:

My name is Jodi Behn, and my husband and I are timeshare owners at the Westin Ka'anapali Ocean Resort and have been owners for five years. I strongly object to HB 809, HB 1163, HB 1092, and SB 1319 which will significantly increase my state transient accommodations tax. I have come to Hawaii many many times over the past 30 years, but purchased my timeshare so that we could make yearly trips to Maui. I consider Maui to be a very special second home for me and my husband. We love the islands. My husband and I met over 30 years ago in at a Hui O Hawaii of San Fernando Valley function in Southern California... the aloha of Hawaii is why we purchased in Maui. To be faced with an almost 300% increase all at once is very very upsetting and financially burdensome. We have supported Hawaii through our visits for many years and only own one timeshare, the one in Maui, because we are in love with the island and its people, and also the whales we see each year that grace the beautiful shores. We may have to go elsewhere for our vacations if this tax is imposed. It is becoming financially a burden to come to Hawaii between the ever-increasing taxes that are being imposed. I really don't think this is something you see in other parts of America to be imposed a tax for owning a timeshare that is already paid and owned. My husband and I feel this increase singles us out and we implore you NOT to support these bills.
With respect and aloha,

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 25, 2011 12:05 PM
To: FINTestimony
Cc: tj.cobs@hawaiiantel.net
Subject: Testimony for HB1092 on 2/25/2011 1:30:00 PM

LATE TESTIMONY

Testimony for FIN 2/25/2011 1:30:00 PM HB1092

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Irene Jacobs
Organization: Individual
Address:
Phone:
E-mail: tj.cobs@hawaiiantel.net
Submitted on: 2/25/2011

Comments:
Increase the GETAX 1or2% except on Food and Medical Don't pay out funds to former Governor for Vacation time ect:.

DON"T TAX STATE TAXES ON PENSION INCOME !!!!

Testimony of Daniel Ikaika Sheehan

LATE TESTIMONY

HEARING DATE/TIME: Friday, February 25, 2011
1:30 PM in Conference Room 308

TO: House Committee on Finance

RE: Testimony re HB1092 (HD1 Proposed A) and HB1092 (HD1 Proposed B)

Dear Chair, Vice-Chair and Committee Members

My name is Daniel Ikaika Sheehan. I am President and Owner of SheeHandsomeDevil Records (SHD Records). In 2010, SHD Records released the debut album of local reggae artist The Green entitled "The Green". "The Green" has since been honored as Reggae Album of the Year by iTunes.

I strongly oppose PART III, SECTION 6 of HB102 (HD1 Proposed A) and HB1092 (HD1 Proposed B) for the following reasons:

This measure fails to recognize the current state of the music industry and would be detrimental to an industry struggling to keep itself afloat.

The Entertainment Industry is a high-technology industry subject to the latest advances in technology, good or bad. Technology has done a lot to help the industry by making recording music more feasible to the average person. Entire albums are now being created from start to finish on a laptop and sent directly to Internet distribution stores like iTunes or Amazon. Technology has definitely allowed more music to reach the consumer by lowering the cost of production and barriers to distribution. This has allowed an individual artist to become the production company (ie. Jack Johnson and Brushfire Records).

Technology has also hurt the music industry. The music landscape that I have experience over the past 18 months has been one of shrinking margins and illegal downloads. Technology is supposed to help intellectual property (IP) owners find a way to monetize content that the average consumer/listener places little or no monetary value. However it has done the opposite in facilitating illegal downloads and perpetuating a harmful idea that intellectual property should be free. There is almost nothing being done from the government side to help IP owners safeguard their content.

We are the creators of content that is digitally available for widespread distribution. While this digitization process allows the music to be available worldwide, it also makes our product ripe for exploitation through illegal download sites. Once the content is digitized, there is little the content owner can do to stop someone from sharing or stealing his or her property.

The constant and consistent devaluation of music has led to many artists giving away their music for free in hopes of capturing the lost income through live shows or other merchandise items. It's not a matter of people wanting to listen to music, music itself is as popular as ever, the fact of the matter is that technology has made it easier to steal music than pay for it. Consumer behavior aside, additional taxes on an already strained and struggling local music industry would be inconsistent with the State's Tourism goals.

In summation, I oppose PART III, SECTION 6 of HB102 (HD1 Proposed A) and HB1092 (HD1 Proposed B) because it fails to recognize the high-technology nature of the industry. It also fails to recognize the modern industry where the line between artist and Production Company blurs with each passing day. Rather than taxing this industry the government should be looking for ways to help this industry prosper so perhaps the next "Bruno Mars" could make their debut to the world from the stage called Hawaii.

Very Respectfully,

Daniel Ikaika Sheehan

LATE TESTIMONY

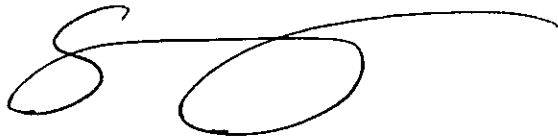
Shawn Livingston Moseley
President, 'Aumakua Records, Soul Sound LLC.

Attention - Committee on Finance
February 25, 2011 at 1:30 p.m.
Regarding - HB1092 HD1 Proposed A and HB1092 HD1 Proposed B

To the Committee on Finance,

I have been an active member of the music industry for over 25 years, and during that time the financial landscape of the industry has changed dramatically, resulting in an almost full loss of financial grain to the creative individuals who actually keep the industry alive with music. Music is an integral part of all world societies and cultures, and any opposition placed in front of the creative individual like HB1092 HD1 Proposed A and HB1092 HD1 Proposed B that impairs their ability to pursue their art due to a lack of financial support is not going to just effect that creative individual, but rather the entire culture that music is created for both locally and internationally. Being the President of a record label and recording studio I am completely aware of the sometimes necessary means to offset challenges within a budget, BUT NEVER shall these means offset the importance to our culture, and the above proposed does exactly that. Please seriously consider the over-used term "starving artist" as you consider taking away one of the last remaining perk's a creative in the industry has which could effectively change it from starving artist to dying artist. Hopefully as you consider this you are listening to good music that you bought to enjoy, however chances are good these day's that the music was given to you for free at no financially benefit to the artist. As you consider your actions, please also consider your culture and what it would be like without good music.

Malama Pono,
Shawn Livingston Moseley



LATE TESTIMONY



February 25, 2011

To: Representative Marcus R. Oshiro-Chair- Committee On Finance
Representative Marilyn B. Lee-Vice Chair-Committee On Finance
Hawaii State House of Representatives

From: Mr. Bobby Pileggi-President
Mr. Lanai Tabura-Director of Artist Relations
Robert Sterling Music New York Publishing LLC

RE: Our Testimony-The Future of Hawaii's Island Music Industry vs. the Royalty Exclusion (HB 1092) Repeal

Dear Representative Oshiro, Representative Lee, and the Hawaii State of House of Representatives,

My name is Bobby Pileggi and I am the President of the Robert Sterling Music New York Publishing company.

We are a music publishing company which handles the management of original songwriting for 120 songwriters and recording artists in the state of Hawaii. Our artists include Ten Feet, Ekolu, Three Plus, The Green, Ho'onu'a, Ho'okoa, Fiji, Del Beazley, Maoli, Pati, J Boog, Natural Vibrations, Kawao, Kendra, BET, Baba B. Inik, Positive Motion and many, many more creative artists and songwriters.

We are writing to you on behalf of our 120 songwriters and recording artists from the state of Hawaii in regards to your possible sympathetic understanding of our declining music industry in relation to the repealing of the royalty exclusion law in the Bill HB 1092. It is with our deepest conviction and belief that if this royalty exclusion law is to be eliminated the results will be devastating to our music industry.

As you may know or not know the music industry in Hawaii is in serious jeopardy. As the "Kapunas of Hawaiian Music" either retire or pass on from their cultural vows, the future of Hawaiian Island music has been passed on down to Hawaii's youth. Currently the most popular music in Hawaii today is the "Hawaiian Island Reggae, Hawaiian Island Pop, and Traditional Hawaiian" music genres. The music of Hawaii is not only a cultural hallmark reflecting the life styles of Polynesians, but it also shares economic opportunity for those who practice this cultural vice. Besides creating jobs, performing and writing music has also been connected towards improving our "Aloha State." Music affects people and it reflects a culture. It's a symbol of ethnicity and creativity. For examples let's please recognize the cultural attractions of Nashville and Jamaica. It's music. Music has also often been associated in keeping those who are challenged by creativity out of trouble with the law and society. It's a good thing. It's a positive force, a blessing and the universal language and religion that we all can appreciate and relate to.

Currently in Hawaii music stores, music distributors, record labels, concerts and live performances are either closing down or slowing down due to the economic slump in our state. With all of this that is happening the State of Hawaii is now targeting our music community with their the possible repeal of this HB 1092 (Royalty exclusion bill) which will inevitably cripple our industry, our future and our music and culture.

For years musicians in Hawaii have been struggling to survive. Music is in their hearts and blood. A good majority of Native artists live from hand to mouth and from day to day. Their "kuleana" is to play music and take care of their families. In 2004, my business partner and good friend Lanai Tabura (the creator and founder of Island Rhythm 98.5 radio in Honolulu) and I decided to create and re-establish a new industry in Hawaii called Music Publishing. Music Publishing is the management and licensing of songwriting. In 2004, I said goodbye to my Empire State, my family and friends and moved to Molokai from New York with the intention of spending the rest of my life in helping, guiding and directing local Hawaiian artists and songwriters towards a future of developing their musical skills. Through the years Lanai and I have personally met over 120 songwriters and recording artists and have formed a "Musical Hui" in which we try to connect, protect and direct their music. In this time we have upgraded the perception of Island Music, (the music of Hawaii's youth) from performing and recording cover tunes to writing and composing original compositions; thus giving Hawaiians the credit and identity for musical originality.

Our prime directive is to educate those that are naïve to the music business and then we show their music, the music of Hawaii's Youth to the rest of the world . In the past seven years of effortless commitment we have managed to organize a creative musical enclave of recording artists and songwriters. We have opened up the doors to Japan and Europe with placing local Hawaiian artists CD's with major record labels. We have placed Island music in movies, films and commercials. We have even orchestrated a 4.0 Incentive Program with one of Maui's Intermediate schools. The objective was that if a student brings his or hers grades up to a 4.0 they would get a free concert with Darrell Labrado, a former Hawaiian Teen Idol. This program's success was overwhelming for us as we experienced young students working extra hard to get their grades elevated from Cs and Ds to an A, just to see a Hawaiian artist perform.

We have also shared experience in connecting Island Music to various youth empowerment groups such as Positive Connections, M.A.D.D. D.A.R.E. and the American Cancer Society. In these cases we would use music as a tool for creating a direction and a message for young people to stay in school, stay off drugs and alcohol, and stay healthy. Besides everything else that we do, each day we try to help out our local Bruddahs and Sistahs in any way that we can to keep their music alive and their families fed. All in all music from Hawaii keeps living balanced and life "pono."

Representative Lee and Representative Oshiro on behalf of the future of the music industry of Hawaii we are appealing to you and the House for your support and understanding of our vocation and please keep this bill alive for our artists, their music, their families and for Hawaii. It is your elected responsibility to protect that which is "Pono" and good for the state and people of Hawaii . As artists of Hawaii we all request from you two dully appointed officers of the Committee on Finance and the House to please keep this bill alive so our music can live. Our future is in your hands and in this bill...

Hawaii is not Hawaii without music; please do not take what little we already have!

In concluding we would like to thank you for your time and consideration and we encourage all of our artists to personally write to you as well. We need the state to please understand our economic situation. Unfortunately the state of Hawaii is in financial trouble not caused by us, but through their own initiatives. Please do not let us pay for the State's mistakes. We are the innocent ones who are only doing what we can do best, we promote our great State through our music! We hope that you understand and appreciate our communication.

Please let me know if you have any questions and we will hopefully see you at this hearing tomorrow.

Thank you.

All my best,

Bobby
Bobby Pileggi-President

Lanai
Lanai Tabura-Director of Artist Relations

Aloha Music Group
Robert Sterling Music Publishing
AMG Records

(808) 553-3736-Molokai Office

(808) 888-3879-Honolulu Office

(808) 658-0774-Cell

email:bobby@alohamusicgroup.com, djboobbyp@gmail.com

website:www.alohamusicgroup.com,

"Sharing to the World The Music of Hawaii"

To: House Committee on Finance, Rep. Marcus R. Oshiro, Chair

**Date: Friday February 25, 2011 State Capitol
Conference room 308, 1:30 pm**

Re: HB 1092 HD 1 Proposed A & B

My name is Laura Horigan. I am a 75 year old widow who has lived and worked in Hawaii for 46 years. I am strongly opposed to this bill. I fear that once the taxing of pensions by the state is begun the thresholds will continue to be lowered and I, along with many others, will be adversely affected. Many of us are on fixed incomes and see the cost of living rising.

Laura Horigan

Laura Horigan

2563 Date St. #305

Honolulu, HI 96826

LATE TESTIMONY

LATE

Topic:

INCOME TAX; MILITARY PERSONNEL; RETIREMENT AND PENSION SYSTEMS; TAX EXEMPTIONS; TAXATION (GENERAL);

Location:

RETIREMENT AND PENSIONS SYSTEMS; TAX EXEMPTIONS - VETERANS;



February 4, 2005

2005-R-0131

MILITARY RETIREMENT INCOME AND STATE INCOME TAX

By: Veronica Rose, Principal Analyst

You want to know what states do not tax U. S. government military retirement income (pension).

Thirteen of the 42 jurisdictions that levy an income tax do not tax U. S. government military pension. They include Massachusetts, New Jersey, New York, and Pennsylvania in the Northeast.

Another 20 of the 42 jurisdictions, provide state tax exclusion for military pension. Three states—Kentucky, North Carolina, and South Carolina—fully exempt some military retirees' pension from tax and allow other military retirees an income exclusion (see Table 1).

Connecticut is among six states that do not exclude any portion of military retirement income from taxes. The others are: California, Nebraska, Ohio, Rhode Island, and Vermont.

Table 1 shows how all 50 jurisdictions treat military pension for tax purposes. In some cases, the retiree must meet a minimum age requirement or other criteria to qualify for exemptions.

Table 1: State Tax Exclusion for Military Pension (2005)

State	Military Retirement Pension Exempt from State Taxation	Amount of Exemption or Exclusion
Alabama	Yes	Full exemption (Alabama Department of Revenue at http://www.ador.state.al.us/)
Alaska	No state income tax	NA
Arizona	Income exclusion	Up to \$ 2,500 exclusion (Ariz. Rev. Stat. § 43-1022) (additional information at http://usmilitary.about.com/qi/dynamic/offsite.htm?site=http://www.revenue.state.az.us/)
Arkansas	Income exclusion *	Up to \$ 6,000 (Ark. Code Ann. § 26-51-307) http://usmilitary.about.com/qi/dynamic/offsite.htm?site=http://www.ark.org/dfa/
California	No	Follows federal rules
Colorado	Income exclusion *	Up to \$ 20,000 for those age 55 to 65; up to \$ 24,000 for those age 65 or older (Colo. Rev. Stat. § 39-22-104)
Connecticut	No	Follows federal rules (Connecticut Department of Revenue Services)
Delaware	Income exclusion *	Up to \$ 2,000 of any pension income for people under age 60; up to \$ 12, 500 for people age 60 or older. http://www.state.de.us/revenue/PIT_FAQ.shtml
District of Columbia	Income exclusion	The lesser of \$ 3,000 or the military retirement pay for people age 62 or older (D. C. Code Ann. § 47-1803. 02)

Florida	No state income tax	NA
Georgia	Income exclusion *	Up to \$ 15,000 for those age 62 or older and are totally disabled (GA. Code Ann. § 48-7-27)
Hawaii	Yes	Full exemption (Hawaii Rev. Stat. § 235-7(a)(3))
Idaho	Income exclusion	Taxpayers age 65 and older or age 62 and disabled may exclude \$ 19,920 (single filers) or \$ 29,880 (joint filers) (Idaho State Tax Commission at http://www.tax.idaho.gov/Conformity_to_%20IRC_%202004.htm)
Illinois	Yes	Full exemption (35 ILCS 5/203) additional information at http://www.iltax.com/LegalInformation/letter/rulings/it/2000/ig000073.pdf
Indiana	Income exclusion	Up to \$ 2,000 for retirees age 60 or over (single filers) and up to \$ 4,000 for joint filers (additional information at http://www.in.gov/dor/individual/deductions.html#lottery)
Iowa	Income exclusion *	Exclusion of up to \$ 12,000 (joint returns), and up to \$ 6,000 (other returns) of military retired pay (Iowa Department of Revenue at http://www.state.ia.us/tax/educate/faqinc.html#13)
Kansas	Yes	Full exemption (Kansas Department of Revenue at http://usmilitary.about.com/gi/dynamic/offsite.htm?site=http://www.ink.org/public/kdor/)
Kentucky	Yes/Income exclusion *	Full exemption for people who retire before January 1, 1998 ; for those who retire after this date, partial exemption
Louisiana	Yes	Full exemption (Louisiana Department of Revenue at http://www.rev.state.la.us/forms/publications/20162(6_04).pdf)
Maine	Income exclusion *	Up to \$ 6,000 exclusion; amount reduced by Social Security benefits and railroad retirement benefits (Me. Rev. Stat. Ann. Tit. 36 § 5122(2)(M)) (Additional information at http://mainegov-images.informe.org/revenue/publications/alerts/oct00ta.pdf)

Maryland	Income exclusion *	Up to \$ 2,500; must be at least age 55 on last day of taxable year and an enlistee at time of retirement. Amount is reduced by 50% of the amount by which federal adjusted gross income exceeds \$ 17,500 (Md. Code Ann. Tit. 10 § 207) (additional information from Department of Revenue at http://usmilitary.about.com/gi/dynamic/offsite.htm?site=http://www.marylandtaxes.com/)
Massachusetts	Yes	Full exemption (Mass. Gen. Laws Ann. Tit. 62 § 2(a)(2)(E) (additional information from Massachusetts Department of Revenue at http://www.dor.state.ma.us/)
Michigan	Yes	Full exemption (Mich. Stat. Ann. 206 § 30) (additional information from Department of Treasury at http://www.michigan.gov/treasury/0,1607,7-121-24321-6440--F,00.html)
Minnesota	Income Exclusion *	\$ 14,500 (single filers) and \$ 18,000 (joint filers); taxpayer must be age 65 or older
Mississippi	Yes	Full exemption (Miss. Code Ann. § 27-7-15)(additional information from Mississippi State Tax Commission at http://www.mstc.state.ms.us/taxareas/individ/rules/ireq704.pdf)
Missouri	Income exclusion	A \$ 6,000 pension exclusion for single filers and \$ 12,000 for joint filers is allowed for people earning below certain income limits (Missouri Department of Revenue at http://dor.mo.gov/tax/personal/faq/indiv.htm#q11)

Table 1: State Tax Exclusion for Military Pension (2005)

State	Military Retirement Pension Exempt from State Taxation	Amount of Exemption or Exclusion
Montana	Income exclusion *	There is a \$ 3,600 exclusion, if adjusted gross income is less than \$ 30,000. (Montana Department of Revenue at http://discoveringmontana.com/revenue/forindividuals/individualIncome/calculationit.asp)
Nebraska	No	Follows federal rules

Nevada	No state income tax	NA
New Hampshire	No state income tax	NA
New Jersey	Yes	Full exemption (N. J. Stat. Ann § 54A: 6-26)
New Mexico	Income exclusion *	Taxpayers age 65 or older may exclude up to \$ 8,000 of income from any source (\$ 16,000 for joint filers), if they earn less than \$ 28,000 in any year)
New York	Yes	Full exemption (Tax Law § 612)
North Carolina	Yes/Income exclusion *	Full exemption for persons with five years of creditable service as of August 12, 1989; otherwise a deduction of up to \$ 4,000 (\$ 8,000 for joint filers) is allowed (N. C. Gen Stat. § 105-134. 6 and North Carolina Department of Revenue at http://www.dor.state.nc.us/taxes/individual/benefits.html)
North Dakota	Income exclusion	An exclusion of up to \$ 5,000 is allowed for people at least age 50; the amount must be reduced by any Social Security benefits the person gets (North Dakota state tax commissioner at http://www.state.nd.us/taxdpt/misc/faq/indincome/#mp4)
Ohio	No	\$ 200 retirement credit available (Ohio Department of Taxation at http://tax.ohio.gov/)
Oklahoma	Income exclusion	Up to \$ 5,500 (Okla. Stat. Ann. Tit. 68 § 2358)
Oregon	Yes	Pre 1991 retirees fully exempt; post October 1, 1991 retirees may exclude a portion of their income using a specified formula (additional information from the Department of Revenue at http://egov.oregon.gov/DOR/PERTAX/faq-military.shtml)
Pennsylvania	Yes	Full exemption (72 P. S. § 7301(d)(i) & (iii).

		72 P. S. § 7301(d)(iii); additional information at (more information at Department of Revenue at http://www.revenue.state.pa.us/revenue/cwp/view.asp?a=238&q=171013)
Rhode Island	No	Follows federal rules
South Carolina	Yes/ Income exclusion	Military retirement for service in the National Guard and Reserves for state or federal service is fully exempt; up to \$ 10,000 is exempt for service in any other military component for taxpayer over age 65 and \$ 3000 for tax payers under age 65 (South Carolina Department of Revenue at http://www.sctax.org/default.htm)
South Dakota	No state income tax	NA
Tennessee	No state income tax	NA (State income tax only for dividends and interest income) (Tennessee Department of Revenue at http://www.state.tn.us/revenue/misc/hallfaq.htm#hall6)
Texas	No state income tax	NA
Utah	Income exclusion	Up to \$ 7,500 for single filers and \$ 15,000 (joint filers) over age 65; \$ 4,800 for single filers and \$ 9,600 for joint filers under age 65, depending on age (Utah Code Ann. § 59-10-114))
Vermont	No	Follows federal tax rules
Virginia	Income Exclusion *	\$ 6,000 for taxpayer age 62 – 64; \$ 12,000 for tax payer age 65 or older
Washington	No state income tax	NA

West Virginia	Income exclusion	\$ 2,000 or more depending on years of service (W. VA. Code § 11-21-12)
Wisconsin	Yes	Full exemption (Wisconsin Department of Revenue, Publication 126 (11/04)). http://www.dor.state.wi.us/pubs/pb126.pdf
Wyoming	No state income tax	NA

Source: State statutes, state tax department websites, and NCSL *State Personal Income Taxes on Pensions and Retirement Income: Tax Year 2003*

* Amounts shown are retirement income exclusion, irrespective of the source; in most cases, the total exclusion may not be more than indicated from all exempt sources.

VR: dw

February 25, 2011

Testimony Regarding HB 1092

LATE

Finance Chairperson, Marcus Oshiro
Vice Chairperson, Marilyn Lee
House Members of the Finance Committee

oppose

My name is Louis Souza, I am a retired Police Major, and I retired with forty-one years of service with the Honolulu Police Department. I was hired in 1962 and there were awards guaranteed, one of the awards was to be exempt from paying State taxes from the money incurred with police services.

There were other perks promised and given to me at this time. I put my life on the line everyday while serving the City of Honolulu. I have been shot at, hit with a frying pan on the head, struck in the chest with a high heel shoe while affecting an arrest, and my tendon torn on my ring finger in a riot.

Enough about me and my police career speaks for me and there are Officers that have given their extreme sacrifice to serve our community. This BILL now wants to deny me what was guaranteed for the work to protect our community.

This BILL only addresses a small nucleolus of our community. The so call short fall that is mentioned by the Governor only attacks a small part of our Islands population. If one has such a large short fall shouldn't the whole State contribute to reduce it?

We have various ways of obtaining a budget, with Gas tax, General Excise Tax, Vehicle Tax, Hotel Room Tax, and several other means of obtaining monies to run the State of Hawaii. Why are there so much tax credits given to big businesses? They say to protect the job force, while this occurs, big businesses gets all the profits. The Airport Landing Tax is another form of obtaining operating capitol, again tax credits for big business.

Where are the Federal subsidies given to the State of Hawaii? There are many questions on how our monies are being handled by our State Government.

If I was to investigate this field of tax short fall, I'm sure I would find out, what happened to our monies. These types of investigation follow a paper trail. Again, I say look for other ways to accomplish the goals to replace our budget deficit short fall.

I appreciate this opportunity to testify.



LOUIS SOUZA
Retired Honolulu Police Major

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 25, 2011 3:01 PM
To: FINTestimony
Cc: rhonagreenstein@gmail.com
Subject: Testimony for HB1092 on 2/25/2011 1:30:00 PM

Testimony for FIN 2/25/2011 1:30:00 PM HB1092

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Rhona Greenstein
Organization: Individual
Address:
Phone:
E-mail: rhonagreenstein@gmail.com
Submitted on: 2/25/2011

LATE TESTIMONY

Comments:

I would like to take this opportunity to testify before the State Legislature of Hawaii. We are the proud owners of a timeshare property at The Westin Ka'anapali Ocean Resort Villas North and our Owners Association has kept us apprised of the property tax issues that have been the subject of appeals during the last two years. In addition, we have recently been advised that additional taxes; e.g. timeshare owners' tax and transient accommodations tax, are under consideration in the State Legislature. The specific bills I am referring to are HB 809, HB 1163, HB 1092, and SB 1319. Upon reviewing the ramifications of this proposed legislation, we are very distressed to learn that we could likely be incurring substantial tax increases. We purchased this property for the sole purpose of being able to vacation in Hawaii and stay in comfortable surroundings while avoiding the huge expense of hotel and some dining charges. In addition, and probably the most important reason we are so concerned, is that these taxes will directly affect our ability to sell the property if that should become necessary for us. The market for timeshare properties which are saddled with exorbitant taxes will certainly not be enticing to prospective buyers.

We own two additional timeshare properties in other states and are not encumbered by these taxes/increases there. There is no doubt in our minds that the high cost of owning a timeshare in Hawaii will become a burden and may very well adversely affect the tourism industry.

In conclusion, we ask that you very seriously consider our concerns and vote against these bills.

Thank you for your service to the State of Hawaii and the United States of America.

Rhona and Allen Greenstein
Plano, Texas