From:	mailinglist@capitol.hawaii.gov
Sent:	Tuesday, March 01, 2011 7:36 AM
To:	WAM Testimony
Cc:	swartzg001@hawaii.rr.com
Subject:	Testimony for SB162 on 3/1/2011 9:20:00 AM

LATE

Testimony for WAM 3/1/2011 9:20:00 AM SB162

Conference room: 211
Testifier position: oppose
Testifier will be present: No
Submitted by: gregory swartz
Organization: Individual
Address:
Phone:
E-mail: swartzg001@hawaii.rr.com
Submitted on: 3/1/2011

Comments:
I am totally opposed to this bill. Imposing a tax on the pensions of currently retired persons is unfair. We planned our retirement on the basis of income and expenditure estimates (including taxes) which the State will now throw out the window, causing serious harm to seniors and the disabled. This is unconscionable. The use of AGI is also unfair because it does not fully take into consideration excessive health expenditures faced by many of the elderly and disabled. While excessive health expenditures remain deductible for now, the impact of the pension tax will still be severe on many of these people. The pensions of disabled persons and other persons with excessive medical costs should not be taxed.

In any event, the income thresholds in the SD1 (although higher than the Governor's) are still ridiculously low. The thresholds should be set at $125,000, $150,000, and $175,000 for individuals, heads of households, and joint filers, respectively. It is unfair to double the threshold for joint filers who already receive better tax treatment. If the Committee adopts this bill, it should at least used the thresholds recently adopted by the House Finance Committee.

An increase in the GET or income taxes overall would be fairer to everyone concerned, without singling out the elderly and disabled, many of whom are seriously struggling to meet ends meet. Please do not target seniors and the disabled.

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LATE

Testimony for SB162,SD1, Relating to Taxation
Committee on Ways and Means
March 1, 2011

I am in opposition to SB162,SD1, relating to taxation.

Federal adjusted gross income includes social security benefits, which are exempt from taxation in Hawaii. Using federal AGI suggests that social security benefits would be taxable in Hawaii. Also, the criteria used results in a "all or none" status for the taxability of pension income. As an example, if the federal AGI is 125,001, all the pension income is taxable, whereas if the federal AGI is 124,999, none of the pension income is taxable. This is grossly inequitable. Also, the Hawaii State AGI should be used as a criteria, not the federal AGI.

Under this proposal, only retirees will be subject to a tax increase. It is grossly unfair to selectively pick the vulnerable retiree group to shore up the state government's finances. This is not fair, reasonable and equitable.

Retirees worked diligently to put away a protected rainy day fund to live out their useful life. In addition, most retirees were severely damaged by the recent dramatic downturn in the national and state economy. In most instances, the retirees suffered tremendous losses, losing between 60% and 75% of their retirement assets. Because of unforeseen needs for finances in the future, this group is very protective of their remaining assets.

Hawaii's retiree population is a major contributor to the state's economy. As most are not as mobile, almost all of the fixed income of a retiree is spent locally within the state, generating a great amount of general excise taxes. A great majority of this group quietly contributes their time and money to churches, hospitals, schools, day care centers, grandchildren and parents alike, and to many other institutions without any fanfare and at their own expense. They just simply go about making their unselfish contributions without making any demands from the state government.

Please give this retiree group due consideration before adding to their tax burden.

Thank you very much.

Robert S. Koike

Robert S. Koike
Retiree Member of HGEA