



PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

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Executive Director

Alex Santiago

TO: Senator David Y. Ige, Chair
Committee on Ways and Means

FROM: Alex Santiago, Executive Director
PHOCUSED

HEARING DATE: Wednesday, February 29, 2012, 9:00 a.m., Room 211

RE: Support for SB 2544; repealing the temporary limit on the amount of itemized deductions that may be claimed by certain taxpayers.

Chair Ige and members of the Committee on Ways and Means,

I am Alex Santiago, the Executive Director of PHOCUSED, a coalition of health, housing, human service agencies and individual advocates voicing the needs of the marginalized and underserved in Hawaii. PHOCUSED strongly supports this measure.

As Health and Human Service agencies are being cut from state and federal budgets, they are relying increasingly on individual donations for support for their vital programs. To limit the amount of itemized deductions that certain taxpayers may claim will inevitably limit personal donations to organizations who desperately need their help. In a time when the government finds itself increasingly unable to provide for its citizens, it must incentivize others to step up—this bill does just that. Please support SB 2455

Mahalo for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: bburke@hpue.edu
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Wednesday, February 29, 2012 9:56:35 AM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Dale and Barbara Burke
Organization: Individual
E-mail: bburke@hpue.edu
Submitted on: 2/29/2012

Comments:

Our son was born with a developmental disability and has benefited from non-profit agencies, such as Easter Seals Hawaii and Special Olympics Hawaii, for the last 25 years. WITH the support of these services, he leads a very productive life. WITHOUT these services, not only would the quality of his life diminish, but we might not be able to continue to care for him in our home.

I urge you to SUPPORT this legislation.

SB 2544

Dear Senator Ige and members of the Committee,

My name is Carol Ai May and I am the Vice President and part-owner of City Mill Company, a 113 year old locally owned and operated Kama'aina Company. We employ almost 500 Oahu residents in our 8 neighborhood locations. I am also on the boards of the non-profit organizations, Child & Family Service, UH Foundation and the Girl Scouts of Hawaii and I make contributions to many more.

Please support SB 2544 which repeals the cap on itemized deductions. Private individual donations make up the majority of the budgets of many nonprofit organizations and many organization which have relied on state contracts, are finding themselves needing to diversify their funding streams.

Being on both sides of the donor stream, as a donor and as an interested nonprofit board member, tax incentives make larger gifts possible.

Our economy has been stagnant and the need for non profits services is more important than ever. Charitable organizations help to service the community even more during these needy times.

The majority of Americans, 71%, oppose eliminating the charitable deductions to lower the overall income tax rate and 68% opposed eliminating the charitable deduction to reduce the federal budget deficit. This is according to a 4/11 Gallup poll and I'm sure this viewpoint is also reflected in our local Hawaii Community.

Please pass SB 2544.

Aloha,

Carol Ai May

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: Charlie@kingautocenter.com
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Tuesday, February 28, 2012 7:40:23 PM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Charles King
Organization: Individual
E-mail: Charlie@kingautocenter.com
Submitted on: 2/28/2012

Comments:

I have been raised to share my treasure. I do this willingly and often both personally and through my businesses. I support my church (which is the leading distributor for the Foodbank on Kauai), local and state junior athletic associations, all sorts of other educational and civic associations, hospice, local health organizations and general charities that need support. Many of these organizations are either actual state organizations or are ones that, in my estimation, should be totally funded by the state. I can tell you that I am offended by the limitation placed on deductions last year (which I missed) that limited deductions. While I will continue my charity, if this bill does not pass, I will definitely confine my donations to the limit if, for no other reason, I feel that it is irresponsible of the state to seek charity while giving nothing in return. The charitable deduction is so small in comparison to the whole that and to the good that it does - please lift your limits.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: christinehcamp@gmail.com
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Tuesday, February 28, 2012 5:21:54 PM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Christine Camp
Organization: Avalon Group
E-mail: christinehcamp@gmail.com
Submitted on: 2/28/2012

Comments:

I ask for your support of the bill to repeal the cap on charitable contributions. Especially during these fiscal times, where human services needs are the greatest, the non-profits such as Child and Family Services are having to do more with less funding from the State. Allowing the bill to pass will provide additional tools for the nonprofits to survive and continue providing the basic services that we need in our communities.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: bburke@hpue.edu
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Wednesday, February 29, 2012 9:56:35 AM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Dale and Barbara Burke
Organization: Individual
E-mail: bburke@hpue.edu
Submitted on: 2/29/2012

Comments:

Our son was born with a developmental disability and has benefited from non-profit agencies, such as Easter Seals Hawaii and Special Olympics Hawaii, for the last 25 years. WITH the support of these services, he leads a very productive life. WITHOUT these services, not only would the quality of his life diminish, but we might not be able to continue to care for him in our home.

I urge you to SUPPORT this legislation.

IN SUPPORT OF SB2544

This testimony is in support of SB2544 to amend section 3 of Act 97 to remove the cap on itemized deductions.

Act 97 has a very negative impact on charitable giving in the State of Hawaii and will most certainly directly impact both my own giving and that of many others.

Although most charitable donations are not driven by tax incentives, the ability to deduct charitable contributions irrefutably leads to larger net contributions to the sector. As state budget cuts hurt many non-profits, the passage of SB2544 will allow them to mitigate some of the damage.

I have participated in the genesis of various non-profits here in Hawaii, sit on the board of several others, and support many. Our local culture is rich with the value of giving and Hawaii is home to a long history of philanthropy. Act 97 runs against the grain of this charitable community. Surely it is not the intension of our legislators to discourage charitable contributions in this time of economic crisis.

Thank you,

Deborah Berger

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: Dorajeanhawaii@hotmail.com
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Tuesday, February 28, 2012 10:12:49 AM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Oppose
Testifier will be present: No
Submitted by: Dora Jean Ota
Organization: Individual
E-mail: Dorajeanhawaii@hotmail.com
Submitted on: 2/28/2012

Comments:

Senate Bill 2544 aims to repeal section 3 of Act 97, which was enacted last year to limit the amount of itemized deductions on an individual's state income tax returns. I believe such limits hurt all charities statewide that depend on contributions to continue their very valuable work.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: earls2@hotmail.com
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Tuesday, February 28, 2012 11:50:26 AM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: earl stoner
Organization: Individual
E-mail: earls2@hotmail.com
Submitted on: 2/28/2012

Comments:

as the development committee chair for child and family service and the vice president of the friends of the uh cancer center, i strongly support this bill. our major givers, most of whom are in the income levels affected by the temporary limit on deductions are being impacted at a time when taxpayer dollars managed by government are drying up. this is a double disaster for non profits. please support this bill!

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: Elizabethricegrossman@gmail.com
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Tuesday, February 28, 2012 9:34:41 PM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Elizabeth Rice Grossman
Organization: Individual
E-mail: Elizabethricegrossman@gmail.com
Submitted on: 2/28/2012

Comments:

I am writing in support of SB 2544, a measure that repeals the temporary limit on the amount of itemized deductions that may be claimed by taxpayers. I've heard from many people that this limit will cause them to rethink their giving plans. This would be devastating to our not for profits and to the people that they serve. I urge you to pass SB2544.

Respectfully,
Elizabeth Rice Grossman
Kailua, HI

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: nahokulius@yahoo.com
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Wednesday, February 29, 2012 8:40:54 AM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Elizabeth-Arlis K Liu
Organization: Individual
E-mail: nahokulius@yahoo.com
Submitted on: 2/29/2012

Comments:

Non-profits provide very important and critical services to the community. They rely on contributions to provide the support they need to continue their work. Don't negatively impact their ability to provide such needed services.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: akoe002@hawaii.rr.com
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Wednesday, February 29, 2012 11:11:16 AM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Eric Ako
Organization: Individual
E-mail: akoe002@hawaii.rr.com
Submitted on: 2/29/2012

Comments:

Dear Committee Chair and members,

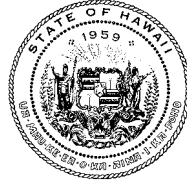
I am in support of SB2544.

SB2544 is needed to correct last years legislation. Non-profits are doing a lot of public service and we need to allow citizens to choose to donate freely to them. Without the services of the many non profits, the burden on government will increase as citizens demand action. The State cannot do everything alone.

Thank you,
Eric Ako DVM

NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

FREDERICK D. PABLO
DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR
DEPUTY DIRECTOR

To: The Honorable David Y. Ige, Chair
And Members of the Senate Committee on Ways and Means

Date: Wednesday, February 29, 2012
Time: 9:00 a.m.
Place: Conference Room 211, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B.2544 Relating to Taxation

The Department of Taxation (Department) opposes S.B. 2544 and provides the following comments for your consideration.

S.B 2544 repeals the temporary limit on itemized income tax deductions for certain taxpayers by amending Act 97, SLH 2011. Under Act 97, SLH 2011, itemized deductions are limited to the lesser of the limitation set by Internal Revenue code section 68 or

- \$25,000 for a taxpayer who files a single return or married filing separately return with an federal adjusted gross income (AGI) of \$100,000 or more; or
- \$37,500 for a taxpayer filing as head of household and has a federal AGI of \$150,00 or more; and
- \$50,000 for a taxpayer filing a joint return or as a surviving spouse with a federal AGI of \$200,000 or more.

Act 97, SLH 2011 applies to taxable years beginning after December 31, 2012. If approved, S.B. 2544 will repeal Act 97 SLH 2011, section 3 before its effective date.

S.B. 2544 will have a direct fiscal impact on income tax collections itemized deduction limitations. In effect, this will create a situation where a taxpayer may claim a greater itemized deduction on the State return than the federal return as Internal Revenue Code section 68 places a limitation on a taxpayer who has a federal AGI of more than \$100,000 or \$50,000 if the taxpayer is married and filing separately.

Department of Taxation Testimony

SB 2544

February 29, 2012

Page 2 of 2

The Department recommends that S.B 2544 be amended by keeping the language which limits itemized deductions to that which is allowed under Internal Revenue Code section 68. Conformity to the Internal Revenue Code will make it easier for the Department to administer the provision.

Thank you for the opportunity to provide comments.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: gkirby@wfafinet.com
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Wednesday, February 29, 2012 3:00:19 PM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Oppose
Testifier will be present: No
Submitted by: Gary Kirby
Organization: Easter Seals Hawaii
E-mail: gkirby@wfafinet.com
Submitted on: 2/29/2012

Comments:

Passage of this bill will have extreme detrimental impact to services rendered by organizations such as Easter Seals Hawaii to the disabled community of Hawaii. Passage would reduce contributions from the community without which services will be directly curtailed resulting in an increased need for State provided service and resultant increased tax burden among other negative impacts.

From: [Gary Shores](#)
To: [WAM Testimony](#)
Subject: SB 2544
Date: Tuesday, February 28, 2012 12:20:09 PM

Dear WAM Committee members:

I am writing to urge you to support passage of SB 2544. The current cap on deductions, including charitable deductions, a Hawaii taxpayer can claim will cause harm to non-profit organizations that depend, in part, on charitable donations to provide important services and programs to Hawaii and Hawaiian citizens.

Thank you for hearing this bill and passing it.

Sincerely,

Gary Shores

Gary.shores1@gmail.com

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: gcadiz@hawaii.rr.com
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Tuesday, February 28, 2012 2:59:17 PM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Gerri Cadiz
Organization: Individual
E-mail: gcadiz@hawaii.rr.com
Submitted on: 2/28/2012

Comments:

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: g2@hokua.org
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Wednesday, February 29, 2012 1:54:56 AM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Ginny Tiu
Organization: Individual
E-mail: g2@hokua.org
Submitted on: 2/29/2012

Comments:

Dear Chair and Committee Members,
With government cutting back on their funding of programs, we rely even more on the private sector to do so. We need to encourage, not discourage, this kind of needed support.

Thank you very much.
Ginny Tiu

**Testimony in Support of SB 2544
Submitted to the Ways and Means Committee
For Hearing Scheduled for February 29, 2012 – 9:00a.m.
By Jeff Arce, Individual**

Honorable Chair and Committee Members

I fully support the advancement of SB 2544 which will eliminate the cap on itemized deductions for certain taxpayers based on the level of AGI.

This cap will have a harmful affect on numerous charitable organizations in our community, as well as having harmful effects on other aspects of itemized deductions such as home mortgage deductions and medical expenses. My primary concern related to the cap relates to the impact on charitable deductions.

While I understand that government needs to increase revenues while also prudently looking for ways to reduce government spending, this is not the way to do it. Itemized deductions allow certain taxpayers to deduct charitable donations from their income in determining their taxable income. Limiting the amount of itemized deductions will result in a limitation on the tax deduction for charitable giving for these individuals and this is not the time to allow that to happen. While individuals in our community donate to many worthwhile causes not just because of the tax deduction benefits, such tax benefit is definitely a component of the decision to give a gift, and it is also an incentive to give a bit more than they otherwise would. If the tax deduction is limited, the amount of donations and much needed support in our community will certainly decrease. I am fortunate to be able to support many charitable organizations in Hawaii both with my time and my money. I can tell you that my ability to help a charitable organization to raise much needed funds will most definitely be negatively impacted by the on-going cap on charitable donations. My personal giving is very much influenced by the tax deduction. I will keep giving, but without the tax deduction, I simply cannot afford to give as much.

We cannot allow this to happen. Government is already cutting back on spending and much of the cutbacks are to government supported community service organizations. Those cutbacks will severely impact the level of service that such organizations provide in our community. To fill this shortfall, these very same organizations are reaching out to the private sector to try to increase the level of support from the community. If that support is hampered by reduced tax deductions for charitable giving, these important service organizations will get doubly penalized – loss of government support and loss of private sector support. This is a time where the community needs are even greater and the organizations' services are more in demand. Times are hard for all, so let's not limit any incentives for the people of Hawaii to provide charitable gifts to those in need!

Please advance SB 2544 and support it all the way.

Thank you.

Jeff Arce

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: jkealam@yahoo.com
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Tuesday, February 28, 2012 2:18:05 PM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: JP Moulin
Organization: Individual
E-mail: jkealam@yahoo.com
Submitted on: 2/28/2012

Comments:

Dear Senators of the Hawaii Senate Ways & Means Committee, I am writing today in support of Senate Bill 2544 which aims to repeal section 3 of Act 97 which itself was enacted last year to limit the amount of itemized deductions on an individual's state income tax return. By limiting the small financial incentive for individuals to donate to charities, such limits hurt charities statewide that depend on those contributions to perform their very valuable work. Thus, these limits on charitable deductions hurt those people most in need of help in our community. Having been both a consumer of the Waikiki Health Center and now a Board Member of this wonderful organization, I urge you to please support Senate Bill 2544 to help all charities in Hawaii.

Sincerely with aloha,

JP Moulin



HAWAII COMMUNITY FOUNDATION

February 28, 2012

The Honorable Senator David Y. Ige, Chair
The Honorable Senator Michelle N. Kidani, Vice Chair
Committee on Ways and Means
Hawaii State Senate
Honolulu, Hawaii 96813

Dear Chairman Ige & Committee Members:

SB 2544 – Relating to Taxation

The Hawaii Community Foundation is writing in support of Senate Bill 2544 that aims to repeal section 3 of Act 97, which was enacted last year to limit the amount of itemized deductions on an individual's state income tax. While donors do not make charitable gifts only for tax reasons, tax incentives make more and larger gifts possible. The cap on itemized deductions at this level will affect our middle income and high income donors' incentive for giving. This will affect most of our largest gifts, which in turn will affect the neediest of Hawaii's people.

We understand the need to generate revenue but this comes at an unusually high cost. The estimated revenue gain to the State from estimated charitable gifts of over 70 million dollars is only about 5 million in revenue.

On a national level, a study released by the Center on Philanthropy at Indiana University calculated that the impact of proposed limitations on charitable giving could result in a decrease of almost \$3.9 billion in annual giving. The true impact in Hawaii will not be known until next year as donors are only just now being told that their donations last year are limited.

We urge you to allow this Bill to cross over and receive a full hearing.

Sincerely yours,



Katharine P. Lloyd
General Counsel & Vice President of Operations

To: The Honorable Senator David Y. Ige, Chair
The Honorable Senator Michelle N. Kidani, Vice Chair
Senate Committee on Way and Means

From: Laura Robertson Smith, President/CEO, Goodwill Industries of Hawaii, Inc.

Date: February 28, 2012

Re: **Letter in Support of SB 2544 – Relating to Taxation**

Goodwill Industries of Hawaii, Inc. is in strong support of SB 2544, Relating to Taxation, which would repeal the limitations on itemized deductions for single, head of households and joint tax returns.

This limitation has cost many nonprofit organizations donations and potential donations that they would normally hope to receive in order to meet their annual organizational budgets and effectively carry out their mission to their constituents.

For example in Goodwill's case, since 1959 we have collected donated items, sold them in their retail stores, and used the revenue to help people with barriers to employment. In addition to helping people to find employment, these activities protect the environment by preventing gently used items from being prematurely disposed of in our landfills.

Last year, we served over 15,000 persons and placed more than 1,500 disadvantaged and disabled individuals into jobs within our local community. We have been able to fund our mission in part from donated clothing and household goods; these are easy items for our residents to provide to Goodwill in order to support our mission. Goodwill was able to provide these services free of charge in part due to the ability to earn revenues from our retail store sales. Goodwill believes helping people to positively contribute to their communities through the dignity of work is of important value, and the donations that we receive from the public are critical to our success in being able to provide services to those who need them.

The limitation on itemized deductions creates a major disincentive for individuals not only for cash dollars, but in Goodwill's case, donating used clothing and household goods. Limitations on these deductions would result in less goods being donated resulting in less revenue for us to provide vital services in our community. Additionally, the limitation puts each taxpayer in the situation of having to "think twice" about which charity is most deserving to donate to, and how much to donate in order to not exceed the itemized deduction limit.

Thank you for the opportunity to provide comments, and we hope that you will move SB 2544 forward.

Thank you, for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: Leann@eastersealshawaii.org
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Tuesday, February 28, 2012 10:45:25 AM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Leann S. Uehira
Organization: Individual
E-mail: Leann@eastersealshawaii.org
Submitted on: 2/28/2012

Comments:

By limiting the amount itemized deductions on an individual's State income tax returns, such limits will hurt all charities statewide (like Easter Seals Hawaii) that depend on contributions to continue our line of work.



February 28, 2012

Senator David Ige
Chair, Committee on Ways and Means
Hawaii State Senate
State Capitol, Room 016
Honolulu, HI 96813

RE: SB 2544, Relating to Taxation

Dear Chair Ige and members of the Senate Committee on Ways and Means:

The Hawai'i Alliance of Nonprofit Organizations (HANO) supports SB 2544, which repeals Section III on itemized deductions in Act 97. HANO is a statewide, sector-wide professional association for nonprofits. HANO member nonprofits provide essential services to every community in the state. Our mission is to unite and strengthen the nonprofit sector as a collective force to improve the quality of life in Hawai'i.

We would like to make the following points to support the merits of SB 2544:

- When the economy stagnates, nonprofit organizations and their services are needed the most. Charitable organizations bridge the gap by serving our communities and those in need when budgetary constraints hinder state and federal governments from providing similar services.
- For many nonprofit organizations, private individual donations make up the majority of their budgets. This is the "90-10" fiscal environment where 90% of an organization's support comes from 10% of their donors.
- For those nonprofits that partner with government through state contracts, their private donations are essential to diversifying their funding streams, providing reserves to allow flexibility in partnering with government, especially when state funding is down and/or payments are late and the nonprofit is beholden to provide the service.
- On a national level, a study released by the Center on Philanthropy at Indiana University calculated that the impact of proposed limitations on charitable giving could result in a decrease of almost \$3.9 billion in annual giving.
- While donors do not make charitable gifts only for tax reasons, tax incentives make more and larger gifts possible.
- Americans strongly support the charitable deduction. In an April 2011 Gallup poll, 71 percent opposed eliminating the charitable deduction to lower the overall income tax rate, and 68 percent opposed eliminating the charitable deduction to reduce the federal budget deficit. More people supported the charitable deduction than other popular deductions like the home mortgage interest deduction or state and local tax deduction.

HANO Testimony
Senate WAM Committee
SB 2544
February 28, 2012
Page Two

- Hawaii was one of only three states (joining Michigan and Montana) that removed tax incentives, or tax credits for nonprofits. It would seem appropriate to wait and see what changes, if any, are made to the federal income tax charitable giving incentive and have state law mirror those changes.
- In conversations with CPAs, we learned that information about the cap, effective, July 1, 2011 and the application of the law was not widely understood by the CPA community. Donors, as a result were not clearly informed. Also, it was not clear as late as the fall, whether disallowed charitable deductions could be carried over to subsequent years. It is now understood that excess donations cannot be carried and will be lost. This has caused some consternation in the philanthropic community.
- As such, 2011 data may not yield the clearest picture of the full negative impact this will have on our sector. This law sunsets in 2016, making for a very challenging four years for nonprofits financially.
- While the cap could bring in an estimated \$5-\$10 million on the charitable deduction alone for the state, the resulting loss of donor revenue to the nonprofit sector could be a disastrous \$70 million, which is an estimate.
- Finally it is important to note that removal of tax incentives actually results in cutbacks in services and job losses that further erode the tax base.

Thank you for the opportunity to provide testimony in support of SB 2544.

Mahalo,

Lisa Maruyama
President and CEO

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: lynnwatanabe@gmail.com
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Tuesday, February 28, 2012 11:27:14 AM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Lynn Watanabe
Organization: Individual
E-mail: lynnwatanabe@gmail.com
Submitted on: 2/28/2012

Comments:

Part III is the section that needs to be repealed, which takes out the cap on itemized deductions. SB 2544 proposes this.

As a private donor to many non profits and as a volunteer fundraiser to the same I am worried that limitations on charitable giving will decrease non discretionary funds we are able to raise which allow the non-profit organizations to really focus on community needs. Private philanthropy is a huge part of helping people in need. Although people in our community are very generous if the tax deduction is not there our fundraising efforts will suffer.

Thank you.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: monicau@eastersealshawaii.org
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Tuesday, February 28, 2012 9:45:55 AM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Monica Um
Organization: Individual
E-mail: monicau@eastersealshawaii.org
Submitted on: 2/28/2012

Comments:

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: nnloewe@hotmail.com
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Tuesday, February 28, 2012 6:11:16 PM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Naomi Loewe
Organization: Individual
E-mail: nnloewe@hotmail.com
Submitted on: 2/28/2012

Comments:



Hawaiian Humane Society

People for animals. Animals for people.

To: Honorable Chair David Ige
Vice-Chair Michelle Kidani and Committee Members

Senate Ways and Means Committee
February 29, 2012, 9:00 am, Room 211

Submitted by: Pamela Burns, President/CEO
Hawaiian Humane Society
Pburns@hawaiianhumane.org

Date: February 28, 2012

**RE: Support SB2544;
Relating to Taxation: Itemized Deductions**

Dear Honorable Chair Ige, Vice-Chair Kidani and Committee Members,

The Hawaiian Humane Society strongly supports the passage of this measure to repeal the temporary limit on the amount of itemized deductions that may be claimed by certain taxpayers.

As an independent non-profit organization providing more than 30 programs and services to the community, we rely on generous donors to fund a significant portion of our annual operating budget. The vast majority of these donations are not from foundations or corporations. The overwhelming majority come from individual donors. We are not unique. A study from the Giving USA Foundation reported that 73% of all charitable donations nationwide come from individuals.

Further, a study by the Center on Philanthropy at Indiana University calculated that the impact of proposed limitations on charitable giving could result in a decrease of nearly \$3.9 billion in annual giving. This kind of a loss for nonprofit organizations would surely translate into cutbacks in both services and staffing.

During these difficult economic times, many nonprofits are struggling to maintain their services amid cutbacks to City and State contracts and many have had to pick up the slack created by a reduction in services by government agencies. The demand for services of virtually every charity has increased due to the economy. We are all being called upon to do more with less.

The Hawaiian Humane Society is no different. Over the years, we have taken deliberate steps to ensure the stability and sustainability of the organization through the diversification of our revenue streams and contributions from individual donors accounts for a large percentage of this funding as it does for a majority of healthy nonprofit organizations.

While the main motivation for donating to charitable organizations is not only based on a tax deduction, studies indicate that it is an incentive for larger gifts.

Also, we are embarking on a capital campaign for a major renovation of the Society's facilities which are in need of major infrastructure upgrades and improvements. We are relying on many individuals to raise the necessary funds and the construction that will follow will create jobs which will generate taxes for the state.

We plan someday in the near future we will also be able to open a second site in West Oahu to serve the growing population in that area. However, that will depend on donors from across the island that share our vision and step up with generous, investment-level gifts.

Thank you for the opportunity to testify in strong support of this bill and we ask for your consideration in passing this important measure.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: pkosasa@abcstores.com
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Wednesday, February 29, 2012 8:05:20 AM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Paul Kosasa
Organization:
E-mail: pkosasa@abcstores.com
Submitted on: 2/29/2012

Comments:

From: [Peter Goltra](#)
To: [WAM Testimony](#)
Cc: [Wichman, Chipper](#)
Subject: chipp
Date: Tuesday, February 28, 2012 11:29:53 AM

To: The Ways & Means Committee:

I am writing to ask that you repeal the tax deduction cap for charitable contributions by passing SB2544. This bill will be heard tomorrow (February 29). The tax deduction cap negatively impacts all the non-profit organizations providing services to the citizens of Hawaii.

I ask your support for repeal especially because as Vice-Chairman of the National Tropical Botanical Garden on Kauai and Maui I know the impact this will have on our education programs for both students and teachers. (See: <http://ntbg.org/programs/education.php>)

Thank you,

Peter Goltra



February 28, 2012

Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair
Committee on Ways and Means
Hawaii State Capitol, Room 211
Honolulu, Hawaii 96813

Aloha Chair Ige and Vice Chair Kidani!

I am writing to express my support for Senate Bill 2544. Enterprise Honolulu considers our responsibility in the Hawai'i community as the O'ahu Economic Development Board crucial to revitalizing our economic condition from a state wide perspective.

As a private non-profit 501 c (3) organization, operating since 1984, Enterprise Honolulu depends greatly upon contributions from the private sector. These contributions range between 80-90% of annual operating costs. In addition, Enterprise Honolulu partners with government agencies at the federal, state and county levels, to effect needed contractual work for community projects. Without contributions from the private sector, Enterprise Honolulu would cease to be.

It is with this perspective, that Enterprise Honolulu unwaveringly supports SB2544 to allow contributors to fully support non-profit organizations without limitations and thus enabling greater philanthropic opportunities, to better serve the people of Hawai'i.

We ask for your support and consideration of SB2544.

Mahalo

Pono Shim
President and CEO Enterprise Honolulu



ENTERPRISE
HONOLULU

THE BUSINESS CLIMATE OF PARADISE

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: rae.ted@gmail.com
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Tuesday, February 28, 2012 10:38:07 AM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Rae Matthews
Organization: Individual
E-mail: rae.ted@gmail.com
Submitted on: 2/28/2012

Comments:

Dear WAM Committee members, please pass SB 2544 Relating to Taxation. The cap on deductions has hurt our non-profit community which depends in charitable donations to provide essential services to Hawaiis people and environment. Thank you for hearing this bill and passing it. Sincerely, Rae Matthews, P.O. Box 1052, Kalaheo, HI 96741



February 29, 2012

9:00 a.m.

Conference Room 211

TESTIMONY TO
THE SENATE COMMITTEE ON WAYS AND MEANS

RE: SB 2544 – RELATING TO TAXATION.

Chair Ige, Vice Chair Kidani, and Members of the Committee,

My name is Robert Witt, executive director of the Hawaii Association of Independent Schools (HAIS), which represents 99 private and independent schools in Hawaii and educates over 33,000 students statewide.

HAIS is in strong support of this measure, which repeals the temporary limit on the amount of itemized deductions that may be claimed by certain taxpayers.

While many private schools receive corporate and foundation contributions, financial support from alumni, parents, grandparents, staff, and others is at the heart of our schools' development initiatives. For many schools, upwards of 75% of annual contributions come from private donors, primarily alumni and current parents. This is especially true of smaller schools.

HAIS understands the challenging fiscal situation facing the state; private schools have not escaped the economic downturn. Over the last four years, one to two private schools have been forced to close their doors each year and overall enrollment has steadily decreased (about one percent per year since 2008). Despite these unprecedented economic challenges, our member schools have strived to increase need-based tuition assistance while endeavoring to keep tuition and fees as low as possible. This effort revolves around individual charitable giving.

Our schools are affordable, accessible and diverse and HAIS is concerned about any impediment to charitable giving to private schools. Thank you for the opportunity to **strongly support SB 2544**.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: sharonsmcphee@yahoo.com
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Wednesday, February 29, 2012 2:25:01 PM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Oppose
Testifier will be present: No
Submitted by: Sharon S. McPhee
Organization: multiple
E-mail: sharonsmcphee@yahoo.com
Submitted on: 2/29/2012

Comments:

Personally involved with EASTER SEALS, PACIFIC AND ASIAN AFFAIRS COUNCIL. DH THEATRE- THE HAWAII THEATRE-BOBBY BENSOn CENTER,ARTS ALLIANCE,CHAMINADE UNIV. AND OTHERS. ALL THESE NON- PROFITS NEED ALL THE HELP AVAILABLE. TAX DEDUCTIONS ARE A GREAT HELP ! PLEASE THINK IT OVER CAREFULLY. THANK YOU

Testimony of The Nature Conservancy of Hawai'i
Supporting S.B. 2544 Relating to Taxation
Senate Committee on Ways and Means
Wednesday, February 29, 2012, 9:00AM, Room 211

The Nature Conservancy of Hawai'i is a private non-profit conservation organization dedicated to the preservation of Hawaii's native plants, animals, and ecosystems. The Conservancy has helped to protect nearly 200,000 acres of natural lands for native species in Hawai'i. Today, we actively manage more than 32,000 acres in 10 nature preserves on Maui, Hawai'i, Moloka'i, Lāna'i, and Kaua'i. We also work closely with government agencies, private parties and communities on cooperative land and marine management projects.

The Nature Conservancy supports S.B. 2544 to repeal the temporary cap on itemized deductions. The words "your contribution is tax deductible" are music to a donor's ears. While getting a tax deduction is not the sole motivation for most charitable donations, it is an important factor. In 2008, the IRS reported that 70% of all charitable contributions were made by people who deducted their donations.

People give to charity for many heartfelt, altruistic reasons. But as evident by the surge of gifts at the end of each year, the tax benefits of giving appear to impact peoples' decisions to support charities. *Charity Navigator* (<http://www.charitynavigator.org/index.cfm?bay=content.view&cpid=13022>) recently polled 101 charities and 565 donors about year-end giving trends for 2011. While donors didn't identify tax benefits as a top motivating reason for giving, charities still report an important percentage of giving in the last two days of the tax year with a spike between Noon and 7:00pm on December 31st. Similarly, a 2010 study from *Network for Good* and *TrueSense Marketing* examined online giving to charities and found that 33% of online giving took place in the month of December, with 22% occurring in the last two days of the tax year. (<http://www.onlinegivingstudy.org/>)

The Chronicle of Philanthropy (April 29, 2011) reports,

Changing the tax treatment of charitable gifts in ways that make it more costly to give those gifts will undoubtedly cause many higher-income Americans to reconsider the amount of their gifts.

At no other time in history could this be more harmful to the nation's nonprofits, especially given the extraordinary drop in donations caused by the recent economic downturn—and the large share of contributions provided by Americans who make \$250,000 or more.

(<http://philanthropy.com/article/Charitable-Deduction-Change/127291/>)

Donors and financial advisors we have talked to about Hawaii's recent cap on itemized deductions report that they are just now becoming aware of the new law at tax preparation time. They anticipate that while it may not have a significant effect on 2011 giving due to unawareness of the law in December, we will likely see its negative effects on donations going forward. We shouldn't take issue with donors who are motivated by the tax benefits of giving. In fact, many worthy charities are funded by donors who are able to make larger gifts as a result of the tax deductions they later claim.

Thank you for this opportunity to provide testimony in support of repealing last year's deduction cap.

BOARD OF TRUSTEES

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From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: choyt001@hawaii.rr.com
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Tuesday, February 28, 2012 10:50:19 AM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Timothy Choy
Organization: Individual
E-mail: choyt001@hawaii.rr.com
Submitted on: 2/28/2012

Comments:

As local and national governments cut back support to non-profit organizations, it is foolish to handicap private citizens who choose to help support these organizations. In Hawaii many who contribute are senior citizens who have fixed limited incomes and their contributions have enabled many organization to do good in the community. Please do not further negatively affect the good work that many non-profits do by making it difficult for the general public to support them. We look to you for wise and good problem solving legislation not self-serving punitive actions.
Timothy Choy

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: tmizuno@boh.com
Subject: Testimony for SB2544 on 2/29/2012 9:00:00 AM
Date: Tuesday, February 28, 2012 9:23:30 AM

Testimony for WAM 2/29/2012 9:00:00 AM SB2544

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Tony Mizuno
Organization: Individual
E-mail: tmizuno@boh.com
Submitted on: 2/28/2012

Comments:

We need to support our local charities, by continuing to allow donors to make tax deductible donations. Any restrictions to that will negatively impact our charities' ability to privately raise funds, which will result in reductions in services and reliance on the State - both of which are bad unintended consequences.

IN SUPPORT OF SB2544

This testimony is in support of SB2544 to amend section 3 of Act 97 to remove the cap on itemized deductions.

By capping itemized deductions Act 97 has a tremendously negative impact on charitable giving in the State of Hawaii and will most certainly directly impact both my own giving and that of many others.

A national study released by the Center on Philanthropy at Indiana University calculated that the impact of proposed limitations on charitable giving could result in a decrease of almost \$3.9 billion in annual giving. In times like these the very last thing that Hawaii can afford is to discourage the participation of the public in helping to mitigate some of the damage done to our public services by State budget cuts.

Although most charitable giving is not “tax driven,” the ability to deduct charitable contributions irrefutably leads to larger net contributions to the sector.

Americans strongly support the charitable deduction. In an April 2011 Gallup poll, 71 percent opposed eliminating the charitable deduction to lower the overall income tax rate and 68 percent opposed eliminating the charitable deduction to reduce the federal budget deficit. More people supported the charitable deduction than other popular deductions like the home mortgage interest deduction or state and local tax deduction. It is highly likely that most Hawaiian tax payers do not yet realize the direct impact that section 3 of Act 97 will have on their own charitable deductions. This is likely to be a highly unpopular piece of legislation as the implications on Hawaiian philanthropic giving become more widely exposed.

I urge you to adopt this legislation as a necessary step in supporting the non-profit sector and helping to re-instill a sense that public support through charitable contributions in this time of economic crisis is not something that will be active discouraged by our lawmakers.

Thank you for your time and consideration,

Bill Reeves