



**LATE**

American Cancer Society  
Cancer Action Network  
2370 Nu`uanu Avenue  
Honolulu, Hawai`i 96817  
808.432.9149  
[www.acscan.org](http://www.acscan.org)

Senate Committee on Ways and Means  
Senator David Ige, Chair  
Senator Michelle Kidani, Vice Chair

Hearing: March 15, 2013; 9:05 a.m.

**HB 430, HD1 – RELATING TO TAXATION**

Cory Chun, Government Relations Director – Hawaii Pacific  
American Cancer Society Cancer Action Network

Thank you for the opportunity to provide testimony in support of HB 430, HD1, which exempts charitable income tax deductions from the itemized deduction caps.

The American Cancer Society Cancer Action Network (ACS CAN), the advocacy affiliate of the American Cancer Society, is the nation's leading cancer advocacy organization. ACS CAN works with federal, state, and local government bodies to support evidence-based policy and legislative solutions designed to eliminate cancer as a major health problem.

Act 97, Session Laws of Hawaii 2011, placed a hard cap on all itemized deductions for wage earners over a certain threshold. This cap has affected the American Cancer Society's ability to raise funds in this fragile economy. The greatest impact, however, has been on plans to bring a Hope Lodge to Hawaii.

In 2011, the American Cancer Society selected Hawaii for a Hope Lodge. Currently, there are 31 Hope Lodge facilities across the United States. A Hope Lodge provides a comfortable, nurturing environment and unprecedented access to quality care and support not available in patients' home locales, as well as alleviates part of the financial burden associated with traveling to, and residing in, the medical facility's location during treatment.

Hope Lodge Hawaii will directly address and reduce barriers to necessary treatment faced by many cancer patients living in rural Oahu, the Pacific region, and especially on neighbor islands by offering a temporary home for cancer patients and their caregivers. Hope Lodge Hawaii's accommodations and services will be free-of-charge to cancer patients and their families.

Entering the same economic climate as other non-profits, the Hope Lodge Hawaii capital campaign continues to face the same challenges with potential donors due to Act 97. The American Cancer Society in Hawaii Pacific relies almost exclusively on private contributions to fund cancer research, patient services, and cancer education and outreach, as well as for the Hope Lodge Hawaii capital campaign.

Thank you for the opportunity to provide testimony on this important issue.



TO: Members of the Committee on Ways and Means

FROM: Natalie Iwasa, CPA  
Honolulu, HI 96825  
808-395-3233

HEARING: 9:05 a.m. Friday, March 15, 2013

SUBJECT: HB 430, HD1 - Charitable Contributions & Itemized Deductions

Aloha Chair and Senators,

Thank you for allowing me to provide testimony on HB 430, HD1, which would exempt charitable contributions from the itemized deductions cap.

Charitable organizations provide many educational, social welfare and community services that are beneficial to the community and residents of Hawaii. Funding for these organizations has become harder to obtain over the past few years, however.

One way to motivate people to donate money to charities is by offering tax incentives. I therefore support this bill and ask you to vote "yes."



**LATE**

Friday, March 15, 2013

9:05 a.m.

Conference Room 211– Hawai'i State Capitol

TESTIMONY TO THE  
SENATE COMMITTEE ON WAYS AND MEANS

**In support of HB 430 HD 1**

**Relating to except charitable deductions taken under Section 170 of the Internal Revenue Code from the temporary limit on the amount of itemized deductions claimable by certain taxpayers**

Girl Scouts of Hawai'i  
410 Atkinson Drive  
Suite 2E1, Box 3  
Honolulu, HI 96814  
808-595-8400  
girlscouts-hawaii.org

**Board of Directors**

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Diana Sellner

Kayla Seto

**Ex Officio**

Gail Mukaihata Hannemann

*Chief Executive Officer*

Ivy Mixer Vinayaga

*Chief Financial Officer*

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

My name is Gail Mukaihata Hannemann and I am the Chief Executive Officer of the Girl Scouts of Hawai'i. Founded in 1917, the Girl Scouts of Hawai'i is the state's oldest and largest leadership development program for girls with a statewide membership of 5,500 girls and adults. For the record, I am also a Member of the Board of Directors of the Hawai'i Alliance of Nonprofit Organizations (HANO).

The passage of the measure you are considering today is critical to the general well-being of the Girl Scouts of Hawai'i and all other nonprofit organizations. As you know, HB 430, HD 1 proposes to amend Act 97, Session Laws of Hawaii 2011, which established temporary cap amounts on itemized deductions for state income tax purposes. Committee Report Number 600 correctly points out, the enactment of Act 97 (2011), "has resulted in a disincentive for taxpayers to contribute to charitable organizations. This disincentive has caused a significant reduction in funding for charitable organizations throughout the State."

Ironically, as charitable contributions have decreased, governments have looked to nonprofits to address more and more community needs but often without additional funding to help defray costs. The situation is further exasperated in that nonprofits continue to contribute into the state's coffers, paying such taxes as excise taxes, without any relief from the government. All these challenges make it difficult for most nonprofits to remain financially viable.

While donors do not make charitable gifts only for tax purposes, tax incentives do help to encourage significant giving. The proposed amendment to Act 97 recognizes the unique nature of charitable contributions. Thus, its enactment would strengthen the ability of all nonprofit organizations to fulfill their missions, thereby, enriching the lives of individuals and communities. Thank you for the opportunity to provide written testimony in support of HB 430, HD 1. We urge your committee's passage of this measure.



**LATE**

**Senate Ways and Means Committee  
Friday, March 15, 2013 at 9:05 a.m.  
Conference Room 211**

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

**RE: HB 430, HD1, 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 HB 430, HD 1, which modifies Act 97 (2011) by exempting the charitable deduction from the cap on all itemized deductions for state income tax purposes. 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 HB 430:

- 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. Here at the local level, it is estimated that \$60-\$70 million could leave the nonprofit sector in donor dollars.

**HANO Testimony**  
**Senate WAM Committee**  
**March 15, 2013 at 9:05 a.m.**  
**HB 430 HD 1**  
**Page Two**

- 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.
- Hawaii was one of only three states (joining Michigan and Montana) that removed tax incentives, or tax credits for nonprofits. Passage of HB 430 would remove Hawaii from this inglorious list.
- The proposed amendment to Act 97 will recognize the unique nature of charitable contributions. Unlike other tax incentives, the charitable deduction encourages behavior for which taxpayers receive no personal tangible benefit. The charitable deduction is a means of enriching Hawaii's communities, rather than individuals.

Thank you for the opportunity to provide written testimony in support of HB 430, HD 1. We urge your committee's passage of this measure.

Mahalo,  
Lisa Maruyama  
President and CEO

**LATE**

March 14, 2013

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

Re: **HB 430 – Relating to Itemized Income Tax Deductions**

Dear Chairman Ige & Committee Members:

I am Edward Sortwell Clement, Jr., the Executive Director of the Hawaiian Islands Land Trust (“HILT”). HILT is a Hawaii charitable organization that strongly supports House Bill 430.

Hawaii’s long-term well-being, environmentally, economically, and otherwise, is directly linked to the land and the choices we make about it. Indeed, Hawaii’s state motto proclaims, *“The life of the land is perpetuated in righteousness.”* Thus, Hawaii is fortunate to have a statewide, non-profit land trust, HILT, the first nationally accredited land trust in Hawaii, with a mission to protect the places that sustain us for current and future generations.

House Bill intends to amend Act 97, Session Laws of Hawaii 2011, to exempt charitable contributions from the itemized deduction cap imposed on individuals. We believe that Act 97 has negatively impacted HILT’s ability to serve its constituents.

As funding for charitable organizations continues to be cut from state and federal budgets, we must rely increasingly on individual donations to support the vital programs that we provide to Hawaii’s communities. Now more than ever, Hawaii’s government should incentivize private citizens to give what they can to support the essential services provided by Hawaii’s charitable organizations. HB 430 will do just that.

We urge you to pass this Bill out of Committee.

Sincerely,



Edward Sortwell Clement, Jr.  
Executive Director



# NATIONAL TROPICAL BOTANICAL GARDEN

Chartered by Congress to Create a National Resource in Conservation, Research, and Education

March 13, 2013

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

**LATE**

Dear Chairman Ige & Committee Members:

## **Supporting House Bill 430 – Relating to Itemized Income Tax Deductions**

As the Director and CEO of the National Tropical Botanical Garden (NTBG), I am writing to you to express my **STRONG** support for HB 430 which repeals the temporary limit on the amount of itemized deductions that may be claimed by certain taxpayers.

As a national non-profit organization that is based in Hawaii and which employs over 100 residents as full-time employees with benefits we have found that Act 97 has negatively impacted NTBG's ability to fulfill our mission and serve our constituents. In the past two weeks we have had to reduce our operating budget due in part to the decline in donations we received last year from donors in Hawaii. Many of our loyal donors told us that the cap imposed by Act 97 was forcing them to cut back in their charitable gifts in 2012 and beyond.

We provide many essential services to our state by conserving our native flora and providing educational activities that impact every school child on Kaua'i. Our recent reduction in force will impact our ability to continue to provide these services and loss of employment for the individuals we let go will further hurt our state's economy.

Across the board, the nonprofit sector provides a **HUGE** number of services that maintain the integrity of the social, cultural, and environmental fabric of our state. Capping the amount of itemized deductions that may be claimed by certain taxpayers has cut off our support at the knees and is having a rippling effect across the state.

Mahalo for your consideration of our testimony – we urge you to pass **House Bill 430** out of Committee.

Aloha,

Chipper Wichman  
Director and CEO





**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [carol-davidpratt@hawaii.rr.com](mailto:carol-davidpratt@hawaii.rr.com)  
**Subject:** Submitted testimony for HB430 on Mar 15, 2013 09:05AM  
**Date:** Thursday, March 14, 2013 12:33:07 PM

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HB430

Submitted on: 3/14/2013

Testimony for WAM on Mar 15, 2013 09:05AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
David W. Pratt	Individual	Support	No

Comments: I strongly support House Bill 430. As a donor to many charitable organizations, Act 97 restricts my level of contributions. The loss to non-profit organizations caused by Act 97 is far greater than the small gain in tax revenue from Act 97. I am a resident of Kauai.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)