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LATE

FREDERICK D. PABLO
DIRECTOR OF TAXATION

JOSHUA WISCH
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1530
FAX NO: (808) 587-1584

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

Date: Tuesday, January 30, 2013
Time: 9:00 a.m.
Place: Conference Room 211, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B. 1091 Relating to Itemized Income Tax Deductions

The Department of Taxation (Department) supports this bill, which excludes charitable contribution deductions from the itemized income tax deduction limitations.

Act 97 put hard caps on itemized deductions for individuals with a federal adjusted gross income of \$100,000 or more (\$150,000 for head of household). These limitations are set to be repealed on January 1, 2016. The purpose of S.B. 1091 is to remove charitable contribution deductions from the hard caps. If approved, amounts deductible for charitable contribution deductions would be added back to the applicable hard cap amount.

For example, if a single individual with a federal adjusted gross income of more than \$100,000 had charitable contributions totaling \$20,000 and other itemized deduction totaling \$30,000, under this bill, the total allowable itemized deductions would be \$45,000. Total itemized deductions are capped at \$25,000 for single filers, thus, this taxpayer would be allowed to deduct \$20,000 for the charitable contributions and a total of \$25,000 for all other itemized deductions.

Thank you for the opportunity to provide comments.



WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 1091

January 30, 2013

RELATING TO ITEMIZED INCOME TAX DEDUCTIONS

Senate Bill No. 1091 exempts charitable income tax deductions from the itemized deduction caps.

The Department of Budget and Finance supports this Administrative sponsored measure which is accounted for in the Administration's general fund financial plan.

LATE



American Cancer Society
Cancer Action Network
2370 Nu`uanu Avenue
Honolulu, Hawai`i 96817
808.432.9149
www.acscan.org

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

Hearing: January 30, 2013; 9:00 a.m.

SB 1091 – Relating to Itemized Income Tax Deductions

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

Thank you for the opportunity to provide testimony in support of SB 1091, 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 and 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.



LATE

Testimony Presented Before the
Senate Ways and Means Committee
January 30, 2013 at 9:00 a.m., Room 211
From Donna Vuchinich, University of Hawai'i Foundation

SB 1091 – RELATING TO ITEMIZED INCOME TAX DEDUCTIONS

Chair Ige, Vice Chair Kidani, and Members of the Senate Committee on Ways and Means:

The University of Hawai'i Foundation supports Senate Bill 1091 which amends Act 97 by exempting charitable donations from caps that Act 97 placed on itemized income tax deductions. Act 97 caps the amount of itemized deductions that may be taken on the state income tax form; this removes the tax incentive for upper income donors to be charitable. As such, the University of Hawai'i Foundation supports SB 1091 in order to restore the charitable giving environment.

The UH Foundation is a private, institutionally related corporation designated as a 501(c)(3) organization by the Internal Revenue Service. We are the sole fundraising organization for the University of Hawai'i System and provide a range of professional fundraising services to all 10 University of Hawai'i campuses to support students, faculty, research and programs that enrich Hawai'i's communities.

We have heard from several of our major donors and their financial advisors that the cap on charitable deductions is impacting their ability to support the University and other local nonprofits at the level they would like to. Gifts from individuals and families, particularly from those who itemized their tax deductions, have added immeasurably to accessibility and excellence at the University of Hawai'i.

The tax incentive that the deduction provides encourages private gifts to help fuel student success in public higher education through scholarships and awards, leading research in areas including cancer research, microbial oceanography and sustainability. Private support also funds lifelong learning opportunities and other programs that enrich our entire community.

While donors do not make charitable gifts only for tax reasons, tax incentives make more and larger gifts possible.

The University of Hawai'i plays an integral role in shaping a sustainable future for our island residents. Students are our future, and our unique integrated university system educates our workforce for sectors as diverse as the trades, healthcare, education and hospitality and tourism. They are not only the workers but the *innovators* who create future industry and economy.

In these times of a tentative economic recovery, it is imperative that the University of Hawai'i receive private support to help fuel initiatives centered on innovation and excellence.

We need to nurture a charitable giving environment that supports our donors' in their generosity, so that together we can work towards ensuring access to quality higher education for all Hawai'i residents. Donors are key partners in our future and SB 1091 will help restore the philanthropic culture our State needs in order to build a better Hawai'i.

Caps on itemized deductions are a disincentive to donors who are trying to help an organization - it is hurting Hawai'i. We urge you to restore the charitable giving deduction by removing the cap, and move SB 1091 forward.

Sincerely,

A handwritten signature in black ink, appearing to read "Donna Vuchinich". The signature is fluid and cursive, with a large initial "D" and "V".

Donna Vuchinich
President and CEO
University of Hawai'i Foundation



Aloha United Way

200 N. Vineyard Blvd., Suite 700
Honolulu, Hawaii 96817-3938
Telephone (808) 543-2202
Fax (808) 543-2222
www.auw.org

January 29, 2013

Senate Committee on Ways and Means
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair
Saturday January 30, 2013 9:00 AM., Conference Room 211

SB 1091: Relating to Itemized Income Tax Deductions – Written testimony in SUPPORT

Dear Chair Ige, Vice Chair Kidani and Committee Members:

Aloha United Way strongly encourages your favorable consideration of SB 1091 which exempts charitable income tax deductions from existing itemized deduction caps.

Act 97 of the Session Laws of Hawaii 2011 established income-based caps on total itemized deductions for the state income tax. The charitable contribution deduction is one of few discretionary payments that are deductible. The high cost of real estate in Hawaii and the associated high mortgage payments drive large deductions for mortgage interest which means many tax payers will exceed the deductible caps and may opt to forego charitable contributions.

Hawaii's nonprofits provide critical services for our community - homeless shelters, early childhood programs, domestic violence shelters, youth counseling and mentoring, substance abuse treatment, emergency food distribution and much more. These services are generally funded through a combination of government contracts and private donations – therefore, while actions which reduce itemized deductions will increase tax collections in the short term, in the long term added government funding will be required to sustain these programs. Additionally, recent economic challenges have already resulted in reduced funding to nonprofits and the federal “fiscal cliff” issue promises additional problems in the near future. The charitable deduction must be reinstated to ensure that private sector donations do not decrease at this challenging time for nonprofits.

Aloha United Way strongly encourages favorable consideration of SB 1091.

Sincerely,

Kim Gennaula
President & Chief Executive Officer

January 28, 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

Dear Chair Ige, Vice Chair Kidani, and Committee Members:

In Support of SB 1091 – Relating to Itemized Income Tax Deductions

I'm Leslie Wilcox, President and Chief Executive Officer of PBS Hawaii, the islands' sole member of the Public Broadcasting Service (PBS), with a mission of advancing learning and discovery through storytelling that profoundly touches lives. PBS Hawaii is the brand name of the Hawaii Public Television Foundation, a Hawaii educational charitable organization that reaches more than 400,000 television households and a global online community.

As you know, the purpose of Senate Bill 1091 is to amend Act 97, Session Laws of Hawaii 2011, exempting charitable contributions from the itemized deduction cap imposed on individuals for State income tax purposes.

We believe that Act 97 is negatively impacting PBS Hawaii's ongoing capital campaign. It's not unusual for prospective large donors to tell us to go to work to change the new State law (Act 97) if we want them to support our New Home Campaign.

"I want to give this money to PBS Hawaii, not the government," a philanthropist told me last week. "For now," he said, "I'll hold onto it. Let's see what the Legislature does."

This "wait and see" approach of donors is understandable. However, lagging or lost revenues can only hurt organizations like ours. Individual donors are the backbone of many nonprofit organizations. In fact, individuals are more important than ever to nonprofits. During the recession and ever since, some major charitable foundations have reduced their giving and they've stopped making capital grants.

We seek your approval of SB 1091 to help open the wallets of large donors who wish to meet community and human needs served by Hawaii's nonprofit sector.

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

Sincerely,



Leslie Wilcox
President and CEO



January 29, 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

Dear Chairman Ige & Committee Members:

SB 1091 – Relating to Itemized Income Tax Deductions

Hawai'i Arts Alliance is a statewide Hawaii charitable organization that serves over 100 organizational members reaching a combined membership of 40,000. We also serve more than 20,000 public school students across the state annually. On behalf of Hawai'i Arts Alliance, we ask your serious consideration of Senate Bill 1091.

Senate Bill 1091 aims to amend Act 97, Session Laws of Hawaii 2011, to exempt charitable contributions from the cap on itemized deduction caps for Hawaii state income tax purposes. 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.

We believe that Act 97 has negatively impacted Hawai'i Arts Alliance's ability to serve its constituents. We have experienced a noticeable decline from 2011 to 2012 in the total number of gifts received (-17%), as well as average amount per gift (-21%). This is in spite of efforts to increase fundraising. Particularly affected were higher-end gifts of \$2,000 or more. Higher capacity donors routinely cite that, though their charitable intent remains the same, they are giving far less due to the state itemized deduction cap on charitable contributions.

Yet 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. SB 1091 will do just that.

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

Respectfully,

Marilyn Cristofori
Chief Executive Officer
Hawai'i Arts Alliance



LATE

CONSERVATION COUNCIL FOR HAWAI'I

Testimony Submitted to the Senate Committee on Ways and Means
Hearing: Wednesday, January 30, 2013 9 am
Room 211

In Support of SB 1091 Relating to Itemized Income Tax Deductions

Aloha. The Conservation Council for Hawai'i supports SB 1091, which exempts charitable income tax deductions from the itemized deduction caps. It is difficult to raise funds to support nonprofit charitable organizations, such as CCH. We should be encouraging more charitable giving, not less. Please do not attempt to balance the budget or make up for other shortfalls on the backs of the nonprofits.

Please support SB 1091. Mahalo nui loa for the opportunity to testify.

Sincerely,

Marjorie Ziegler



Hawai'i's Voice for Wildlife – Ko Leo Hawai'i no na holoholona lohiu

Telephone/Fax 808.593.0255 • email: info@conservehi.org • web: www.conservehi.org

P.O. Box 2923 • Honolulu, HI 96802 • Office: 250 Ward Ave., Suite 220 • Honolulu, HI 96814

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Testimony of The Nature Conservancy of Hawai'i
Supporting S.B. 1091 Relating to Itemized Income Tax Deductions
Senate Committee on Ways and Means
Wednesday, January 30, 2013, 9:00AM, Room 211

The Nature Conservancy of Hawai'i is a private non-profit conservation organization dedicated to the preservation of the lands and waters upon which life in these islands depends. The Conservancy has helped to protect nearly 200,000 acres of natural lands 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. 1091 to exclude charitable deductions from 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* recently polled 40 charities and 175 donors about year-end giving trends for 2012. (www.charitynavigator.org/index.cfm?bay=content.view&cpid=1476) While only 13% of the donors polled identified tax benefits as a top motivating reason for giving, the charities still reported that on average they receive 40% of their annual contributions in the last few weeks of the year. Likewise, the online giving service *Network for Good* reports that (i) individual gifts are larger in December, (ii) more than 30% of the donations they process occur in December; (iii) 10% of donations are made in the last two days of the tax year; and (iv) there is a spike in giving between Noon and 7:00pm on December 31st. (www1.networkforgood.org/sites/default/files/2011holidaygivingguideforpartners.pdf)

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/>)

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 exempting charitable deductions from the itemized deduction cap.

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CS13:002T:LS

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

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

Date: January 30, 2013

Re: **Testimony in Support SB 1091 – Relating to Itemized Tax Deductions**

Goodwill Industries of Hawaii, Inc. is in strong support of SB 1091 Relating to Itemized Tax Deductions which would exempt charitable contributions for the itemized deduction cap imposed by Act 97.

For Goodwill, we are affected by this cap not through monetary donations as many other charities are, but primarily through the donations the public provides to us of clothing and household goods, which we then sell in our retail stores to earn revenues to operate our employment and training programs. Until the implementation of Act 97, donors have been free to claim the value of their itemized donations of goods as part of their tax filings.

Since the cap has been implemented, we have had multiple incidences of donors telling our donation attendants that they no longer need a receipt since “they can no longer deduct these items”. We are increasingly concerned that these donors will donate with less frequency, which would impact our retail sales and our ability to raise funds to provide training and employment to residents of our community.

In some cases we think that some of our donors are not well informed about who the cap applies to, some believe this applies to everyone and are not well informed that it applies only to tax payers at a certain income level, or that the cap affects only their State itemized deductions and is not applicable to their federal tax deductions. As a result to better inform our donors and retain as many as possible, we are currently working on a donor education campaign that will consume time, resources and funds in order to increase our donors understanding of who the cap applies to. Before Act 97, we did not have these challenges and this has increased our costs of raising much needed resources for our organization.

The limitation on itemized deductions has created a disincentive for individuals at a time when we need our donors more than ever to support the services we provide. We strongly urge you to exempt charitable organizations from this cap so that we may continue to best fulfill our mission to the community.

Thank you for this opportunity to provide testimony on this matter.



Aloha

I am Suzi Bond, volunteer executive director of the Kilauea Drama and Entertainment Network (KDEN). I am writing in support of SB1091.

KDEN's mission is to provide and promote top quality Community Theater in East Hawai'i, seeking to enrich and unite our community through participation in the performing arts. KDEN provides Community Theater opportunities to people of all ages, experience, and backgrounds. Community Theater is unique among all the artistic traditions in that it offers something for everyone. Providing a wellspring of apprenticeship possibilities from construction to clerical work, from money management to organizational skills, it gives people of all ages a chance to work together. Designing and creating sets or costumes, acting, dancing, singing, working the lights and sound or playing in the orchestra, each person is part of a multifaceted team giving friends, families, visitors and the community at large an opportunity to enjoy some astoundingly excellent theatrical shows! Community Theater is a powerful force in bringing community members – and families – together to share their talents, experience, ideas, laughter, tears, hard work and sweat to create something magical and memorable to share with audiences. There is nothing else quite like it!

Our shows generally involved about 70 members of the community, onstage, offstage and in the orchestra, from 4 to 80 years of age with a rainbow of cultural backgrounds. Our summer musical orchestra is a wonderful mix of professionals, music teachers and high school students. It is a great learning experience for the kids and the “pros” enjoy imparting some of their wisdom and practices to the students. This collaboration nets wonderful results. Our audiences contain visitors from around the world as well as from local and neighbor-island communities. Our beautiful performing home at Kilauea Military Camp (KMC)'s Kilauea Theater is a wonderful location for community members and visitors alike to enjoy our considerable local talent. For those of us who have devoted much of our lives to Community Theater, it is the broad spectrum of community support and participation for these productions that gives value to our services and is deeply satisfying our volunteers.

The local communities we serve are located primarily in East Hawai'i, a vast area containing Hilo, Puna, Volcano Village, and Ka'u, and considered one of the most economically depressed areas in the state. The theater is a 45 minute drive from Hilo, the town of Pahoa and Na'alehu town. Most people who attend our shows must drive a great distance to get there, and with the cost of gas these days (as well as economic situations) we have to work hard to get audiences. We are committed to keeping our ticket sale prices at a level that is affordable for our population. Similar productions in more prosperous areas of the country would command starting prices of \$25 to \$50 per ticket, whereas our prices range from \$8 to \$15 to enable our community members to attend.

Our organization heavily relies on donations from generous individuals. Ticket sales from our productions rarely cover the expenses of putting on a show, let alone keep the day to day operations going. Without the tax deductible donations, our resources would drop and we would be in danger of having to close our doors.

Please see fit to keep the tax deductions alive for non profit organizations. The term “non profit” says it all. We would not be able to operate without the donations.

Mahalo

Suzi Bond

Executive Director, KDEN

KDEN73@aol.com

808 982-7344

HCR 3 Box 13089

Kea'au HI 96749

LATE



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January 28, 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

Dear Chairman Ige & Committee Members:

Testimony Supporting SB 1091 – Relating to Itemized Income Tax Deductions

As the Director and CEO of the National Tropical Botanical Garden (NTBG) which is headquartered on Kaua'i, I am writing in STRONG support of SB1091.

The NTBG has four gardens and five botanical preserves is a globally recognized leader in plant conservation and a leader in the conservation of the native Hawaiian flora. Our botanists have discovered over 120 new species over the past 30 years and we currently employ over 100 employees who are engaged in conservation, research and education activities throughout the state. Their work is critical to Hawaii and their livelihood is dependent on a steady flow of charitable donations from the public.

Act 97, Session Laws of Hawaii 2011, which placed a cap on the ability of taxpayers to utilize itemized deductions to charitable organizations has had a major impact on our annual operating donations and seriously limited our capital campaign gifts. Donations are the lifeblood of all nonprofit organizations and Act 97 has effectively starved us for the past two years.

We need your support now - please pass SB 1091 out of committee and show our nonprofit community that you support the important work that we do and value the local people we employ.

Me ka mahalo nui,

Chipper Wichman, Director and CEO



American Heart Association | American Stroke Association

Learn and Live

Serving Hawaii

Testimony on SB 1091, "RELATING TO ITEMIZED INCOME TAX DEDUCTIONS."

The American Heart Association is a nonprofit with a mission to build healthier lives, free of heart disease and stroke. By national policy, **the AHA does not accept state funding, relying instead on its own fundraising to fulfill its public health goals.** Founded in 1924, the AHA is the nation's oldest and largest voluntary health organization dedicated to reducing heart disease and stroke. To help prevent, treat and defeat these diseases — Hawaii's No. 1 and No. 3 killers respectively — we fund cutting-edge research, conduct lifesaving public and professional educational programs, and advocate to protect and improve public health. Between 2000 and 2010 the AHA worked diligently toward reaching its 10-year goal of reducing heart disease and stroke deaths by 25 percent. It surpassed that goal prior to 2009, reducing deaths from cardiovascular diseases by over 30 percent. Even with that success, more deaths in Hawaii are attributed to cardiovascular disease (CVD), than motor vehicle crashes, HIV/AIDS, homicide, suicide, alcohol and drug use combined.

Bolstered by its prior success, in 2010 the AHA announced new 2020 goals of reducing cardiovascular-related deaths by an additional 20 percent, and for the first time it defined cardiovascular health, based on seven health factors, and announced an additional goal to improve cardiovascular health by 20 percent.

The costs related to treating cardiovascular-related diseases is staggering to the state. Based on Hawaii's Medicaid population alone, economic estimates for 2007 were projected using Medical Expenditure Panel Survey data. Medicaid spending has grown rapidly in recent years, placing a significant burden on state budgets. To help Hawaii estimate the financial impact of cardiovascular diseases among its Medicaid beneficiaries, the Centers for Disease Control and Prevention (CDC) and RTI International developed the Chronic Disease Cost Calculator, which was used to estimate the Medicaid costs below.

Heart Disease
\$20.8 million

Hypertension
\$59.7 million

Stroke
\$41 million

Congestive Heart Failure
\$9 million

Serving Hawaii since 1948

For information on the AHA's educational or research programs, contact your nearest AHA office, or visit our web site at www.americanheart.org or e-mail us at hawaii@heart.org

Oahu:
677 Ala Moana Blvd., Ste. 600
Honolulu, HI 96813-5485
Phone: 808-538-7021
Fax: 808-538-3443

Maui County:
Phone: 808-224-7185
Fax: 808-224-7220

Hawaii:
Phone: 808-961-2825
Fax: 808-961-2827

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Phone: 866-205-3256
Fax: 808-538-3443

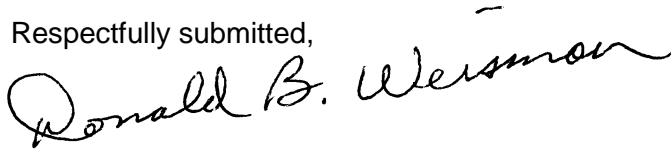
"Building healthier lives, free of cardiovascular diseases and stroke."

The toll of CVD can also be assessed through its impact on the healthcare system by examining the number of hospital discharges, length of stay, and associated charges for CVD hospital treatment. In 2005, the amount in hospital charges due to CVD in Hawaii totaled over \$604 million. Note that these charges do not reflect the total monetary impact of CVD. They only include charges that were incurred in a hospital setting and do not account for rehabilitation costs or work productivity loss. The monetary charges are also not adjusted for inflation over time.

The AHA strongly supports SB 1091, Relating to Itemized Income Tax Deductions, which would amend Act 97 by exempting charitable donations from caps that Act 97 placed on itemized income tax deductions. Nonprofits, like the American Heart Association, provide a vital role in improving public health and saving the state millions of dollars in health-related costs. These services are provided more economically and efficiently than the state could achieve through the expenditure of tax dollars. By discouraging public support of those non-profit efforts, the state restricts their effectiveness at both improving public health, and at controlling health-related costs.

The American Heart Association urges your strong support of SB 1091 as a way to encourage charitable contributions, and as a sound investment in Hawaii's communities.

Respectfully submitted,

A handwritten signature in black ink that reads "Donald B. Weisman". The signature is written in a cursive style with a horizontal line above the name.

Donald B. Weisman
Hawaii Government Relations/Mission:Lifeline Director



From: mailinglist@capitol.hawaii.gov
 To: [WAM Testimony](#)
 Cc: khong@ntbg.org
 Subject: Submitted testimony for SB1091 on Jan 30, 2013 09:00AM
 Date: Wednesday, January 30, 2013 8:15:01 AM

SB1091

Submitted on: 1/30/2013

Testimony for WAM on Jan 30, 2013 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Kathleen W. Hong	National Tropical Botanical Garden	Support	No

Comments: January 29, 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 Dear Chairman Ige & Committee Members: SB 1091 – Relating to Itemized Income Tax Deductions I am Kathleen Hong, the Director of Philanthropy for the National Tropical Botanical Garden (NTBG.) NTBG is a leader in the conservation of endangered Hawaiian flora and our four gardens and five botanical preserves throughout the state employ over 100 employees working in this very critical area. The National Tropical Botanical Garden STRONGLY supports Senate Bill 1091. Senate Bill 1091 aims to amend Act 97, Session Laws of Hawaii 2011, to exempt charitable contributions from the itemized deduction cap imposed on individuals for state income tax purposes. The proposed amendment to Act 97 will recognize that charitable contributions should be treated differently from other itemized deductions. Unlike other tax incentives, the charitable deduction encourages behavior for which taxpayers receive no personal tangible benefit. We believe that Act 97 has negatively impacted NTBG’s ability to raise needed operating support and capital campaign contributions from our constituents. Some of our donors have reduced their contributions by forty percent stating that this law has severely impacted their ability to be more generous with their support and has a particularly negative impact on large donations and capital campaigns. Large donations from Hawaii residents are vital to our continued success during this challenging economic time. As funding for charitable organizations has been 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 that maintain our state’s social, cultural, and environmental fabric. SB 1091 will do just that. We urge you to allow this Bill to cross over and receive a full hearing. Sincerely, Kathleen W. Hong Director of Philanthropy National Tropical Botanical Garden

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HAWAI'I PACIFIC HEALTH

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Honolulu, Hawai'i 96813-4333

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www.hawaiipacifichealth.org

Wednesday, January 30, 2013 – 9:00 am
Conference Room 211

The Senate Committee on Ways & Means

To: Senator David Ige, Chair
Senator Michelle N. Kidani, Vice Chair

From: Michael Robinson
Executive Director
Philanthropy & Government Relations

Re: Testimony in Strong Support of SB 1091 Relating to Itemized Income Tax Deductions

My name is Michael Robinson, Executive Director of Philanthropy & Government Relations for Hawai'i Pacific Health (HPH). HPH is a nonprofit health care system and the state's largest health care provider anchored by its four nonprofit hospitals: Kapi'olani Medical Center for Women & Children, Pali Momi Medical Center, Straub Clinic & Hospital and Wilcox Memorial Hospital on Kauai. HPH is committed to providing the highest quality medical care and service to the people of Hawai'i and the Pacific Region through its four affiliated hospitals, 49 outpatient clinics and service sites, more than 5,400 employees and 1,300 physicians on staff.

On behalf of the Foundations of Hawai'i Pacific Health – Kapi'olani Health Foundation, Pali Momi Foundation, Straub Foundation and Wilcox Health Foundation - I am writing in strong support of SB 1091 which would exempt charitable income tax deductions from the itemized deduction cap.

Each of our non-profit hospitals provides care to the community *regardless of a patient's ability to pay*. In fiscal year 2012, Hawai'i Pacific Health provided more than \$155,000,000 in community benefits in the form of unreimbursed care, government reimbursement shortfall, specialty services, community education, teaching and research. Our hospitals rely on philanthropy to support its operating margins and to be responsive to the needs of Hawai'i's residents.

This bill would facilitate continued charitable giving to health care and further ensure that our hospitals can sustain their mission of providing critical and life saving care to our patients.

We ask for your help and support in passing SB 1091 from this committee. Thank you.



Affiliates of Hawai'i Pacific Health



From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: sching@hanahauoli.org
Subject: Submitted testimony for SB1091 on Jan 30, 2013 09:00AM
Date: Tuesday, January 29, 2013 10:31:02 PM

SB1091

Submitted on: 1/29/2013

Testimony for WAM on Jan 30, 2013 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Selena Ching	Hanahau'oli School	Support	No

Comments: As the Director of Institutional Advancement, I support the exemption of charitable contributions from the itemized deduction cap. I have seen, firsthand, how the cap has caused donors to not only pause, but to rethink their charitable giving, to the detriment of the non profit. In the last two weeks of December 2012 alone, we had two major donors rearrange payments and scheduling on significant pledges. The results led to extended pledge schedules which devalues the gift over time and increases the risk of default. These are just the gifts we know about. There are more than likely far more occurrences of curtailed giving without the benefit of a tax deduction. It is hurting the non profit sector in a time when gifts from individuals need to increase, not decrease, to help close the gaps left by decreased government funds flowing into the sector. Please remove charitable income tax deductions from the itemized deduction cap. Thank you. Selena Ching Hanahau'oli School 1922 Makiki St Honolulu, HI 96822

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From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: nimboy44@aol.com
Subject: Submitted testimony for SB1091 on Jan 30, 2013 09:00AM
Date: Tuesday, January 29, 2013 12:01:41 PM

SB1091

Submitted on: 1/29/2013

Testimony for WAM on Jan 30, 2013 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Bill Quinlan	Individual	Support	No

Comments: Charitable giving is one of the important foundations of America. Denying tax deduction for charitable contributions will decrease giving. Having recently moved to Hawaii, I was shocked to learn, after the donation was made, that 50% of a \$100,000 donation we made to a Foundation in 2011 was not tax deductible in Hawaii. Our contribution to that Foundation in 2012 was Zero. Please pass SB1091.

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January 28, 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

Dear Chairman Ige & Committee Members:

SB 1091 – Relating to Itemized Income Tax Deductions

My name is Carol Ai May and I am a resident of Honolulu, Hawaii. I am also on the Board of Directors of Child & Family Service, The Girl Scouts of Hawaii, and a Trustee of the University of Hawaii Foundation. I am Vice President of the 114-year old kama'aina company, City Mill, which is our family business and which also has a 501(c)3 philanthropic arm called the C. K. Ai Foundation.

I strongly support Senate Bill 1091.

I have been a donor to charitable organizations in Hawaii for many years because of the important services that they provide to our state and to the members of our community. As a result of Act 97, however, it is no longer possible or me to continue contributing to these important organizations at the level that I have contributed in the past.

This means that Hawaii's charitable organizations will lose up to \$10,000 each year in potential contributions from me alone. I cannot believe that this is in the best interest of our state.

I have seen first-hand during the past few years, that as the work of charitable organizations has been cut from state and federal budgets, Hawaii's charitable organizations must rely increasingly on individual donations to support the vital programs that they provide to our most vulnerable people and natural resources. Now more than ever, Hawaii's government must incentivize private citizens to give everything they can to support the essential services that maintain our state's social, cultural, and environmental fabric.

I urge you to allow SB 1091 to cross over and receive a full hearing.

Sincerely,

Carol Ai May



From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: cnakamura@topa.com
Subject: Submitted testimony for SB1091 on Jan 30, 2013 09:00AM
Date: Tuesday, January 29, 2013 9:43:52 AM

SB1091

Submitted on: 1/29/2013

Testimony for WAM on Jan 30, 2013 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Curt Nakamura	Individual	Support	No

Comments: I am in support of SB 1091. As more programs are being cut by government, we need to support bills that encourage individuals to donate to charitable organizations that help provide services to the community.

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From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: g2@hokua.org
Subject: Submitted testimony for SB1091 on Jan 30, 2013 09:00AM
Date: Tuesday, January 29, 2013 10:51:28 AM

SB1091

Submitted on: 1/29/2013

Testimony for WAM on Jan 30, 2013 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Ginny Tiu	Individual	Support	No

Comments: I urge you to please support SB 1091. Charitable organizations do much of the work that would otherwise have to be done by the city and state. In this economy, and with the city and state cutting back programs to balance the budget, people should be encouraged and given incentives to support the work of these organizations, which will benefit ALL of us. Thank you very much. Ginny Tiu

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January 29, 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

Dear Chairman Ige & Committee Members:

SB 1091 – Relating to Itemized Income Tax Deductions

I am a resident of Honolulu. I strongly support Senate Bill 1091.

I have been a donor to charitable organizations in Hawaii for many years because of the important services that they provide to our state and to the members of our community. As a result of Act 97, however, my accountant has informed me that it is no longer possible or me to continue contributing to these important organizations at the level that I have contributed in the past due to the \$50,000 cap.

This means that Hawaii's charitable organizations will lose between thousands of dollars each year in potential contributions from me alone. I cannot believe that this is in the best interest of our state. Hospitals, museums, schools are built with private donations.

As the work of charitable organizations has been cut from state and federal budgets, Hawaii's charitable organizations must rely increasingly on individual donations to support the vital programs that they provide to our most vulnerable people and natural resources. Now more than ever, Hawaii's government must incentivize private citizens to give everything they can to support the essential services that maintain our state's social, cultural, and environmental fabric.

I urge you to allow SB 1091 to cross over and receive a full hearing.

Sincerely,

Vice President Community Relations

LATE

January 29, 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

Dear Chairman Ige & Committee Members:

SB 1091 – Relating to Itemized Income Tax Deductions

I am a resident of Honolulu. I strongly support Senate Bill 1091.

I have been a donor to charitable organizations in Hawaii for many years because of the important services that they provide to our state and to the members of our community. As a result of Act 97, however, it is no longer possible or me to continue contributing to these important organizations at the level that I have contributed in the past.

This means that Hawaii's charitable organizations will lose between \$50,000 and \$100,000 each year in potential contributions from me alone. I cannot believe that this is in the best interest of our state.

Due to federal and state budget cuts, Hawaii's charitable organizations are being called upon to do more of the things that governmental agencies were doing in the past. At the very time that these private organizations are going to be called upon to do more, Act 97 makes it more expensive for private citizens to financially support them. I strongly believe that this is going to hurt our most vulnerable people the most. Now more than ever, Hawaii's government must incentivize private citizens to give everything they can to support the essential services that maintain our state's social, cultural, and environmental fabric.

I urge you to allow SB 1091 to cross over and receive a full hearing.

Sincerely,

Lawrence J. Taff



ABC STORES
766 Pohukaina Street
Honolulu, Hawaii 96813-5391
www.abcstores.com

Telephone: (808) 591-2550
Fax: (808) 591-2039
E-mail: mail@abcstores.com

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January 29, 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: SB 1091 – Relating to Itemized Income Tax Deductions
Hearing: Wednesday, 1/30/13; 9:00a
State Capitol, Conference Room 211

Dear Chairman Ige & Committee Members:

My name is Paul Kosasa, President and CEO of ABC Stores and I strongly support Senate Bill 1091.

I have been a donor to charitable organizations in Hawaii for many years because of the important services that they provide to our state and to the members of our community. As a result of Act 97, however, it is no longer possible for me to continue contributing to these important organizations at the level that I have contributed in the past. This means that Hawaii's charitable organizations can potentially lose thousands of dollars each year in contributions from me alone. I cannot believe that this is in the best interest of our state.

As the work of charitable organizations has been cut from state and federal budgets, Hawaii's charitable organizations must increasingly rely on individual donations to support the vital programs that they provide to our most vulnerable people and natural resources. Now more than ever, Hawaii's government must incentivize private citizens to give everything they can to support the essential services that maintain our state's social, cultural, and environmental fabric.

I respectfully urge you to allow SB 1091 to cross over and receive a full hearing. Thank you for your consideration in this matter.

Sincerely,

PAUL KOSASA
President & CEO

LATE

January 28, 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

Dear Chair Ige, Vice Chair Kidani & Committee Members:

SB 1091 – Relating to Itemized Income Tax Deductions

I am a resident of Honolulu, Hawai‘i and **I strongly support Senate Bill 1091**. The charitable organizations in Hawai‘i provide valuable services to our state and to our citizens and I am a donor to such organizations. It is very important to exclude charitable deductions from the hard cap on itemized deductions imposed by Act 97 in 2011, thus I support Senate Bill 1091.

Because of reductions in state and federal support, Hawaii’s charitable organizations are increasingly dependent on individual donations to support the critically important programs they provide. Hawaii’s government needs to encourage private citizens to give everything they can to support these essential services that maintain our state’s social, cultural, educational and environmental fabric.

I urge you to support SB 1091.

With aloha,

Virginia S. Hinshaw



From: mailinglist@capitol.hawaii.gov
 To: [WAM Testimony](#)
 Cc: kingsinhi@aol.com
 Subject: Submitted testimony for SB1091 on Jan 30, 2013 09:00AM
 Date: Tuesday, January 29, 2013 9:35:34 AM

SB1091

Submitted on: 1/29/2013

Testimony for WAM on Jan 30, 2013 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Yvonne King	Individual	Support	No

Comments: January 28, 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 Dear Chairman Ige & Committee Members: SB 1091 – Relating to Itemized Income Tax Deductions I am a resident of [Kailua. I strongly support Senate Bill 1091. I have been a donor to charitable organizations in Hawaii for many years because of the important services that they provide to our state and to the members of our community. As a result of Act 97, however, it is no longer possible for me to continue contributing to these important organizations at the level that I have contributed in the past. This means that Hawaii’s charitable organizations will lose between [\$\$ and \$\$] each year in potential contributions from me alone. I cannot believe that this is in the best interest of our state. As the work of charitable organizations has been cut from state and federal budgets, Hawaii’s charitable organizations must rely increasingly on individual donations to support the vital programs that they provide to our most vulnerable people and natural resources. Now more than ever, Hawaii’s government must incentivize private citizens to give everything they can to support the essential services that maintain our state’s social, cultural, and environmental fabric. I urge you to allow SB 1091 to cross over and receive a full hearing. Sincerely, Yvonne King

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