

LATE

The Twenty-Seventh Legislature
Regular Session of 2014

THE SENATE
Committee on Human Services
Senator Suzanne Chun Oakland, Chair
Senator Josh Green, Vice Chair
Hawaii State Capitol, Conference Room 016
Thursday, February 6, 2014; 1:45 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 2207
RELATING TO TAXATION**

The ILWU Local 142 supports S.B. 2207, which reduces or eliminates the state income tax liability for taxpayers with a federal adjusted gross income of less than 125% of the federal poverty guidelines.

Because of our high cost of living, Hawaii's federal poverty level (FPL) is higher than the rest of the nation, except Alaska. Nevertheless, the FPL for Hawaii for a single person working full-time is actually less than the current minimum wage of \$7.25, and 125% of the FPL for a single person would be just slightly more than the minimum wage. Rather than expect these low-wage workers to pay taxes to the State, then be forced to seek government support for food stamps or other subsidies to make ends meet, the State should be looking at ways to help them become self-sufficient. This measure will work towards that end.

The ILWU urges passage of S.B. 2207 and appreciates the opportunity to provide testimony.

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SB2207
Relating to Income Tax
Senate Committee on Human Services

February 6, 2014

1:45 p.m.

Room 016

The Office of Hawaiian Affairs (OHA) **SUPPORTS** SB2207. This measure would reduce or eliminate the state income tax liability for taxpayers with a federal adjusted gross income of less than 125 percent of the federal poverty guidelines set forth each year by the United States Department of Health and Human Services. OHA supports this bill as it fits within our strategic priority of improving the conditions of Native Hawaiians toward greater economic self-sufficiency.

The Institute on Taxation and Economic Policy (ITEP) is a non-profit, non-partisan research organization that works on federal, state, and local tax policy issues. According to a 2009 report by ITEP, Hawai'i is one of the ten states with the highest taxes on the poor. More specifically to Hawai'i, the report states that the poorest 20 percent of Hawai'i taxpayers spent an average of 12.2 percent of their incomes on state and local taxes each year compared to the state's top one percent of taxpayers who earn more than \$400,000 and only paid 6.3 percent of their incomes on state and local taxes.

While we understand that the income tax generates revenue for the state, taxing our neediest population at a higher rate does not provide for a long-term solution to an economy on the mend. By allowing our working poor to keep more of what they earn, families who need more of their income to pay for basic necessities will not have to rely on social service programs. In turn, our working families would have an opportunity to offset costs incurred by childcare and transportation expenses as they strive to become more economically self-sufficient. Although there are many ways to address poverty, SB2207 proposes a pragmatic way to reform our tax system to benefit our neediest populations.

OHA urges this committee to **PASS** SB2207. Mahalo nui for the opportunity to testify.

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From: mailinglist@capitol.hawaii.gov
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SB2207

Submitted on: 2/6/2014

Testimony for HMS on Feb 6, 2014 13:45PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Christiaan Mitchell	Individual	Support	Yes

Comments:

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