

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. 2833
RELATING TO INCOME TAXATION OF SENIORS**

The ILWU Local 142 supports the intent of S.B. 2833, which provides an income tax exemption to taxpayers over 65 years of age who have federal adjusted gross income below certain thresholds.

The bill appears to address those “seniors” who are working or not working whose income falls below certain thresholds by proposing to exempt them from income tax. This appears to be compassionate public policy, particularly since the income thresholds are relatively low. Some of the ILWU’s members and retirees may very well fall in this category and would be well served by this exemption.

However, we are concerned about equity. Why is an exemption for someone who is 65 and older more justified than an exemption for someone under 65 with a family and meeting the same income threshold? The federal poverty level (FPL) for a family of three is below the income threshold for exemption under this bill for a single person. A family of three needs income tax relief as much as someone who is over 65 years of age.

While we support measures to overcome poverty, particularly for those who are employed, the ILWU believes that these measures should be fair to all, not just seniors. Thank you for considering our views on this matter.



LATE

To: Committee on Human Services
Senator Suzanne Chun Oakland, Chair

Date: February 6, 2014, Conference Room 016, 1:45 p.m.

Re: **SB 2833 – RELATING TO INCOME TAXATION OF SENIORS**
Testimony - Comments

Chair Chun Oakland and Committee Members:

AARP is a membership organization of people 50 and older with nearly 150,000 members in Hawaii. AARP fights on issues that matter to Hawaii families, including the high cost of long-term care; access to affordable, quality health care for all generations; providing the tools needed to save for retirement; and serving as a reliable information source on issues critical to Americans age 50+.

AARP provides the following **comments on SB 2833 - Relating to Income Taxation of Seniors**. This bill provides an income tax exemption for taxpayers over 65 years old that are below certain income thresholds.

AARP asks the State to continue to explore all ways to address the financial security of older Hawaii residents. Typically older residents live on fixed income from pensions, Social Security benefits, and savings. All the while residents are faced with a rising cost of living on all fronts including health care, housing, food, and utilities. Additionally, as residents age they are challenged with added expenses for long-term care and caregiving. There is a high probability of needing long-term care and caregiving services, as approximately 69% of people over 65 will need long-term care before they die. Unfortunately, long-term care costs in Hawaii are among the highest in the nation and unaffordable for most Hawaii residents. E.g., the average annual nursing home cost (private room) is approximately \$145,270, as compared to the nation average of \$83,950. In the face of such rising expenses, many residents above the stated income thresholds may have a hard time making ends meet in retirement.

Thank you for the opportunity to provide comments.

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 06, 2014 10:50 AM
To: HMS Testimony
Cc: cdmitch@hawaii.edu
Subject: Submitted testimony for SB2833 on Feb 6, 2014 13:45PM

SB2833

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	Comments Only	Yes

Comments: While I support the intent of this bill, it should be amended to key the income eligibility thresholds to a filer's *federal* adjusted gross income, rather than the filer's Hawai'i adjusted gross income. Hawai'i adjust gross income excludes from a filer's taxable income many significant sources that make it a poor measure of a households true income and ability to pay. Our progressive income tax rate structure is founded upon the principle that taxation should be set as a function of ability to pay. We long ago made the decision that we do not think it makes sense to have someone depending upon social support to have to pay to maintain that social support--to rob Peter to pay *Peter*. As a result, we expect those who can most afford to, to pay a little extra to be sure that those who are in need are not further burdened by our tax system. While age is often a strong indicator of ability to pay, it is far from perfect. As written, this bill would treat a sixty-six year old couple making minimum wage working at Wal-Mart the exact same way as it would treat a sixty-six year old couple with a \$50,000 a year pension and a \$45,000 a year consultancy business. Surely we cannot think that a household trying to support two people on less than \$30,000 a year should bear the same burden as a household trying to support the same couple on \$95,000 a year! Please amend this bill to key the eligibility requirements to a filer's federal adjusted gross income.

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.

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