SB 727

Measure Title:	RELATING TO LONG-TERM CARE.
Report Title:	Long-term Care; Long-term Care Surcharge on State Tax; General Excise Tax; Use Tax; Appropriation ($)
Description:	Establishes a long-term care surcharge on state tax to pay for claims for defined benefits under the long-term care financing program. Makes an appropriation to the department of taxation for costs of implementation and collection.
Companion:	HB1253
Package:	None
Current Referral:	HSH/CPN, WAM
Introducer(s):	BAKER, CHUN OAKLAND, GREEN, English, Ruderman, Taniguchi

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON HUMAN SERVICES AND HOUSING,
AND COMMERCE AND CONSUMER PROTECTION
ON
SENATE BILL NO. 727

February 12, 2015

RELATING TO LONG-TERM CARE

Senate Bill No. 727 establishes the following: a long-term care surcharge on State tax to pay for claims for defined benefits under the long-term care financing program; and the Long-Term Care Benefits Trust Fund, which shall be separate and apart from the general funds of the State. The measure also makes an undetermined general fund appropriation to the Department of Taxation for the implementation and collection of the long-term care surcharge on State tax.

The Department of Budget and Finance strongly recommends that this measure be deferred until thorough studies in the following areas are completed: 1) actuarial feasibility; 2) economic impact; and 3) operational requirements. This long-term care program is a major social program akin to Social Security for Hawaii, and prudence must be exercised in its implementation.

DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR

MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
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To: The Honorable Suzanne Chun Oakland, Chair
and Members of the Senate Committee on Human Services and Housing

The Honorable Rosalyn H. Baker, Chair
and Members of the Senate Committee on Commerce and Consumer Protection

Date: Thursday, February 12, 2015
Time: 9:30 A.M.
Place: Conference Room 229, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: S.B. 727, Relating to Taxation

The Department of Taxation (Department) appreciates the intent of S.B. 727 and provides the following comments for your consideration.

S.B. 727 imposes a long-term care surcharge on the general excise and use tax. The Department of Taxation is to administer and collect the long-term care surcharge. S.B. 727 appropriates an unspecified amount to the Department for fiscal years 2015-2016 and 2016-2017 to startup the implementation and collection of the long-term care surcharge. The long-term care surcharge becomes effective upon approval.

S.B. 727 also establishes a long-term benefits trust fund and a long-term care benefits program. The trust fund and program are to be administered by the Board of Trustees created under chapter 346C, Hawaii Revised Statutes (HRS). Eligibility under the long-term care benefits program is fully vested by paying Hawaii resident income tax for ten years. An individual vests 10% of the total benefit for each year the individual pays Hawaii resident income tax. The bill requires the Board of Trustees to establish an alternative vesting procedure for residents who are not required to file Hawaii income tax returns.

The Department notes that the proposed surcharge mirrors the county surcharge codified in section 237-8.6, HRS, and section 238-2.6, HRS. Similar to the county surcharge, the long-term care surcharge is not imposed on transactions taxed at the 0.5 per cent or 0.15 per cent rates, or on transactions that are tax exempt under chapters 237 or 238, HRS.

As stated above, beneficiaries become fully vested by "paying Hawaii resident income tax for ten years". The Department suggests that the vesting rules be amended to clarify whether a person must actually pay tax for ten years or merely file income tax returns as a resident for ten years. Additionally, reading subsections (a) and (b) together it is unclear if the intent is for beneficiaries to become fully vested after paying income tax in ten out of eleven tax years or after paying tax in ten total years with a reduction for each year the beneficiary does not pay income tax. Which tax years the taxpayer must pay income tax in should also be clarified, that is, whether the taxpayer must pay income tax in the ten tax years immediately preceding receiving benefits or for any ten tax years throughout the taxpayer's life.

The bill also requires the Department to compile and transmit to the Board of Trustees certain data within three months of the due date for income tax returns. The Department suggests that the due date be extended to no earlier than the end of the calendar year. Many income tax returns are filed after six month or longer extensions of the due date. A due date of three months after the income tax return due date in April would exclude many properly filed returns. The Department also requests that the language and requirements of sections 231-B and 231-C be merged or cross-referenced to ensure the requirements are not inconsistent.

The Department has concerns with the data sharing and confidentiality provisions of the bill, particularly section 231-C. This section requires the Department to share taxpayer information with the Board of Trustees and allows this information to be accessed by an outside contractor administering the long-term care program. Due to data sharing restraints placed on the Department by the Hawaii Revised Statutes and the Internal Revenue Code, the Department is not comfortable releasing taxpayer information. The Department suggests that any confidential information should be transmitted directly from the taxpayer to the Board of Trustees.

The bill makes an appropriation to assist the Department in implementing and collecting the surcharge, the Department appreciates this but notes that implementing the surcharge will also take time as it is essentially a new tax type. Implementing the surcharge will require extensive form and systems changes. Therefore, if S.B. 727 is adopted, the Department requests an effective date of no earlier than January 1, 2017.

Thank you for the opportunity to provide comments.

OFFICE OF INFORMATION PRACTICES

STATE OF HAWAII
NO. 1 CAPITOL DISTRICT BUILDING
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HONOLULU, HAWAII 96813
TELEPHONE: 808-586-1400 FAX: 808-586-1412
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To:	Senate Committees on Human Services and Housing and on Commerce and Consumer Protection
From:	Cheryl Kakazu Park, Director
Date:	February 12, 2015, 9:30 a.m. State Capitol, Conference Room 229
Re:	Testimony on S.B. No. 727 Relating to Long-Term Care

Thank you for the opportunity to submit testimony on this bill. The Office of Information Practices ("OIP") takes no position on this bill, which would establish a long-term care surcharge on state tax to pay for claims for defined benefits under the long-term care financing program. OIP is testifying only to comment on proposed section 346C-C(e), HRS, at bill page 15, lines 4-6.

OIP notes that proposed section 346C-C(e) specifically provides that all "work products, papers, documents, and data used or prepared" by an actuary preparing a report on the long-term care financing program are subject to chapter 92F. This provision would make clear that those records are government records that may be requested by a member of the public under the Uniform Information Practices Act, chapter 92F, HRS. Please note, however, that this provision would **not** necessarily make those records **public** as such – if requested, they could still be withheld to the extent they fell within a UIPA exception to disclosure, such as for privacy or frustration of a legitimate government function.

Thank you for the opportunity to testify.

From:	mailinglist@capitol.hawaii.gov
To:	HSH Testimony
Cc:	deborah.stone-walls@co.maui.hi.us
Subject:	*Submitted testimony for SB727 on Feb 12, 2015 09:30AM*
Date:	Thursday, February 05, 2015 3:57:43 PM

SB727

Submitted on: 2/5/2015

Testimony for HSH/CPN on Feb 12, 2015 09:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Deborah Stone-Walls	Maui County Office on Aging	Support	No

Comments:

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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From:	mailinglist@capitol.hawaii.gov
To:	HSH Testimony
Cc:	elwegner1@yahoo.com
Subject:	Submitted testimony for SB727 on Feb 12, 2015 09:30AM
Date:	Wednesday, February 11, 2015 9:17:33 AM
Attachments:	SB727.LTC.PUBLIC.INSURANCE.wpd

SB727

Submitted on: 2/11/2015

Testimony for HSH/CPN on Feb 12, 2015 09:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Eldon L. Wegner	Policy Advisory Board for Elder Affairs (PABEA	Support	No

Comments:

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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Chamber of Commerce HAWAII
The Voice of Business

Testimony to the Senate Committee on Human Services and Housing and Committee on Commerce and Consumer Protection
Thursday, February 12, 2015 at 9:30 A.M.
Conference Room 229, State Capitol

RE: SENATE BILL 727 RELATING TO LONG-TERM CARE

Chairs Chun Oakland and Baker, Vice Chairs Green and Taniguchi, and Members of the Committees:

The Chamber of Commerce of Hawaii ("The Chamber") **opposes** SB 727, which establishes a long-term care surcharge on state tax to pay for claims for defined benefits under the long-term care financing program and makes an appropriation to the department of taxation for costs of implementation and collection.

The Chamber is the largest business organization in Hawaii, representing over 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the “Voice of Business” in Hawaii, the organization works on behalf of members and the entire business community to improve the state’s economic climate and to foster positive action on issues of common concern.

We understand the intent of this bill to address long-term care needs. At the same time, we oppose this new tax surcharge. This new tax will raise the GE to an effective rate of 5% on Oahu and 4.5% in all other counties. This would be bad for both businesses and consumers as it would increase the cost of doing business and raise prices for consumers.

We respectfully ask that this bill be deferred. Thank you for the opportunity to testify.

NAIFA HAWAII

Senate Committee on Human Services & Housing
Senate Committee on Commerce & Consumer Protection
Hearing Date: February 12, 2015
Time: 9:30 am Room 229

RE: SB 727 – Relating to Long Term Care

Chair Chun Oakland, Chair Baker and members of the Committees, the National Association of Insurance and Financial Advisors (NAIFA) Hawaii is made up of life insurance agents throughout Hawaii, who primarily market life, annuities, long term care and disability income insurance products.

Measures imposing a long term care ("LTC") "tax" have been introduced since the 1990's. Most of the measures imposed the LTC tax on Hawaii residents via employee payroll deductions or when making tax payments. This measure differs from the other measures introduced in previous years in that it targets "gross proceeds or gross income of all written contracts;…" (page 3, Section 2 – general excise tax) and "on the value of tangible personal property, services and contracting…" (page 6, Section 3 – use tax).

Those paying the Hawaii general excise tax will be subject to this new tax…..those who reside on Oahu will be subject to this new 0.5% surcharge **in addition** to the current 0.5% county surcharge "transit" tax. Whether the tax is on Hawaii residents or those subject to the Hawaii general excise tax, we respectfully do **NOT** support any tax for LTC financing.

SB 727 is a different approach using the general excise & use taxes as the means of financing a "defined benefit" program for LTC services for $70 a day up to 365 days (page 16). Businesses will be burdened with another 0.5% tax….tax increases harm economic growth. Actuarial work will be required before final numbers can be determined. Additionally, a LTC benefits trust fund will be established for those Hawaii residents who pay income tax for ten years and shall be vested to receive the defined benefit.

In 2008, Act 224, SLH 2008, as amended, created a Hawaii long term care commission to conduct a comprehensive assessment and to recommend changes. In January 2012, the "Long Term Care Reform in Hawaii: Report of the Hawaii Long-Term Care Commission" was released and submitted to the Legislature. Goals and summaries were delineated and two of many recommendations were: 1) not enact any tax incentives for long term care insurance purchases; and 2) establish a limited mandatory (tax) LTC insurance program for Hawaii.

We believe that providing a tax incentive for individuals and Hawaii employers when purchasing LTC insurance and enacting legislation for Hawaii to participate in Medicaid/ LTC partnership program are other approaches to use. The partnership program will protect those who participate from becoming impoverished to qualify for Medicaid (protect some of the assets that would otherwise make them ineligible under Medicaid's means testing requirements) and help the state ease the burden of LTC costs.

LTC insurance is costly for seniors due to more health issues but younger citizens purchasing LTC insurance with a tax incentive can be more affordable. In the private insurance marketplace, risks are underwritten…lower risk usually means a lower premium…..responsibility is rewarded. Irresponsibility can be punishing through actuarially equitable premiums.

In October 2011, the U.S. Department of Health and Human Services halted the implementation of the Community Living Assistance Services & Supports (CLASS) program, a component of the Patient Protection and Affordable Care Act, as a government run voluntary LTC program. They couldn't meet the statutory requirement that the program be sound over 75 years. The law was repealed on January 1, 2013.

No other state has a mandatory LTC taxing program. LTC issues are very complex with many factors involved and allowing more consumer options is one of the avenues to alleviate the Medicaid burden. There is no magic bullet.

We respectfully ask to hold this measure. Mahalo for allowing us to share our views.

Cynthia Takenaka, Executive Director
phone: 394-3451

SUBJECT: GENERAL EXCISE, USE, MISCELLANEOUS, Long term care surcharge on state tax

BILL NUMBER: SB 727; HB 1253 (Identical)

INTRODUCED BY: SB by Baker, Chun Oakland, Green and 3 Democrats; HB by Ito, Hashem, Oshiro, Takayama

EXECUTIVE SUMMARY: This bill establishes a long-term care surcharge of 0.5% onto the state general excise and use tax which would be used as a dedicated source of funding to provide defined benefits for long-term care costs. The funding mechanism is a hike in an already regressive tax, and we can expect an experience similar to that we are having under the Honolulu county surcharge. The result is a defined benefit plan, presumably to cover all residents of the state who need long-term care; we can expect an experience similar to that we are having under ERS. Implementation of this idea could result in an unmitigated disaster.

BRIEF SUMMARY: Adds a new section to HRS chapters 237 and 238 to establish a long-term care surcharge of 0.5% on the state's general excise tax under HRS chapter 237 and the use tax under HRS chapter 238.

The surcharge shall be imposed on the gross proceeds or gross income of all written contracts that require the passing on of the taxes imposed under this chapter; provided that if the gross proceeds or gross income is received as payments beginning in the taxable year in which the taxes become effective on contracts entered into before June 30 of the year prior to the taxable year in which the taxes become effective, and the written contracts do not provide for the passing on of increased rates of taxes, the long-term care surcharge on state tax shall not be imposed on the gross proceeds or gross income covered under the written contracts. The long-term care surcharge on state tax shall be imposed on the gross proceeds or gross income from all contracts entered into on or after June 30 of the year prior to the taxable year in which the taxes become effective, regardless of whether the contract allows for the passing on of any tax or any tax increases.

The surcharge on state tax shall not be imposed on any: (1) gross proceeds taxable at the 0.5 or 0.15 per cent tax rate; and (2) transactions, amounts, persons, gross income, or gross proceeds exempt from the general excise tax.

Directs the director of taxation to revise the general excise tax forms to provide for the clear and separate designation of the imposition and payment of the long-term care surcharge on state tax.

Adds a new section to HRS chapter 231 to require the director of taxation to deposit the long-term care surcharge on state tax into the long-term care benefits trust fund.

Amends HRS chapter 346C to establish a long-term care benefits trust fund which shall be used to pay defined benefits. The trust fund shall be administered by a board of trustees and no transfers shall be made from the long-term care benefits trust fund to any other fund for any purpose. Beginning no earlier than the day following the end of the fifth year of the long-term care surcharge on state tax collections, payment of defined benefits for long-term care services shall begin. The defined benefit shall be $70 a day up to a cumulative period of three hundred sixty-five days; provided that the daily defined benefit may be adjusted from time to time by the board of trustees. Payment of a defined benefit shall begin after the thirtieth day following the date of the approval of the written certification and shall be made to the recipient of a long-term care service, or to the legal representative of the recipient in the name of the recipient, as a reimbursement for long-term care service expenditures. The amount of the defined benefit shall not be qualified by the income of the recipient.

The defined benefit shall be primary to private insurance and Medicaid benefits. If an individual is receiving Medicare benefits for long-term care, the individual shall not be eligible to receive a defined benefit; provided that if Medicare benefits are exhausted, the individual shall be required to qualify under section HRS 346C-8.

Appropriates $______ in general funds in both fiscal 2016 and fiscal 2017 to the department of taxation for start-up costs for the implementation and collection of the long-term care surcharge on state tax.

EFFECTIVE DATE: Upon approval

STAFF COMMENTS: This measure proposes to establish a long-term care surcharge of 0.5% that would be piggybacked onto the state general excise and use tax and be used to pay defined benefits.

This surcharge on the general excise tax is patterned after the Honolulu county surcharge, and we should expect an experience similar to that which we have seen under the Honolulu county surcharge. Namely, it will not only increase the cost of living in the state but also increase the cost of doing business. Thus, businesses must build the added cost of the additional rate into their overhead and, therefore, it must be recovered in the cost of the goods and services they sell. The general excise tax is perhaps the worst tax to increase because of its broad-based application. Increases in the cost of living, as well as the cost of doing business in the state, will drive more and more businesses out of operation and with them the jobs Hawaii's people need. Not only will the general excise tax increase the cost of doing business, but it will affect the cost of all other non-food purchases, be it clothes, textbooks for university students, rent for those people who don't own their shelter which are generally the poor and middle class, the price at the pump for gasoline - everything right down the line. That is, we know the general excise tax is regressive, with a disproportionate impact on the poor, and this increase will exacerbate those effects. In addition, any such increase may just drive employers out of business, create even more unemployment, and stagnate the economy further.

More importantly, because the general excise tax is a tax on gross income, the business will try to recover as much of the cost of the tax it passes on to the customer. As Oahu taxpayers learned when the 0.5% surcharge on the general excise tax for transit went into effect, the amount passed on to the customer went not from 4% to 4.5% but the charge went from 4.16% to 4.712%. We can expect that another increase in the general excise tax rate actually passed on will be more than the nominal 0.5% increase (from 4.712% to 5.263%).

A tax increase of any magnitude in Hawaii's fragile economy will, no doubt, have a negative impact as costs soar due to higher taxes. As costs soar and overhead increases, employers will have to find ways to stay in business by either increasing prices to their customers or cut back on costs. Given the tenuous condition of the marketplace, many businesses will have to resort to the latter and reduce overhead costs. This may take the form of reducing inventory, shortening business hours, reducing employee hours, or in the worst-case scenario, laying off workers. A tax increase of any magnitude would send most companies, especially smaller ones, out of business taking with them the jobs the community so desperately needs at this time.

Finally, a word about the result, which is a defined benefit plan. Defined benefit plans are hardly in use in the private sector, and for good reasons. The universe of payees and/or the payment amounts tend to grow, and the fund can't grow quickly enough to keep up. The state has a defined benefit plan for its employees called the Employees' Retirement System or ERS. As of June 30, 2013, it had an unfunded actuarial accrued liability of $8.4 billion. What that means is that while ERS was well-intentioned in the beginning, changes over time have made it a big sore spot; the fund that this bill proposes is, of course, well-intentioned as well, but who's to say whether it can be protected against future changes that would allow it to grow into an unmitigated disaster?

If we don't learn from our mistakes, history is doomed to repeat itself.

Digested 2/10/15

From:	mailinglist@capitol.hawaii.gov
To:	HSH Testimony
Cc:	alohagirl777@hotmail.com
Subject:	*Submitted testimony for SB727 on Feb 12, 2015 09:30AM*
Date:	Wednesday, February 11, 2015 8:12:51 AM

SB727

Submitted on: 2/11/2015

Testimony for HSH/CPN on Feb 12, 2015 09:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Ailina	Individual	Support	No

Comments:

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.

TO:
Senator Suzanne Chun Oakland, Chair
Senator Josh Green, Vice Chair
Committee on Human Services and Housing

Senator Rosalyn Baker, Chair
Senator Brian Taniguchi, Vice Chair
Committee on Commerce and Consumer Protection

FROM: Charna Underwood, BSW

RE: Hearing: Thursday February 12, 2015; 9:30am

SUPPORT SB 727, RELATING TO LONG-TERM CARE

My name is Charna Underwood, MSW student at the University of Hawaiʻi at Manoa, writing to you today **in support of SB 727** to increase in the general excise tax by .5% to create a fund for long-term care in Hawaii. I have volunteer and practicum experience in the long-term care system and community case management and have seen first-hand the struggles that families in Hawaii face as a result of the high costs of long-term care for older adults.

As you likely know, Hawaii is expecting a large increase in our older adult population, with almost 1 in 3 adults over the age of 65 by the year 2035 (EOA, 2011). The largest growing group within our older population will be those over 85, indicating there will soon be a high demand for health services for the oldest and most frail group of elders.

Unfortunately, our current healthcare system is not set up in a way that is profitable to service those populations who are older, sicker, and without financial resources. Part of this problem is that Medicaid does not pay dollar for dollar in the long-term care system, causing facilities to drive up private-pay costs for non-Medicaid recipients. Additionally, the State of Hawaii cannot depend on families to be caregivers as the cost of living is too high to quit work. This bill is one way for the state to cover these gaps to be able to keep the long-term care system in Hawaii afloat.

We will have a large crisis on our hands with the aging population and their families if something is not done to resolve the financial issues surrounding long-term care. Without state-funded safety net programs like a long-term care fund, the exceedingly high prices of long-term care and other healthcare services will cause major health disparity among our older and ailing populations. Therefore, we need to continue to fund long-term care programs to care for our elders and those with increased healthcare needs.

So again, please consider the future of our kupuna, those with health needs, and their families and **support SB 727** to use the general excise tax to create a long-term care fund. Thank you for your consideration on this issue.

TO:
Senator Suzanne Chun Oakland, Chair
Senator Josh Green, Vice Chair
Committee on Human Services and Housing

Senator Rosalyn Baker, Chair
Senator Brian Taniguchi, Vice Chair
Committee on Commerce and Consumer Protection

FROM: Malloree Ullrich

RE: Hearing: Thursday February 12, 2015; 9:30am

SUPPORT SB 727, RELATING TO LONG-TERM CARE

My name is Malloree Ullrich, MSW student at the University of Hawaiʻi at Manoa, writing to you today **in support of SB 727** to increase the general excise tax to create a fund for long-term care in Hawaii. Having professional experience working with older adults in assisted living facilities and volunteering in senior case management, I have seen first-hand the struggles that individuals and families in Hawaii face as a result of the high costs of long-term care for older adults.

As you likely know, Hawaii's elderly residents comprise the fastest growing segment of the population. Projections show that almost 30% of the population will consist of individuals 60 years of age and older by 2035. The largest growing group within our older population will be those over the age of 85. This rapid increase in the aging population has and will continue to create an increase in need for long-term care. The high demand for health services for the oldest and most frail group of elders is fast approaching, showing that now is the time to start preparing for more long-term care services for these individuals as well as for our future aging adults.

Unfortunately, the states long-term care system currently faces many drawbacks, some of these being: insufficient funds from third-parties, fragmentation of service delivery and financing systems, shortages in long-term care services, and lack of support and strain placed on informal caregivers. These current obstacles are compounding the problems for the future of long-term care. This bill is one way to cover and help resolve these issues in order to keep the long-term care system in Hawaii sustained.

It is important to be aware that these problems have been raised for many years, but little has been done to help the situation. If not handled correctly, the crisis for long-term care will continue to compound. As people are living longer, healthier lives, funding requirements for long-term care programs will only continue to rise.

So again, please consider the future of our kupuna and their families and **support SB 727** to use the general excise tax to create a long-term care fund. Thank you for your consideration on this issue.

TESTIMONY to:
Senate Committees on Human Services and Commerce and Consumer Protection

S. B. 727 Relating to Long-Term Care
Long-Term Care; Surcharge on State Tax; General Excise Tax; Use Tax; Appropriation

Thursday, February 12, 2015

9:30 AM -- State Capitol Conference Room 229

Submitted in **OPPOSITION** by: Mary Smart, Mililani, HI 96789

Chairs Suzanne Chun Oakand and Rosalyn Baker; Vice-Chairs Josh Green and Brian Taniguchi and Committee Members:

1. I most strongly OPPOSE S.B. 727.

2. It is a pretty sad commentary that the State population is aging. Hawaii's population is aging is due to the State's repressive policies, poor education results, government regulations and taxation policies that drive our youth to leave the State. A hostile attitude concerning innovation and small business exists in our islands. Nursing homes cost more in Hawaii because most everything costs more in Hawaii. We are one of the most highly taxed states and as a result of every legislative session, the burden is made greater. As Forbes magazine reported: "...Hawaii ranks as the worst place to make a living in 2014, due to a cost of living that stands at 157% the national average and a poor work environment score."

3. Please consider that the solution to every problem in the world is NOT another government program which requires new taxes. Many government programs are the cause of many of our social/fiscal problems. If we weren't taxed so highly we could return to the days where one bread-winner could support a family on the earnings from one forty hour a week job. Because of the taxes and high cost of living we experience in Hawaii most families only survive with both parents working and sometimes one or both of them having two or more jobs. If the cost of living were not so high, parents could stay home and feed, baby-sit their own children and when the time comes, care for their elderly parents. The tax revenues might be lower if a family member stays home but the demands on State services would be more significantly reduced. My father lived in my home for about twelve years while he had Parkinson's disease. **Taking care of Kupuna is not burdensome. It is a joy**. My father was able to get loving care at very low impact on family and the budget. We learned about a lot of waste in the Medicare. Medical costs could be reduced very easily without cutting services, however, **when the government is spending other people's money, being frugal isn't a high priority.**

4. As the legislature approves more and more unsustainable programs (rail, heath exchanges, etc.), the oppressive tax burden causes problems in families. Financial problems are one of the primary causes of divorce. As families break-up more people

enter into poverty status and require more social services. Instead of finding more ways to burden a family, you should be finding ways to eliminate programs that are not working and are too costly. More families would become stable and prosper thus allowing the State to eliminate many costly social services programs.

5. We have seen the poor results of government programs that are supposed to help the elderly. We were told Social Security money was protected in a "lock-box" and was safe but we learned that the government has been spending the money as it is collected. Social Security, a government solution to a problem, is not sustainable and might go bankrupt in the not too distant future. Furthermore, most people can't live on the small sums that Social Security pays. Locally, we have established special funds to cover problems in emergencies (eg. hurricane fund). But Hawaii's government has frequently raided the funds to pay for other things. I don't expect any difference from a long term care program. The news is covered with articles about how the Cancer Center is unsustainable due to lack of funding. Cancer research could help extend lives, but lack of good budgeting is putting the center in a precarious situation. Do we want that to happen to a long term care program? Hawaii residents don't have any confidence that the State can manage such a program. Furthermore, the bill does not provide adequate justification for the State getting involved in long term care.

6. Medicare/Medicaid, and other programs make more promises to the elderly and poor that they don't keep. Now that government is trying to control the entire medical sector of our economy, we have learned that the quality of care will decrease (we will see physicians assistants and not doctors in most cases). There will be panels to decide whether to authorize care or deny care. It is not a pleasant prospect knowing a government bureaucrat will decide if your life has value instead of a family member. The long term care that government would provide would be just as impersonal. England has implemented a program where people will be sent to the lowest bidder nursing home. The United States has had the best health care and care home environment while medical insurance were in the private enterprise system. since we had private insurance policies and competition in the market place of nursing homes. Unfortunately, the government is destroying our medical expertise with Affordable Care Act mandates. Instead of finding way to innovate to give better care for less cost, governments, including attempts in Hawaii, promote physician assisted killing. (Hopefully, that won't be proposed this legislative session.) Those euthanasia ("death with dignity") programs accelerate death instead of prolonging life. The policy begins on a "by request" basis but rapidly turns into doctor initiated terminations without individual or family permission. People in the Netherlands and Belgium are being euthanized at an increasing pace. Doctors in Holland say that euthanasia is out of control. Belgium allows euthanasia of children of any age. Euthanasia is not health care but it does reduce health costs. When government takes over responsibility for care and costs, people will get the short end of the deal. Don't do us any favors/harm by considering to "help" us with our long term care.

7. Yes, it is incumbent on the State to ease the financial burden placed on families but this bill increases the burden, not lessen it. **A "surcharge" IS burdensome**. C**omplicating the tax code structure is also burdensome**. There are ways to **ease the**

burden by reducing the cost of living. Many of us would never let a loved one or allow ourselves to be institutionalized in a care home and therefore should not be forced to fund these wealth redistribution programs.

8. A good way to make it possible to age in place is to implement a "Prop 13" type property tax program in Hawaii. That allows people to be able to afford their home even if they happen to buy into a neighborhood that goes from affordable to "elite" while the owner may be living on a fixed income. Property taxes can force the elderly out of their homes. A stabilizing of property taxes would help people pay their expenses in their twilight year. Lower cost housing such as modular or mobile homes should be allowed. Make more rental apartments available to attract young wage earners to Hawaii.
Find ways for everyone to live within their means instead of siphoning off percentages of savings and investments. More taxes are wrong, unjust and unethical.

9. Other ways to help the elderly afford care as they age is to reduce energy and transportation costs. Our energy costs are excessively high compared to other states. We need to be exempt from the Jones Act. Instead of approving every high cost experimental renewable energy program, it would be best to let people use fossil fuel products. There are many cheap and clean sources of energy. We shouldn't let false science and political correctness keep us from using inexpensive energy sources. China is polluting, not the United States. Let states that have balanced budgets pay more for experimental energy sources than force a population that is already struggling due to the high cost of products and the even higher taxation on those products (GET).

10. Immediate savings could be garnered if we stopped the rail project. As people age they can not easily take mass transportation and yet we push on with the costly, elevated eyesore, noise generating steel on steel, antiquated rail system that most people don't want to ride for convenience, cost and safety reasons. If Hawaii would stop and cut our losses now, that would greatly benefit the elderly. Our kupuna need family to assist them in their commute and often are too sickly to ride public transportation. Private autos are the best means of transport for the elderly who may need a wheel chair/walker. If you won't stop the rail outright, let the people vote again now that we understand the details and what services the rail system will and will not provide to the community.

11. Finally, although not politically correct, but true just the same, the best way to ease the burden on families is to encourage intact families of the father and mother and their children. The savings to the government and the likelihood of the family rising above the poverty level are high. These facts are well known, yet our legislatures and city councils ignore the facts and create costly and unsustainable programs such as the one proposed in this bill (as well as the bottle bill, the plastic bag bans, etc.) .   Spend less time on redefining "family" and more on stabilizing them.

12. Do not pass this bill. It is unnecessary and not wanted. Look for ways to cut costs and bring our children back into the State to live and work. We need to create a thriving economy with many job opportunities in diverse disciplines. More taxes impede job creation. Stop implementing programs such as this that increase our cost of living.