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**STATE OF HAWAII
DEPARTMENT OF TAXATION**

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To: The Honorable Donovan M. Dela Cruz, Chair
and Members of the Senate Committee on Ways and Means

Date: Thursday, February 28, 2019
Time: 10:30 A.M.
Place: Conference Room 211, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: S.B. 1474, S.D. 1, Relating to Taxation

The Department of Taxation (Department) offers the following comments regarding S.B. 1474, S.D. 1, for your consideration.

S.B. 1474, S.D. 1, increases the retail rate of the General Excise Tax (GET) on gross receipts of transactions currently taxed at the rate of 4%. The measure would increase the rate to 4.5%, and the additional revenues generated by the increase in tax would be deposited into special accounts for appropriations to and expenditure for operations of the Department of Education and the University of Hawaii. S.D. 1 has a defective effective date of July 1, 2050.

First, the Department notes a change in GET rate will require forms, instructions, and computer system changes, and educating taxpayers on the change in the law. If the Committee wishes to advance this measure, the Department respectfully requests that the effective date of this measure be made no earlier January 1, 2020 to give the Department sufficient time to implement the changes required by this measure.

Second, the Department notes that the Joint Senate Committee on Education and Higher Education corrected the inadvertent exclusion of some 4% GET impositions that are contained in sections other than section 237-13, Hawaii Revised Statutes (HRS). Accordingly, S.D. 1 amends sections 237-15, 237-16.5, and 237-18, HRS, with the proposed 4.5% rate in Sections 2, 3, and 4 of the measure respectively.

Third, the Department notes that the Joint Senate Committee on Education and Higher Education adopted its suggestion regarding increasing the use tax by amending sections 238-2, 238-2.2, and 238-2.3 to reflect the proposed 4.5% rate in Sections 6, 7, and 8 of this measure respectively. Use tax law is codified in Chapter 238, HRS, and is imposed on tangible personal property and intangible property acquired from an unlicensed seller and imported or used in the State. The use tax is complementary to GET and is intended to level the playing field between

licensed and unlicensed sellers.

Finally, Section 5 of this measure which requires that additional revenues generated by the GET rate increase be deposited into special accounts needs to be clarified. The measure only requires the additional revenues collected from the increase in GET imposed by Section 1, but excludes the other increases in Sections 2, 3, 4, 6, 7, and 8 of the measure. If the intent of the measure is to allocate the revenue attributable to 0.5% of the 4.5% from all of the GET and use tax increases, this should be specified. However, for ease of administration, the Department suggests that a fixed amount be deposited into the special accounts.

Thank you for the opportunity to provide comments on this measure.

SB-1474-SD-1

Submitted on: 2/26/2019 5:39:30 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments:

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, USE, Increase Tax Rate, Give to Education

BILL NUMBER: SB 1474, SD-1

INTRODUCED BY: Senate Committees on Education and Higher Education

EXECUTIVE SUMMARY: Increases the general excise and use taxes by 0.5% and provides that the revenue generated by the increased rate will be used for department of education (DOE) and University of Hawaii (UH) operations, including salaries and maintenance costs. With a tax increase of this magnitude, economic ripple effects are likely to be enormous because of the all-encompassing nature of the tax. We also question why such a massive increase is being sought given that DOE and UH already have a gargantuan share of the State budget but are still beset with such issues as frustrated teachers, students roasting in our classrooms, and a massive maintenance backlog. It also should be kept in mind that the bill does not ensure that increased funding will be made available for DOE or UH, as the case may be.

BRIEF SUMMARY: Amends HRS section 237-13 to increase the general excise tax from 4.0% to 4.5%. This is before any county surcharge is applied.

Amends HRS section 237-31 to provide that the revenues generated by the increased general excise taxes shall be distributed as follows: (1) __% or \$200,000,000, whichever is greater, for appropriation to and expenditure for operations of the department of education; and (2) __% or \$50,000,000, whichever is greater, for appropriation to and expenditure for operations of the University of Hawaii.

EFFECTIVE DATE: July 1, 2050.

STAFF COMMENTS: This measure is proposed to provide additional revenue to DOE and UH by increasing the general excise tax by 0.5%. It should be remembered that any increase in the general excise tax rate 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. For teachers who have requested this increase in the tax to fund their salaries, they should acknowledge that they are just making it worse for everyone as the cost of food, shelter, clothing, transportation and every other essential household item will increase making it harder for all families, including their own, to survive.

The general excise tax is all-encompassing. The Hawaii courts have said it is "a wide and tight net." *In re Island Holidays, Ltd.*, 59 Haw. 307, 316, 582 P.2d 703, 708 (1978). It covers "virtually every economic activity imaginable." *Pratt v. Kondo*, 53 Haw. 435, 436, 496 P.2d 1, 2

(1972). It “applies at all levels of economic activity ... and to virtually all goods and services.” *In re Central Union Church*, 63 Haw. 199, 202, 624 P.2d 1346, 1349 (1981). It is an “omnipresent snare.” *Wasson-Bendon Partners v. Kamikawa*, 93 Haw. 267, 278, 999 P.2d 865, 876 (Ct. App. 2000). 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. Residents of Honolulu already know what such an increase can do the price of goods and services as a result of the transit surcharge.

More importantly, because the general excise tax is a tax on gross income, most businesses will try to recover as much of the cost of the tax by passing it 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%. Thus, the tax rate actually passed on will be more than the nominal 5%. Indeed, a 5% tax corresponds to a pass-on rate of 5.263%, and in Honolulu the rail surcharge will result in a pass-on rate of 5.820%. Again, such an increase will ripple through the economy and into the cost of all goods and services purchased by residents and visitors alike. To that degree, taxpayers can take their hats off to teachers for upping the cost of living and doing business in Hawaii.

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 and overhead increase, employers will have to find ways to stay in business by either increasing prices to their customers or cut back on costs. This may take the form of reducing inventory, shortening business hours, reducing employee hours, or even laying off workers. A tax increase of any magnitude would send many companies, especially smaller ones, out of business taking with them the jobs the community so desperately needs at this time.

While the teachers believe that they have not been given a fair shake at the negotiating table, that is an issue that should be resolved at the table and not by asking for tax increases or an earmarked source of funding. It is up to the teachers to ask for what money is available just like any other collective bargaining units. Although public employee union leaders complain about how the public employees should not be asked to bear the brunt of the downturn in the economy, they seem to ignore the fact that employees in the private sector have taken hits early and often, with many of them either working shorter hours or having taken pay cuts if they are working at all. To prove the point, lawmakers should ask how many of the unemployed workers come from the public payroll and how many are employees laid off from the private sector. The downsizing during the recent economic downturn may seem to have hit more public employees, but then again, government is the largest employer in the state. However, one cannot ignore the impact the closing of businesses such as Aloha Airlines that affected more than 3,000 employees directly and many more indirectly in companies which provided goods and services to the airline.

Teachers do have a legitimate complaint that should demand the attention of lawmakers and Board of Education members, namely that teachers are being asked to do more and more administrative paperwork and are spending less and less time in the classroom. If nothing else, the funds that are being appropriated to the DOE are failing to reach the classroom because of the top-heavy administrative structure of the department that demands reports and schedules and evaluations to justify the role of administrators. The frustration of classroom teachers is that they spend too much time filling out forms and reports and not enough time in the actual classroom. Unfortunately, with more than \$1.5 billion in its budget and more than 20% of the general fund budget, teachers are frustrated, and kids are roasting in the schools. The department of education still cannot get it right. Until it does, there is little justification for an increase of financial resources let alone an increase in the general excise tax. The same comments apply to the University of Hawaii, which also has a colossal maintenance backlog. ,

In addition, nothing in this bill guarantees that any more money will go to education. True, there are special funds that will be fed by the proposed increase. However, both funds will be puny compared to the general fund appropriation that now exists. Any funds brought in and supposedly earmarked for education can be easily offset by repurposing other general funds toward other pressing needs and priorities.

Digested 2/26/2019

TESTIMONY BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS

RE: SB 1474, SD1 - RELATING TO TAXATION

THURSDAY, FEBRUARY 28, 2019

MITZIE HIGA, LEGISLATIVE CHAIR
DEMOCRATIC PARTY OF HAWAII LABOR CAUCUS

Chair Dela Cruz and Members of the Committee:

The Democratic Party of Hawaii Labor Caucus **supports SB 1474, SD1**, relating to taxation, to increase funding for public schools and UH by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.

Our children are our future. When teachers instruct their students, they build the foundation for equality and prosperity for future generations. Every dollar invested in our community's public schools yields exponential returns, not just for our economy, but for the promise of a more open and democratic society.

Supporting this proposal will lift our public schools in Hawai'i into the 21st Century. A vote for this measure is a vote for the funding we need to lower class sizes that will allow teachers to connect with their students, provide whole child education that includes the arts and Hawaiian studies, provide resources and services for students with special needs, and provide a better budget for the Hawaii Department of Education from which they would be able to provide professional pay that reflects the value of our hardworking teachers.

We need additional funding for our public schools, because investing in our public schools is an investment in our society/future for all of us. We stand with our teachers. We stand with our keiki. We stand with our public schools.

To deliver the schools our keiki deserve the Democratic Party of Hawaii, Labor Caucus asks you to **support SB 1474, SD1**.



**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 28, 2019**

Re: SB 1474 SD1 Relating to Taxation

Good morning Chairperson Dela Cruz and members of the Senate Committee on Ways and Means. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii (RMH) as founded in 1901 and is a statewide, not for profit trade organization committed to the growth and development of the retail industry in Hawaii. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

While we understand the intent of this bill, we are opposed to SB 1474 SD1 Relating to Taxation. This measure would increase the general excise tax and use tax by 0.5% to provide a dedicated funding source for the department of education and the University of Hawaii, effective 7/1/2050.

We recognize the value of a good education and the tools needed to be successful. Hawaii's keiki has a comprehensive education regardless of what county or city or island live in, unlike some school districts on the mainland where depending on the district or precinct you live in will determine the quality of education you receive. This measure does not clearly indicate what the monies are going to be used for and that is a major concern, especially with the millions that are anticipated to be received from raising this tax.

We also are fully aware that this increase in the General Excise Tax would make the cost of living in Hawaii even more expensive. We are constantly hearing how people are moving from our great state because they cannot afford to the high cost of living here – high rents, high food costs... While some say it is only have a cent, these half cents add up to large amounts considering how the GET is set up.

Raising the GET may seem like an easy solution but the impact will be felt by all consumers in the community including single parents, our kapuna on a fixed income, students, and those barley making ends meet. Hawaii cannot afford a higher cost of living.

It is our understanding that the Department of Education has not had an independent audit. There is no real transparency and we do not know how their funds are being used and if they are being used efficiently and effectively to benefit our teachers and those children attending school. Raising the GET is not the solution, but maybe an independent study might be to gain some transparency in how monies are being spent.

We urge you to hold this measure. Mahalo again for this opportunity to testify.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
THURSDAY, FEBRUARY 28, 2019 AT 10:30 A.M.**

To The Honorable Donovan M. Dela Cruz, Chair;
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair; and
Members of the Committee on Ways and Means,

TESTIMONY IN OPPOSITION TO SB1474 RELATING TO TAXATION

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce with approximately 650 members. I am writing share our opposition to SB1474.

The Maui Chamber of Commerce advocates for an excellent education system and this is part of our mission. However, we do not feel that increasing the GET is the right way to provide additional funding to the Department of Education (DOE), given its broad ramifications. Currently, we and our members feel the system is too top-heavy and we have asked for an independent audit of the DOE for many years. An audit would contribute to having a holistic look of overall DOE funding, so that we can ensure funding is targeted to priorities. Currently, there is no guarantee that the additional funds will end up going to the classrooms, which is not specifically addressed in the bill.

Further, there has not been any analysis on the fiscal or economic impacts of a GET increase and this could affect all residents and businesses and further increase the cost of living.

Instead, we are supporting HB1465 to allocate funds specifically for the repair and maintenance of our important educational infrastructure and SB856 for an independent audit of the DOE (that you are hearing today).

Mahalo for your consideration of our testimony and we hope you defer this bill.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai‘i Appleseed Center for Law and Economic Justice
Comments on SB 1474 SD1 – Relating to Taxation
Senate Committee on Ways and Means
Thursday, February 28, 2019, 10:30 AM, in conference room 211

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to provide **COMMENTS** on **SB 1474 SD1**, which increases the general excise tax and use tax by 0.5% to provide a dedicated funding source for the department of education and the University of Hawai‘i.

Our state’s K-12 education was graded C-minus for K-12 achievement and a C overall by *Education Week*.¹ We recognize that our schools need more funding in order to improve those grades.

However, **we are concerned with the source of the funding identified in this bill, the General Excise Tax (GET), due to its regressivity.** Hawai‘i’s ranks second nationally in how heavily we tax our low-income neighbors.² Our lowest-income households pay 15 percent of their income in state and local taxes, while those at the top pay only about 9 percent. The main reason for the regressivity of our local tax system is the GET, applied to almost all goods and services, which **hits low-income and working-class families almost nine times harder than those at the top.**³

In addition, because our GET is not a regular sales tax – instead it’s applied at wholesale and other levels, more like a value-added tax – **a half-percent increase in the GET would actually increase prices by close to 1.4 percent.**⁴

There are more progressive revenue sources to consider, especially since the passage of the federal Tax Cuts and Jobs Act (TCJA) provided large tax breaks to entities who didn’t really need them. Corporations in Hawai‘i saw their federal income tax rate drop from 35 to 21 percent. Pass-through entities got a new federal tax deduction worth up to 20 percent of their income. And estates valued over \$11 million saw an additional \$5.5 million of their estates shielded from federal taxation.

With such savings at the federal level, these types of entities should be able to afford to pay more at the state level, unlike those who would be hit hardest by an increase in the GET.

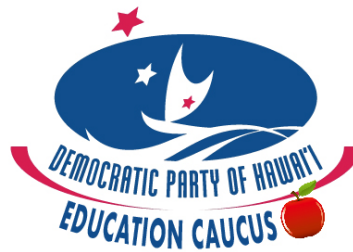
¹ <https://www.edweek.org/ew/collections/quality-counts-2018-state-grades/report-card-map-rankings.html>

² <https://itep.org/whopays/>

³ <https://itep.org/whopays/hawaii/>

⁴ <https://www.tfhawaii.org/wordpress/blog/1999/06/understating-the-true-cost-of-the-general-excise-tax/>

The Hawai‘i Appleseed Center for Law and Economic Justice is committed to a more socially just Hawai‘i, where everyone has genuine opportunities to achieve economic security and fulfill their potential. We change systems that perpetuate inequality and injustice through policy development, advocacy, and coalition building.



SENATE BILL 1474, SD 1, RELATING TO TAXATION

FEBRUARY 28, 2019 · SENATE WAYS AND MEANS
COMMITTEE · CHAIR SEN. DONOVAN DELA CRUZ

POSITION: Support.

RATIONALE: The Democratic Party of Hawai'i Education Caucus supports SB 1474, SD 1, relating to taxation, which increases the general excise tax by 0.5 percent to provide a dedicated funding source for the department of education and the University of Hawai'i.

As you are aware, the Hawai'i Supreme Court invalidated the proposed constitutional amendment to increase school funding by placing a surcharge on residential investment property. While we are disappointed by the Court's ruling, the Caucus is continuing the fight to deliver the schools our keiki deserve.

To that end, we support legislation to increase funding for Hawai'i's public school system. The Aloha State is suffering from a chronic teacher shortage crisis. According to the Hawai'i Department of Education, our state's teacher shortage stood at 1,029 teacher positions overall for the 2018-2019 school year, 252 of which were for special education. Additionally, we continue to lose approximately 50 percent of new hires after five years. In fact, the number of teachers exiting the teaching profession has increased by more than 80 percent since 2010.

Low teacher pay is the primary driver of teacher turnover. Numerous studies, including those performed by WalletHub.com and EdBuild, have found that Hawai'i's teacher pay ranks last in the nation when adjusted for cost of living. Moreover, a 2019 Economic Policy Institute analysis found that in our state, teachers earn 19.1 percent lower pay compared with other college graduates.

Research also shows that as teacher pay increases, so, too, does student achievement. A Stanford University analysis found that raising teacher wages by 10 percent reduces high school dropout rates by 3 percent to 4 percent. Similarly, a Florida study showed that pay raises reduced teacher attrition by as much as 25 percent for hard-to-fill subject areas, with children's learning growth gaining from more exposure to experienced educators.

To deliver the schools our keiki deserve, we must pay teachers what they're worth. Furthermore, according to the National School Supply and Equipment Association, public school teachers annually spend \$1.6 billion of their discretionary income on supplementary school supplies and instructional materials. On average, teachers surveyed spent a total of \$485 on school supplies and instructional materials, with more than 10 percent spending over \$1,000 of personal income each school year to educate their keiki.

That trend is, if anything, worse in Hawai'i. Pay cuts, rising health care costs, adjusted insurance co-pays, and the loss of the state's \$1,690-per-special-education-teacher classroom supply fund have all aggravated the financial burden borne by teachers' pocketbooks. In a recent survey conducted by HSTA, 47 percent of respondents cited personal expenditures between \$250 and \$500 each year on classroom supplies, with many claiming expenditures in excess of \$1,000. Lawmakers must take action to lighten their financial load.

Budget cuts and an overemphasis on standardized testing have crippled the DOE, in recent years, leading to reconsideration of whether or not to continue successful learning programs. Unfortunately, when our state's education budget fails to keep pace with inflation, successful learning centers and categorical programming get placed on the chopping block, while the DOE's priorities shift from classroom support to programmatic savings. Put simply, when we fail to adequately fund our schools, the DOE must spend more time accounting for basic, programs,

crowding out concerns about the efficient allocation of funds for individual teacher needs, like classroom supplies.

Finally, we note that our state's public schools are over 60 years old on average and the department's repair and maintenance backlog currently stands at \$860 million. Providing students and teachers with a quality and safe learning environment is essential to increasing student achievement. Decaying classrooms are not conducive to providing an education that matches the needs of the 21st Century job market or civic society, especially when they are not only under-resourced, but drifting steadily toward uninhabitability.

In FY2018, the general excise tax brought approximately \$3.4 billion into the state's coffers. If the 80/20 percent revenue split between the DOE and UH is maintained in this bill, **that would amount to roughly \$340 million for public schools and \$85 million for UH.**

While the death of the constitutional amendment still stings, we cannot give up the quest for a fully-funded school system. Our children's future depends on our resolve.



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Joe Carter, Coca-Cola Bottling of Hawaii, *Vice Chair*
Charlie Gustafson, Tamura Super Market, *Secretary/Treas.*
Lauren Zirbel, HFIA, *Executive Director*
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Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
Barry Taniguchi, KTA Superstores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*

TO:
Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 28, 2019
TIME: 10:30am
PLACE: Conference Room 211

RE: SB1474 Relating to Taxation

Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

HFIA is in opposition to this measure, which will increase the cost of living for Hawaii residents. This new tax will cost Hawaii families hundreds of extra dollars each year. This measure will also make our state a more expensive and less attractive travel destination for tourists.

There are no exemptions in this measure for things like food, essential items, or medicine. The added tax would increase Hawaii families' grocery bills and medical expenses. Hawaii already has the highest cost of living in the U.S. and one of the highest tax burdens in the U.S. We are also one of only a few states that tax groceries.

Taxes on these items are regressive and impact lower income families the most because these families spend a higher percentage of their income on food and other necessities. This tax would increase the financial burden on those who can least afford it. Currently a Hawaii family that spends just \$100 a week on groceries will pay \$208 a year in GET on groceries alone, that's the equivalent of two weeks worth of groceries lost to taxes on groceries. The current cap for the refundable food tax credit is \$110 per taxpayer, and families have to wait until the end of the year and apply to get that refund.

For residents of Honolulu County, Kauai County, and Hawaii County the tax burden is even greater due to the new County surcharges. We should be taking measures to reduce the cost of living for Hawaii residents, not making things worse. For these reasons we ask that this measure be held.



O'ahu County Democrats
oahudemocrats.org



Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Ways & Means Committee,

RE: SB 1474 SD1, Relating to Taxation

I write in support of Senate Bill 1474, Senate Draft 1. This bill increases the general excise tax (GET) by one-half of a percentage, allocating revenues to state educational institutions under the Department of Education (DOE) and the University of Hawai'i.

Multiple decision-making bodies within the Democratic Party of Hawai'i have convened, committed to, and prioritized raising revenues for education, including the Education Caucus. The 2018 Platform of the Democratic Party of Hawai'i and the 2018 Platform of the O'ahu County Democrats both direct that we "*must invest in world-class higher education*" by way of the University of Hawai'i.

Furthermore, the general "*future of our State... depends upon an educated and knowledgeable citizenry. We support the prioritization of our resources toward providing quality public education... to every student, regardless of learning capacity or ability to pay, in an environment conducive to the learning process. These resources shall be made available at every level... Educational facilities must be maintained, renovated and built to 21st century innovations so that our students learn in well-designed, safe environments.*"

Consequently, the Democratic Party's support for S.B. 1474 SD1 is internally consistent with our values and aspirational goals as articulated above.

We as servants of the people can and must find ways to better fund our educational systems. Education feels urgent because it is foundational in the child's life and is a determinant in his or her level of freedom. The great American philosopher John Dewey once wrote:

Education is not preparation for life; education is life itself.

We as Democrats seek that all Hawai'i residents can better command their own destinies, through the experiences and intellectual strength they have gained from quality education. This measure is the proper path to fund that vision. I commend Senator Taniguchi for introducing this measure. Members, please vote 'aye' on S.B. 1474 SD1.

Respectfully,

Dylan P. Armstrong, Vice Chair
O'ahu County Committee, O'ahu County Democrats



LAND USE RESEARCH
FOUNDATION OF HAWAII

1100 Alakea Street, Suite 408
Honolulu, Hawaii 9681120
(808) 521-4717
www.lurf.org

February 13, 2019

Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Senate Committee on Ways and Means

Comments, Concerns and Strong Opposition to SB 1474, Relating to Taxation (Increases the general excise tax by 0.5% to provide a dedicated funding source for the department of education and the University of Hawaii.)

WAM Hrg: Thursday, February 28, 2019, at 10:30 a.m., in Conf. Rm. 211

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and utility companies. One of LURF's missions is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

LURF appreciates the opportunity to provide **comments, concerns and opposition** to this bill.

SB 1474. Similar to the constitutional amendment bill that failed in 2018, **this bill lacks any discernable purpose clause has no justification or intent.** Nevertheless, it seeks to increase the general excise tax (GET) by 0.5% to provide a dedicated funding source for the Department of Education (DOE) and the University of Hawaii (UH).

LURF's Position. LURF supports the adequate funding of public schools, and worked with the Department of Education and the Legislature to draft and pass the current School Impact Fee law. Unfortunately, LURF must **oppose** SB 1474, SD1, because, among other things,

- **The State Department of Budget and Finance (B&F) does not support this bill, because it “does NOT believe that a GET rate increase is needed NOR warranted at this time.”**
- B&F predicts that the GET tax increase will represent a **12.5% increase in the GET rate** paid by residents and visitors;

- The GET tax will impose a “**regressive**” tax, which will financially harm all of Hawaii’s families and businesses, especially “***harm our state’s most vulnerable residents***”;
- The proposed GET tax increase will drastically **increase the cost of doing business and the cost of living for everyone, including teachers**, – without any facts or justification in the bill, and without a credible audit of the DOE and UH;
- **Increases in teacher’s pay should be negotiated in the collective bargaining process**, like every other public union.
- **The General Fund should be used to support public school operations, maintenance and capital improvements should be based on state-wide priorities and funded from the available General Fund resources, as approved by the Legislature, based on statewide priorities.**
- **There are no guarantees that the funding from the GET increase will “increase” the DOE budget, or if the funds will merely “supplant” the existing budget; and**
- **A financial and management audit of DOE should be completed, and a fraud waste and abuse hotline and investigation team should be established prior to the passage of any tax increase for DOE.**

Understanding the importance of the GET tax issues raised by this bill, **LURF respectfully requests that SB 1474, SD1 be deferred, or held by this Committee** to allow the completion of an audit of DOE, and to provide the opportunity for education stakeholders, including, but not limited to DOE administrators, teachers , parents, tax experts, government agencies, the public, private businesses and landowners, legal experts and other interested parties to work together to come to a consensus regarding the bill’s purpose, as well as alternatives to funding Hawaii’s public education and university system.

Thank you for the opportunity to provide comments and concerns in opposition to this proposed measure.



ADA

HAWAII

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Hawaii

Feb. 27 , 2019

TO: Honorable Chair Dela Cruz & WAM Committee Members

RE: SB 1474 SD! Relating to Taxation

Support for hearing on Feb 28

Americans for Democratic Action is an organization founded in the 1950s by leading supporters of the New Deal and led by Patsy Mink in the 1970s. We are devoted to the promotion of progressive public policies.

We support SB 1474 SD1 as it would increase the general excise tax by 0.5% to provide a dedicated funding source for the Department of Education and the University of Hawaii. Our education is vastly underfunded. We need money for a pre-K program, for salaries that will attract and retain quality faculty all levels, and many other needs. This bill is a start.

Sincerely,

John Bickel President



February 28, 2019

The Honorable Donovan Dela Cruz, Chair

Senate Committee on Ways and Means
State Capitol, Room 211
Honolulu, Hawaii 96813

RE: Senate Bill 1474, SD1, Relating to Taxation

HEARING: Thursday, February 28, 2019, at 10:30 a.m.

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee,

I am Ken Hiraki Government Affairs Director, testifying on behalf of the Hawai'i Association of REALTORS® (“HAR”), the voice of real estate in Hawai'i, and its over 9,500 members. HAR **strongly opposes** Senate Bill 1474, SD1, which increases the General Excise Tax base rate from 4% to 4.5%, which is a 12.5% increase, to provide a dedicated funding source for the Department of Education (“DOE”) and University of Hawai'i.

While Hawai'i REALTORS® supports quality education, teachers and our keiki, we do not believe increasing the GET is the right solution.

The GET is not a sales tax. A sales tax is on the consumer who buys the retail goods, whereas the GET is a tax on the business. If a business cannot pass on the GET, they will have to absorb it as an expense. Additionally, it applies to virtually every economic activity, unless exempted, which includes rents, services, and wholesale goods, albeit at a lesser rate. Because of the far reaching impacts of the GET, all these additional costs add into the already high cost of living and doing business in Hawai'i. Furthermore, the GET is regressive, where it has a disproportionate impact on those that can least afford it. As such, a GET increase would raise the cost of living for everyone, including teachers.

HAR believes that a financial and management audit of the DOE, such as proposed by Senate Bill 856, would be a reasonable first step prior to proposing any tax increase.

Additionally, Act 155 was passed in 2013 to authorize the DOE to redevelop its land on which various school facilities are located. Efforts this year to encourage development of these lands, such as public-private partnerships to bring our schools to the 21st century would also benefit our schools. This idea could also help our schools and teachers, through building teacher housing or raising revenue for schools through its leases.

Mahalo for the opportunity to testify.

SB-1474-SD-1

Submitted on: 2/27/2019 7:33:22 AM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Romeo Eleno	Testifying for Lanai High & Elementary School	Support	No

Comments:

Aloha Chair Dela Cruz and Members of the Committee:

My name is Romeo Eleno. I am a teacher at Lanai High & Elementary School in Maui District on the Island of Lanai. I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and UH by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.

Our children are our future. When teachers instruct their students, we build the foundation for equality and prosperity for tomorrow's generations. Every dollar invested in our community's public schools yields exponential returns, not just for our economy, but for the promise of a more open and democratic society.

Supporting this proposal will lift our public schools in Hawaii into the 21st Century. A vote for this measure is a vote for the funding we need to lower class sizes that allow teachers to connect with their students, provide whole child education that includes the arts and Hawaiian Studies, provide resources and services with special needs, and provide professional pay that reflects the value of our hardworking teachers.

As a teacher on an isolated and remote community, resources and funding are really scarce. I believe our students deserve better than what we are capable of providing when it comes to a quality education that bigger schools are able to provide. We need to be able to have equity in ALL schools when educating students with a well-rounded education. In the past years, the teachers at Lanai High & Elementary Schools were provided \$100-\$300.00 to buy the necessary essentials to teach our students; unfortunately, most of this funding goes to shipping charges.

To deliver the schools our keiki deserve, please support this bill.

We need your help. Mahalo.

Romeo Eleno

Maui District, Island of Lanai

SB-1474-SD-1

Submitted on: 2/26/2019 12:49:36 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ryan Mandado	Individual	Support	No

Comments:

Aloha Ways and Means Committee,

My name is Ryan Mandado. I'm a Special Education teacher at James Campbell High School, the largest school in the State of Hawaii. I'm also responsible for supporting the largest Special Education department in the state. We are in an educational crisis. We need more funding in order to provide equitable and access to an excellent education for all students, especially those with disabilities. This bill will be beneficial for all schools and communities and ensure that we can provide a quality education that our keiki deserve.

Mahalo,

Ryan Mandado

SB-1474-SD-1

Submitted on: 2/26/2019 2:02:14 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Osa Tui, Jr.	Individual	Support	No

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

RE: SB 1474 SD1 RELATING TO TAXATION

Thursday, February 28, 2019

10:30 a.m.

Chair Dela Cruz and Members of the Committee:

My name is Osa Tui, Jr. I am a Teacher/Registrar at McKinley High School in the Honolulu District on Oahu. **I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and UH by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.**

Our children are our future. When teachers instruct their students, we/they build the foundation for equality and prosperity for tomorrow's generations. Every dollar invested in our community's public schools yields exponential returns, not just for our economy, but for the promise of a more open and democratic society.

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We need additional funding for our public schools, because for too long, the problem of underfunding our schools has gone unaddressed.

To deliver the schools our keiki deserve, please support this bill.

We need your help. Mahalo.

Osa Tui, Jr. from Honolulu, Oahu

SB-1474-SD-1

Submitted on: 2/26/2019 2:24:01 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
David Negaard	Individual	Support	No

Comments:

Chair Dela Cruz and Members of the Committee:

My name is David Negaard. I am a teacher at Henry Perrine Baldwin High School in the Baldwin Complex on Maui. **I testify in support of SB 1474 SD1 to increase funding for public schools and UH by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.**

I teach English and STEM at Henry Perrine Baldwin High School on Maui, and I am *tired* of seeing my students short-changed because Hawai'i refuses to adequately fund public schools—resulting in unstaffed teaching positions, dilapidated facilities, a lack of basic supplies and curricular materials, shrinking arts and vocational education programs, and growing class sizes. I am *tired* of politicians' excuses for kicking the funding can—and endless generations of keiki—down the road. I am *tired* of having to fight for what's right for teachers and kids. I am *tired* of adapting lessons not to the needs of my students but to the limited resources available. I am *tired* of being asked to do ever more with ever less, with the wellbeing of Hawai'i children in the balance. I am *tired*.

In every way but one, my move to Maui, Hawai'i from Lancaster, California (where I was also a public schoolteacher) is the best thing I've ever done. The "but one" is financial. Had I remained in Lancaster, I would next year be earning six figures. In Hawai'i, the pay scale for public school teachers never gets close to that, even at the very top. I estimate that in just seven years, this move has cost me \$250,000 in salary alone (let's not even mention cost of living). I am staying, but I fully understand those—even those born and raised—who follow the money, at least far enough from Hawai'i to make a decent living.

Our keiki deserve:

- **Teachers** who can afford to stay, and not just stay, but stay after school (rather than rushing off to second jobs bussing tables, driving for Uber or Lyft, or parking cars). 50% of Hawai'i public school teachers work a second (and sometimes a third and even a fourth) job just to stay afloat, leaving them with little time for coaching or club advising, after-school tutoring, or field trips all things that enrich

the learning experience. Not to mention planning and grading... The cost to their families cannot be estimated.

- **Adequate facilities** in good repair, well equipped and climate controlled where appropriate.
- **Adequate supplies**
- **Current, diverse curricular materials**
- **rich and expansive arts and vocational education**
- **small class sizes**

It is said, "Where your treasure is, there is your heart also." Either we invest in our keiki, or we confess that our heart is not with them. I implore you, fund the schools our keiki deserve. Put our money where your mouth is. Support this bill.

David Negaard, Maui



1200 Ala Kapuna Street ♦ Honolulu, Hawaii 96819
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Corey Rosenlee
President

Osa Tui Jr.
Vice President

Logan Okita
Secretary-Treasurer

Wilbert Holck
Executive Director

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

RE: SB 1474, SD1 - RELATING TO TAXATION

THURSDAY, FEBRUARY 28, 2019

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

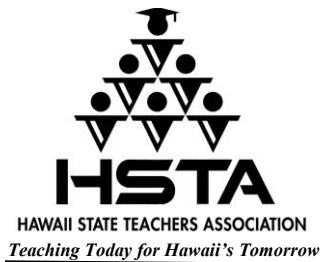
Chair Dela Cruz, and Members of the Committee:

The Hawaii State Teachers Association **strongly supports SB 1474, SD1** with amendments, relating to taxation.

SB 1474, SD1 would increase the general excise tax (GET) by 0.5% to provide a dedicated funding source for the department of education and the University of Hawaii.

Hawai'i *still* shortchanges its public schools. While our state's per-pupil spending of \$12,855 ranks 17th in the nation when compared to other states in raw dollars, comparison with school districts of similar size and demographics yields different results. Mainland districts with high costs of living are typically urban and averaged with rural districts experiencing lower costs of living in statewide analyses, a geographic and fiscal situation that is not applicable to the islands' single statewide school district.

When comparing school districts of similar size, Hawai'i ranked 227th in per-pupil funding *before* adjusting for cost of living, according to an analysis performed by Ballotpedia.org. Likewise, the Department of Business, Economic Development, and Tourism reported, in March of 2017, that Hawaii's education expenditures, as a share of combined state and local government spending, is 27.3 percent, which ranks as the lowest in the nation. Hawaii's major private schools, in contrast, average \$15,173 in per-pupil spending. When Catholic schools, subsidized by the Roman Catholic Diocese, are removed, private school spending jumps to nearly \$19,173 dollars per student, sans endowment funds that further boost private school baselines. Punahou President Jim Scott revealed, in 2014, that the "real cost of our education per student is \$26,000," with the school's endowment standing then at \$235 million and fundraising operations generating an additional \$12-\$15 million each year. It is no wonder, then, that Hawai'i has one of the highest private school enrollment rates in the nation. According to U.S. Census Bureau data, for the 2016-



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2017 school year, approximately 20 percent of K-12 students on O‘ahu attended private schools, with that number rising to 38 percent for students living in the urban core of Honolulu.

The islands also continue to suffer from a shortage of qualified teachers. According to the DOE’s STRIVE HI accountability reports, for the 2017-2018 school year, the state saw 1,011 SATEP vacancies, up from 920 SATEP vacancies in 2016-2017, including a slight increase in SPED SATEP vacancies, from 290 in 2016-2017 to 311 in 2017-2018. SPED teacher attrition has led to a situation in which 1 out of every 6 SPED teachers have not completed a state-sanctioned teacher training program. Our teacher shortage problem is further clarified in the DOE’s 2016-2017 Employment Report, which shows that teacher resignations increased from 781 in 2015-2016 to 850 in 2016-2017. Similarly in-state SATEP hires decreased from 404 to 387 over that time span, while out-of-state SATEP hires increased from 508 to 572. Teacher attrition is even worse in high-poverty areas. In the Nanakuli-Waianae Complex Area, for example, an astounding 18 out of 19 SPED teachers hired for the 2017-2018 school year did not have a special education license.

Moreover, in 2015, the DOE released a study entitled *Equitable Access to Excellent Educators*, which found that an average of 14.48 percent of teachers in low-poverty schools are inexperienced (haven’t completed one full year of full-time teaching), unqualified (have not obtained full licensure in Hawai‘i), or teaching out of their field of expertise. In high-poverty schools, however, the study noted that an average of 21.48 percent of teachers are inexperienced, unqualified, or out-of-field. **In other words, high-poverty schools have 50 percent more teachers who are inexperienced, unqualified, or out-of-field than their low-poverty peers.**

By raising the GET by 0.5% it will provide Hawaii’s public education system a dedicated funding source to provide additional funding for our public schools that will help alleviate the deferred maintenance on facilities across the system, provide much needed funds to recruit and retain qualified teachers, expand our support of special education, and help ensure all Hawaii’s public school students have a high quality education.

Accordingly, **we urge you to amend this bill by specifying that the 0.5% raise in the GET shall be provided in addition to state funds already spent on public education.**

To deliver the schools our keiki deserve, the Hawaii State Teachers Association asks your committee to **support** SB 1474, SD1.

SB-1474-SD-1

Submitted on: 2/26/2019 2:49:02 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Nicole Schubert	Individual	Support	No

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

RE: SB 1474 SD1 RELATING TO TAXATION

Thursday, February 28, 2019

10:30 a.m.

Chair Dela Cruz and Members of the Committee:

My name is Nicole Schubert. I am a teacher at Dole Middle School in Honolulu. **I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and UH by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.**

Our children are our future. When teachers instruct their students, we/they build the foundation for equality and prosperity for tomorrow's generations. Every dollar invested in our community's public schools yields exponential returns, not just for our economy, but for the promise of a more open and democratic society.

Supporting this proposal will lift our public schools in Hawai'i into the 21st Century. A vote for this measure is a vote for the funding we need to lower class sizes that allow teachers to connect with their students, provide whole child education that includes the arts and Hawaiian studies, provide resources and services for students with special needs, and provide professional pay that reflects the value of our hardworking teachers.

To deliver the schools our keiki deserve, please support this bill.

We need your help. Mahalo.

Nicole Schubert, Honolulu, Oahu

SB-1474-SD-1

Submitted on: 2/26/2019 3:59:44 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dave Kisor	Individual	Oppose	No

Comments:

Hawaii County just raised our property and gas taxes and I've heard of another tax being increased. Caldwell's Choo Choo Train could be terminated and that money could be spent more wisely. I'll have to admit, my confidence in the state government is somewhere below the whale droppings (we said it differently in th Navy, but you do get the point, don't you?).

You gave us the hourly time weighted average for H2S exposure for those who produce hydrogen sulfide in their process. That's where they can release a spike in gas that could knock you down or even kill you, but they get to pretend it was much less over the course of an hour. I'm still reovering from the 300 pounds released when PGV got to admit it was only 30 pounds. You get revenue and we BOHICA. Bend over, here it comes again!

Kill the train, lick your wounds and use that money for this project instead.

SB-1474-SD-1

Submitted on: 2/26/2019 4:06:48 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

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

Comments:

My name is Gerry Clarin. I am a teacher at James Campbell High School in Ewa Beach on Oahu. **I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and UH by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.**

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We need additional funding for our public schools, because we have a hard time filling vacancies. My daughter had a substitute teacher for 1/2 the year because the teachers salary is simply not competitive. An investing in our public schools is an investment in our society and our future.

To deliver the schools our keiki deserve, please support this bill.

We need your help. Mahalo.

Gerry Clarin Ewa Beach Oahu

SB-1474-SD-1

Submitted on: 2/26/2019 4:46:13 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Leslie Lopez	Individual	Support	No

Comments:

My name is Leslie Medina. I am a citizen and my children attend Hawai'i Public Schools. **I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and UH by increasing the GET by 1/2 percent.**

When I attended public school, my school had a school nurse, a counselor, clay and paints in art class, music instruments in music class, microscopes and bunsen burners in science class - and this was in an intermediate school serving poor and middle-class students. It's heartbreaking to see children in Hawai'i missing out on critical science, art, music and even physical education curriculum in elementary school due to lack of funding. Please support this bill.

Leslie Medina, Honolulu, O'ahu

SB-1474-SD-1

Submitted on: 2/26/2019 4:55:03 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jim Mayfield	Individual	Oppose	No

Comments:

I oppose this bill for the following reasons:

- 1) If the State of Hawaii legislature needs to raise taxes during the strongest economy/largest taxes in the history of the State of Hawaii, there is something very wrong with the Legislature, the politicians who submitted the bill and its Leaders.
- 2) I am a resident of Kauai. The Legislature gave my island's politicians the right to raise my taxes another .5% and, like most (but not all) politicians, they took advantage of it and raised my taxes. That will cost me and my clients about \$2,400 in additional taxes. And now you want to do it to me again?
- 3) One of the biggest concerns with current residents and proposed residents in the cost of living in Hawaii. And now the State of Hawaii legislature wants to raise the cost of living AGAIN!!!
- 4) And most important, why is the DOE and UH more deserving than the many, many other groups supported by our tax dollars? It is the role of the legislature to raise money and spend it wisely. You are abrogating your responsibility. Shame on the Legislator(s) who introduced this bill and the special interests who got them to do it.

Aloha

Jim Mayfield

a small business owner and family man

Chair Dela Cruz
Vice Chair Keith-Agaran
Senate Committee on Ways & Means

Thursday, Feb. 28, 2019
10:30 a.m.

TESTIMONY IN SUPPORT OF SB1474 SD1 RELATING TO TAXATION

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, Members of the Senate Committee on Ways & Means,

My name is Jun Shin. I am a freshman at the University of Hawai'i at Mānoa and an executive committee member of the Young Progressives Demanding Action (YPDA). I am submitting testimony in my **individual capacity in support of SB1474 SD1 relating to taxation** to increase funding for public schools and the University of Hawaii by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.

Our children are our future. When teachers instruct their students, they build the foundation for equality and prosperity for tomorrow's generations. Every dollar invested in our community's public schools yields exponential returns, not just for our economy, but for the promise of a more open and democratic society. I personally went to private school but I am here supporting this measure, just like I supported the Constitutional Amendment to fund public education because everybody deserves an opportunity to access quality education.

Supporting this proposal will lift our public schools in Hawaii into the 21st century. A vote for this measure is a vote for the funding we need to lower class sizes that allow teachers to connect with their students, provide whole child education that includes the arts and Hawaiian studies, provide resources and services for students with special needs, and provide professional pay that reflects the value of our hardworking teachers.

We need additional funding for our public schools because our teachers are taking on several jobs to live in a state with a very high cost of living, unable to dedicate their time fully to their students. While discussing the issue of why teachers are leaving the teaching field, we need to seriously understand that low pay and lack of resources are driving passionate individuals who want to teach out of the field. I got involved in testifying and advocating because back in high school, my U.S. Government and U.S. History teacher helped me to understand the importance of getting involved. Teachers are the foundations of our society, we need to start treating them as such.

To deliver the schools our keiki deserve, I ask you to please support **SB1474 SD1** and **pass it out of your committee**.

Thank you for the opportunity to testify,

Jun Shin

1561 Kanunu St.

Cell: 808-255-6663

Email: junshinbusiness729@gmail.com

SB-1474-SD-1

Submitted on: 2/26/2019 5:21:40 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Alicia Jacobson	Individual	Support	No

Comments:

My name is Alicia Jacobson. I am a teacher at Haiku Elementary in the Maui district. I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and the University of Hawaii by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.

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SB-1474-SD-1

Submitted on: 2/26/2019 5:47:48 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Victoria Zupancic	Individual	Support	No

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

RE: SB 1474 SD1 RELATING TO TAXATION

Thursday, Feb. 28, 2019, at 10:30 a.m.

Chair Dela Cruz and Members of the Committee:

My name is Victoria Zupancic. I am a Mathematics teacher at Lahainaluna High School in Lahaina on Maui. I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and the University of Hawaii by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.

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To deliver the schools our keiki deserve, please support this bill.

We need your help. Mahalo.

Victoria Zupancic, Lahainaluna High School

SB-1474-SD-1

Submitted on: 2/26/2019 5:49:30 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Logan Okita	Individual	Support	No

Comments:

Chair Dela Cruz and Members of the Committee:

My name is Logan Okita. I am a National Board Certified Teacher at Nimitz Elementary School in Central District on Oahu. **I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and UH by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.**

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We need additional funding for our public schools, because our students need equal access to resources and facilities. For 5 years my students have not had a playground to play on during recess. Instead, we look at a beautiful structure that is wrapped in caution tape as we play on a grassy field. The stalls in our bathrooms don't lock and the students wait a long time to use a stall that they can lock for privacy.

To deliver the schools our keiki deserve, please support this bill.

We need your help. Mahalo.

Logan Okita, House District 20/Senate District 10, Oahu

SB-1474-SD-1

Submitted on: 2/26/2019 6:06:11 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

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

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

RE: SB 1474 SD1 RELATING TO TAXATION

Thursday, Feb. 28, 2019, at 10:30 a.m.

Chair Dela Cruz and Members of the Committee:

My name is Lisa Lehuanani Chang. I am a [TEACHER] at [Hau‘ula Elementary School] in **Windward District** on **O‘ahu**. I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and the University of Hawaii by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.

Our children are our future. When teachers instruct their students, **we** build the foundation for equality and prosperity for tomorrow’s generations. Every dollar invested in our community’s public schools yields exponential returns, not just for our economy, but for the promise of a more open and democratic society.

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We need additional funding for our public schools, because our students come from homes without computers or internet, which sets them back in achievement. We have the highest absenteeism rate in our district and need literacy support to build the foundations of basic reading skills. We need to build more portables to house our programs. Our students are still sharing 8 google chrome books per class. We need a technology boost to help our keiki here in rural Hau‘ula.

To deliver the schools our keiki deserve, please support this bill.

We need your help. Mahalo.

Lisa Lehuanani Chang

Windward District

O‘ahu

SB-1474-SD-1

Submitted on: 2/26/2019 6:37:26 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
romel pasaoa	Individual	Support	No

Comments:

I strongly support this measure. We must increase funding for public schools now and I support raising the General Excise Tax to accomplish this. Please pass this bill. Thank you.

SB-1474-SD-1

Submitted on: 2/26/2019 7:02:40 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Laura Buller	Individual	Support	No

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

RE: SB 1474 SD1 RELATING TO TAXATION

Thursday, Feb. 28, 2019, at 10:30 a.m.

Chair Dela Cruz and Members of the Committee:

My name is Laura Buller. I am a teacher at Molokai High School in the Maui Canoe Complex Molokai. I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and the University of Hawaii by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.

Our children are our future. When teachers instruct their students, we build the foundation for equality and prosperity for tomorrow's generations. Every dollar invested in our community's public schools yields exponential returns, not just for our economy, but for the promise of a more open and democratic society.

Supporting this proposal will lift our public schools in Hawaii into the 21st century. A vote for this measure is a vote for the funding we need to lower class sizes that allow teachers to connect with their students, provide whole child education that includes the arts and Hawaiian studies, provide resources and services for students with special needs, and provide professional pay that reflects the value of our hardworking teachers.

As a small rural school Molokai High School has suffered from a lack of funding. Our student population is getting smaller, with the funds available from Weighted Student Formula Under Act 51 our students do not have new textbooks, many are more than 10 years old, our budget also must cover travel expenses for Administration to attend required DOE meeting and athletic teams to travel to compete. We are not able to provide a variety of electives whether for enrichment or variation in content areas. Act 51 was intended to provide equitable funding but it fails to do that. Please support SB1474 to increase funding in our school

To deliver the schools our keiki deserve, please support this bill.

We need your help. Mahalo.

Laura Buller, Molokai High School, Maui Canoe Complex

Gary L. Hooser

5685 Ohelo Rd.

Kapaa, HI 96746

garylhooser@gmail.com

February 26, 2019

Aloha Committee Chair and members,

Thank you for hearing **SB1474 SD1 - Relating to Taxation**. I stand in **strong support** of this measure. This measure increases the general excise tax to create a dedicated funding source for the Department of Education and the University of Hawaii.

SB1474 SD1 would help to increase the monies that are dedicated to educational initiatives in the State. Hawaii keiki suffer from the critical underfunding of public schools. Hawaii ranks 227th for per-pupil funding, before factoring in cost of living. This is unacceptable to our future generations.

Hawaii public schools and University of Hawaii need our support. Please give your support to our keiki and vote yes for SB1474 SD1.

Mahalo for your favorable consideration,

Gary L. Hooser

SB-1474-SD-1

Submitted on: 2/26/2019 7:49:38 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jodi Beaty	Individual	Support	No

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

RE: SB 1474 SD1 RELATING TO TAXATION

Thursday, Feb. 28, 2019, at 10:30 a.m.

Chair Dela Cruz and Members of the Committee:

My name is Jodi Beaty. I am a teacher at Waimanalo Elementary and Intermediate School in Windward District on Oahu. I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and the University of Hawaii by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.

Our children are our future. When teachers instruct their students, we build the foundation for equality and prosperity for tomorrow's generations. Every dollar invested in our community's public schools yields exponential returns, not just for our economy, but for the promise of a more open and democratic society.

Supporting this proposal will lift our public schools in Hawaii into the 21st century. A vote for this measure is a vote for the funding we need to lower class sizes that allow teachers to connect with their students, provide whole child education that includes the arts and Hawaiian studies, provide resources and services for students with special needs, and provide professional pay that reflects the value of our hardworking teachers.

To deliver the schools our keiki deserve, please support this bill.

We need your help. Mahalo.

Jodi Beaty, Windward, Oahu

SB-1474-SD-1

Submitted on: 2/26/2019 8:42:07 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lynn Onderko	Individual	Support	No

Comments:

SB-1474-SD-1

Submitted on: 2/26/2019 8:45:30 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
danica walsh	Individual	Support	No

Comments:

As an elementary school teacher at Ha'iku EI (on the island of Maui, Baldwin Kekaulike Complex), I can attest to the lack of resources that our school has. Our buildings are old, we have poor bathroom facilities, and no air conditioners in the classrooms during the sweltering summer months. Teachers like myself use our own money to buy fans, alternative seating, incentives for the kids, food for hungry students, and purchase online resources. Last year I worked 3 jobs in addition to teaching special education full time. I worked as a caterer, bartender and uber driver in order to pay my bills and rent. Now I have my own child to support and don't see how I will ever be able to save money to buy a house when my income is less than your typical waiter here on Maui. I am in support of SB 1474, and a living wage for our teachers.

Danica Walsh

Ha'ike Elementary School

SB-1474-SD-1

Submitted on: 2/26/2019 9:08:13 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Nicole Bear	Individual	Support	No

Comments:

Hawaii public schools are severely underfunded. I am testifying in support of this bill to increase funding by increasing the General Excise Tax by .5% to create dedicated funding for public schools and the University of Hawaii. I am a substitute teacher on Maui, and a parent of a school aged child, so I see the state of the schools. I also have another business for which I pay GET, so I will be personally impacted by this. I feel it is a very small price to pay to ensure our keiki are prepared to be the best citizens they can be. A small price to pay to ensure that their future, and the future of this country, is a bright one.

SB-1474-SD-1

Submitted on: 2/26/2019 9:10:36 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Samantha Tomori	Individual	Support	No

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

RE: SB 1474 SD1 RELATING TO TAXATION

[Thursday, February 28, 2019](#)

[10:30 a.m.](#)

Chair Dela Cruz and Members of the Committee:

My name is Samantha Tomori. I am an Academic Coach at Kea'au Elementary on the Big Island. **I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and UH by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.**

Our children are our future. When teachers instruct their students, we/they build the foundation for equality and prosperity for tomorrow's generations. Every dollar invested in our community's public schools yields exponential returns, not just for our economy, but for the promise of a more open and democratic society.

Supporting this proposal will lift our public schools in Hawai'i into the 21st Century. A vote for this measure is a vote for the funding we need to lower class sizes that allow teachers to connect with their students, provide whole child education that includes the arts and Hawaiian studies, provide resources and services for students with special needs, and provide professional pay that reflects the value of our hardworking teachers.

We need additional funding for our public schools because my school cannot fill all of our positions with qualified teachers.

To deliver the schools our keiki deserve, please support this bill.

We need your help. Mahalo.

SB-1474-SD-1

Submitted on: 2/26/2019 9:29:30 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Sheila Schneider	Individual	Support	No

Comments:

Aloha,

Thank for this hearing, and I would like to explain to you why I think that we need to spend more on the education of our children. Our children are the future and they must be competitive for tomorrow's jobs. The greatest way we can achieve this goal is to adequately fund our schools. Teachers need reduced class sizes. They also need more support in the class with teacher resources and aides. Teachers are spending money from their own pockets to give students snacks, prizes etc because it increases student's well being. Many families are struggling in today's economy where it is difficult to pay both for housing, food, etc. Teachers spend money on students but they also spend time. They are putting in more hours than they are paid at after-school events, planning, grading, and continueing their professional education. They do this out of dedication to the students and their profession. It is time to pay teachers as professionals. Teachers need adequate pay for the cost of living in Hawaii. They struggle working extra jobs to be able to pay for mortgages and rents, and other living expenses. Last year I worked three jobs to make ends meet. My teaching job, after-school tutoring, and a job at the mall. This year, I'm only working two jobs since I no longer work at the mall. I stay home on weekends so I don't spend money, and I try to spend only fifty dollars a week on groceries. I live in a small studio that is just 369 square feet because this is what is affordable on my salary. One pay check is dedicated to paying my rent and utilities. It is especially difficult for new teachers. My first few years teaching, I made less money, but I had a dependent child, so i rented a larger apartment and one paycheck did not cover my rent of 1800 a month. I used credit and now I'm in debt, so I'm now struggling to pay it down. I hear of other teachers who have to decide which bills to pay on each pay day. Teachers need a living wage for Hawaii's economy, and in 2050, the inflation will be much higher than it is today. Please fund our schools to invest in our children and teachers. Mahalo

SB-1474-SD-1

Submitted on: 2/26/2019 9:30:46 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Roxane Stewart	Individual	Support	No

Comments:

SB-1474-SD-1

Submitted on: 2/26/2019 10:07:15 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Yahna Kawa	Individual	Support	No

Comments:

SB-1474-SD-1

Submitted on: 2/26/2019 10:45:06 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Pamela Walencewicz	Individual	Support	No

Comments:

My name is Pamela Walencewicz. I am a Special Education Teacher at Waikoloa School in Hawai'i district on Hawai'i island. I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and the University of Hawaii by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.

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Supporting this proposal will lift our public schools in Hawaii into the 21st century. A vote for this measure is a vote for the funding we need to lower class sizes that allow teachers to connect with their students, provide whole child education that includes the arts and Hawaiian studies, provide resources and services for students with special needs, and provide professional pay that reflects the value of our hardworking teachers.

We need additional funding for our public schools because at Waikoloa School none of our K-2 classrooms or our cafeteria have air conditioning. At the start of this school year, my co-teacher and I checked our classroom thermostat daily and witnessed temperatures in the low 90s. This is *inside* of a classroom where young children (6-7 years old), who are not able to regulate their body temperatures as well as adults, were expected to produce and learn in sweltering conditions. This means that our youngest population of students is exposed to the hottest temperatures. This is unacceptable! I think about how the hotels along the South Kohala coastline and in the Waikoloa Beach resorts are all air-conditioned (benefitting many of the tourists visiting our beautiful state); yet the classrooms with our keiki, who are learning how to be citizens in our state, are subjected to record heat indexes, I am saddened and perplexed at the imbalance of priorities. Our classrooms have not been painted in several years; paint is peeling in some of the rooms. Our exterior buildings feature patchwork paint jobs to cover-up vandalism that occurred last summer. We know that aesthetics can influence how our students feel about being at school. A simple paint job, inside classrooms and on the exterior of our buildings, would go a long way at beautifying our campus, promoting school pride, and giving our students a place of learning worthy of their talents and ability. Every year, we lose teachers from our school for more competitive salaries and lower costs of living on the mainland. Some of my colleagues have 2nd

jobs to supplement their income. As a first year licensed teacher, I am not able to afford rent in my community with my teacher salary alone and teacher housing has a limited number of openings. I am grateful that I can live with family, but not every teacher is that lucky. These challenges create added pressure on teachers who are already dealing with heavy caseloads, lesson planning, trainings, new student eligibility, volunteering for school committees (PBIS, RTI, APC, etc.), building relationships with our parents, and more. We should be able to concentrate on our students after school, not having to worry about going to a 2nd job. Investing in our public schools is an investment in our communities, our unique island society, and our future.

To deliver the schools our keiki deserve, please support this bill.

We need your help. Mahalo.

Pamela Walencewicz, Hawai'i district, Hawai'i island

SB-1474-SD-1

Submitted on: 2/26/2019 11:25:23 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
David Sanchez	Individual	Oppose	No

Comments:

Aloha,

SB1474 proposes increasing the GET from 4% to 4.5% to fund operational expenses for the Department of Education (DOE) and University of Hawaii (UH). As a spouse of a DOE employee and as a parent of a child in the DOE system, I appreciate the intent to increase funding to the DOE. However, I **strongly oppose** increasing the General Excise Tax (GET) as the means for the increased funding.

- According to the testimony of the State of Hawaii Director for the Department of Budget and Finance, if this bill were passed it would increase the GET revenues by approximately \$438M. General fund appropriations for DOE and UH operational expenses totaled \$2.1B in FY 18. The bill does not make clear if the additional \$438M in increased taxes will result in increased funding to DOE and UH operational expenses, or if it will only help fund the estimated \$2.1B.
- As a family of four, we spend at least \$200 a week on groceries and meals. That equates to about \$416 of GET in year on purchases towards on food. That \$416 could feed my family for 2 weeks.

If the legislature wants to increase educational funding, I would prefer to see a tax created specifically for education rather than using the GET revenue. I would also like to see that new tax be the sole revenue generator for all educational funding. This way the monies cannot be diverted to other purposes, as is possible with the GET.

SB-1474-SD-1

Submitted on: 2/27/2019 2:50:27 AM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Russo	Individual	Support	No

Comments:

To the Honorable Senators and Representatives of Hawaii and Governor Ige,

I am submitting testimony in support of SB 1474. I ask that you please support this essential legislation. The 0.5% increase of the general excise tax and use tax to fund the Department of Education and University of Hawaii is necessary. Students are not receiving the education that they deserve. Our children are our future and we need to make their education a priority. Please vote yes!! The time is NOW.

Testimony respectfully submitted by Susan Russo, grandmother of a future student in HI public schools and mother of 3 educators.

SB-1474-SD-1

Submitted on: 2/27/2019 5:40:51 AM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Charlotte Godfrey-Romo	Individual	Support	No

Comments:

My name is Charlotte Godfrey-Romo I am a science teacher at Keaau High in the KKP district on Hawaii Island. **I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and UH by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.**

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Supporting this proposal will lift our public schools in Hawai'i into the 21st Century. A vote for this measure is a vote for the funding we need to lower class sizes that allow teachers to connect with their students, provide whole child education that includes the arts and Hawaiian studies, provide resources and services for students with special needs, and provide professional pay that reflects the value of our hardworking teachers.

We need additional funding for our public schools, because our students need resources that will help them learn the content through technology, labs, books, field excursions that require funding. Teachers should not have to fund raise on their own time to do their jobs, we need more funding available.

To deliver the schools our keiki deserve, please support this bill.

We need your help.

Mahalo.

Charlotte Godfrey-Romo, KKP, Hawaii Island

SB-1474-SD-1

Submitted on: 2/27/2019 5:45:08 AM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Mireille Ellsworth	Individual	Support	No

Comments:

Honorable Chair Sen. Dela Cruz, Vice Chair Sen. Keith-Agaran, and WAM Committee,

My name is Mireille Ellsworth, a teacher at Waiakea High School in Hilo for the past 14 years. I strongly urge you to forward this bill, SB 1474 SB 1 (and eventually pass it!) to support education, especially public schools for our keiki, in our state. I am weary of witnessing our students suffer in underfunded schools with limited resources to keep them safe, offer them the help they need with smaller class sizes, and provide them with teachers who are not working second jobs at night rather than preparing fun and engaging lessons and giving them feedback on their work in written comments.

I have personally traveled to Oahu several times over the past FIVE years telling teachers' stories and testifying about the conditions in our schools in person, taking time away from my classroom. I have gone door-to-door canvassing neighborhoods in my community during my b'reaks from school to promote funding for our keiki, and I have heard community members and politicians alike keep saying how much they support funding our schools, yet five years later, there is still no significant change. Yet, the bell rings, the kids show up, and we teachers must make due with what we have... and it is exhausting and disappointing to have to keep asking and begging on behalf of our students that they need the whole community to come together and actually put dollars behind the promises.

No longer can I bear to hear, "We know schools need more money, but this is not the way." Well, when will we finally just do what needs to be done.

I don't know of anyone I have met who would not sacrifice for a child. Pass this bill and let's get this done.

Mahalo,

Mireille Ellsworth,

English Teacher,

Waiakea High School

SB-1474-SD-1

Submitted on: 2/27/2019 5:57:34 AM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Wendy Shigeta	Individual	Support	No

Comments:

My name is **Wendy Shigeta** and I am the Student Service Coordinator at **Hahaione Elementary School** in the Honolulu District on the island of Oahu. I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and the University of Hawaii by increasing the GET by 1/2 percent.

Everyone always talks about how important education is and how they support education and teachers, but, really, no one does much about it. We lose so many good teachers every year because they don't receive the pay and respect that they deserve. I know so many teachers who love what they do, but eventually leave the profession because they cannot continue without sacrificing their own families. They have to leave teaching to find a job that pays enough for them to support their families. And of those who stay, many work one or two second jobs to make ends meet and spend their own money to buy supplies and equipment for their classrooms. This is not the type of respect we should be giving to our teachers who have one of the hardest, yet most important jobs in our society.

Within the schools, we all know that we should be preparing our children for the future, but it is difficult when we don't have the funding to buy the needed supplies or personnel to carryout lessons. At our school, I have seen teachers do great things using iPad apps to help non-verbal children speak and to help spark the interest of reluctant learners. However, it is hard when the teachers have just one iPad for the entire class. We have special education teachers who work extremely hard at providing individualized instruction for our students, but they each have just one Educational Assistant for groups of 12 - 15 special needs children with diverse needs ranging from Autism to behavioral issues. If we could get more funding to hire another special education teacher, or at least more aides, these children could really receive the individualized attention that they need to become more independent and successful at school and in society.

I hope that you will support SB1474 SD1 to increase the GET by a half percent. Schools need more funding and this small increase will go a long way in securing that all our children are prepared for the future!

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

RE: SB 1474 SD1 RELATING TO TAXATION

Thursday, February 28, 2019

10:30 a.m.

Chair Dela Cruz and Members of the Committee:

My name is Maria Guardino I am a Teacher at Kawananakoa Middle School in Honolulu on Oahu. **I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and UH by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.**

Our children are our future. When teachers instruct their students, we/they build the foundation for equality and prosperity for tomorrow's generations. Every dollar invested in our community's public schools yields exponential returns, not just for our economy, but for the promise of a more open and democratic society.

Supporting this proposal will lift our public schools in Hawai'i into the 21st Century. A vote for this measure is a vote for the funding we need to lower class sizes that allow teachers to connect with their students, provide whole child education that includes the arts and Hawaiian studies, provide resources and services for students with special needs, and provide professional pay that reflects the value of our hardworking teachers.

We need additional funding for our public schools, because... [OPTIONAL: INSERT a paragraph or two, tell your personal story or specific anecdotes about how the lack of funding affects your children/ students/community, how low pay and a lack of resources are driving teachers in your schools out of the profession, how teachers have to hold second and third jobs when they should be able to concentrate on their students after school, instead of rushing off to second jobs, etc., how investing in our public schools is an investment in our society/future]

To deliver the schools our keiki deserve, please support this bill.

We need your help. Mahalo.

Ms. "G" as the students call me,

Maria Guardino

SB-1474-SD-1

Submitted on: 2/27/2019 7:48:27 AM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Roberta Yamamoto	Individual	Support	No

Comments:

Please allow SB 1474 be heard. We need to consider various means of generating income for public schools. I support this bill.

Mahalo,

Bobbye Yamamoto

SB-1474-SD-1

Submitted on: 2/27/2019 7:55:39 AM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Eric Kaneshiro	Individual	Oppose	No

Comments:

I elect my legislators to craft a budget and allocate funds amongst many priorities. Like running a household these decisions involve making sacrifices. I oppose any legislation that reduces budget flexibility.

This is a tax increase. It's more palatable if it's for educating our keiki. But in the long term funding will be allocated away from education and to other non-education programs.

SB-1474-SD-1

Submitted on: 2/27/2019 8:52:24 AM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Wanda Breitenstein	Individual	Support	No

Comments:

SB-1474-SD-1

Submitted on: 2/27/2019 9:32:37 AM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
SHIRLEY YAMAUCHI	Individual	Support	No

Comments:

This is a letter that I sent to Governor Abercrombie six years ago, and things have not changed very much ever since. I'd like to add, since this last letter, I now have a son who turns four next month and I cannot afford to send him to preschool on Oahu. The store that I worked at in the Ala Moana Shopping Center filed for bankruptcy and shut down nationally. I am also now the Leeward HSTA chapter president. Please read what I wrote six years ago, thank you:

"My name is Shirley Yamauchi, the head faculty representative for the HSTA at Kapolei Middle School and a 38 year resident of the State of Hawaii. I am a graduate of the Pahoia Schools, recently categorized as a "zone school" on the Big Island of Hawaii. Mr. Wil Okabe was a physical education teacher there when I was in middle and high school. I have been teaching at Kapolei Middle since August 2000 and have been there for 13 years.

I would like to share with you some of personal and financial difficulties of being a public school educator here in Hawaii.

I have dropped out of two Masters' programs offered by the University of Hawaii at Manoa, unable to afford my continuing education there. I am not eligible for an EBT card, since I do not have two children of my own and supposedly making too much annually. Yet, I find myself having to charge all of my groceries at Target, to get to my second teacher paycheck of the month, on the 20th. My aging, widowed mother lives in Japan and I have not been able to see her since May 2005.

Since New Year's Eve 2004 through June 2012, I worked as a cashier and stock girl at a store at the Ala Moana Shopping Center. The store has since closed and I have not been able to find part time work that understands Kapolei Middle School's multi track scheduling, where I have a three week vacation every six weeks. It is also difficult to have a part time job, with our daily responsibilities of grading papers and other work

related preparations, past our contractual 3 pm work day. I also offer free tutorial to all of my students from 6-8 am and first recess, daily. There are days where I am at the school for eleven hours, from 6 am through 5 pm, only to continue on with my work, once I reach my townhome in Makakilo.

I am a registered voter and have worked at the Kapolei High School polling site for both the primary and general elections of 2012. I was paid \$85 for each election. I also eagerly await phone calls from Hawaii 5-0, so that I may pick up a role as an extra on the show. I have been out of a regular part time job since late June 2012.

In the school year of 2011-2012, 14 teachers left Kapolei Middle School, forever. Our administration was forced to locate 14 new hires to replace those who left our school. We currently have a special education resource room position open, no special education teacher is interested in this job position. Students with special needs are integrated into regular education classrooms, which hinders the learning of both the regular education and special education students. Parents demands are not being met.

It is easy for outsiders to quickly suggest moving to the U.S. mainland, to locations such as Las Vegas. Hawaii has always been my home. My paternal grandparents immigrated to the Big Island at the turn of the 20th century. Unfortunately, I have two paternal cousins who were educators, and they have both left for other careers. I am now considering leaving Kapolei Middle for South Whidbey School District #206 or Coupeville School District in WA, if our expired contract is not resolved soon. My administrators will then have to locate and hire another highly qualified language arts teacher, and the middle school hiring pool is currently depleted in that subject area, according to Principal Bruce Naguwa.

Please help the public school educators of Hawaii. Let us have EBT cards at the very least since we are working under an expired, imposed contract. There are many healthy, capable citizens of our State who do nothing for our society, yet are able to collect various government subsidies. That is not fair and wrong.

Sincerely,

Shirley Yamauchi

Kapolei Middle School

Leeward District"

SB-1474-SD-1

Submitted on: 2/27/2019 9:58:19 AM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
John Fitzpatrick	Individual	Support	No

Comments:

Aloha Honorable Senators,

I am in strong support of SB 1474 which asks for a nearly 5% increase in the GET tax in order to properly fund education. As a teacher at Maui Waena Intermediate School, our public schools face critical funding short falls that have led to buildings falling apart and teacher short falls of over 1100 teachers with high turnover rates, often over 10%. I imagine top rated schools here in Hawaii that are the best in the country and we can not achieve this without properly investing in our keiki to provide them schools that inspire them and give them the tools to thrive in a 21st Century Economy.

Punahou, Iolani, Seabury Hall, and Maui Prep to name a few offer small class sizes that give more one on one instruction so our kids get the attention they deserve. All of their tuitions are over \$20,000 and they select their students. If we had a similar budget for the DOE, our budget would be over \$3.7 Billion annually for our 185,000 public school students. We are currently \$1.7 Billion short of competing financially with the best private schools in the state.

Everyday I see first hand teachers sacrificing financially (to buy supplies and because we are the lowest paid teachers in the nation COLA), emotionally, and physically to provide the best education our keiki can get. I feel it is fair to ask our fellow citizens to chip in financially in order to provide 21st century schools our keiki deserve.

Mahalo for supporting our haumana,

Fitz

SB-1474-SD-1

Submitted on: 2/27/2019 10:14:06 AM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Shannon Jacob Kline	Individual	Support	No

Comments:

SB-1474-SD-1

Submitted on: 2/27/2019 10:19:19 AM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Renee Dieperink	Individual	Support	No

Comments:

I support bill SB1474

SB-1474-SD-1

Submitted on: 2/27/2019 10:25:20 AM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Best	Individual	Support	No

Comments:

DAVID Y. IGE
GOVERNOR



LATE

DR. CHRISTINA M. KISHIMOTO
SUPERINTENDENT

STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/28/2019

Time: 10:30 AM

Location: 211

Committee: Senate Ways and Means

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: SB 1474, SD1 RELATING TO TAXATION.

Purpose of Bill:

Department's Position:

Chair Dela Cruz, Vice Chair Keith-Agaran, and committee members:

The Department supports SB 1474 SD1, provided that its passage does not adversely impact priorities as indicated in our Board of Education approved budget and would be treated as incremental to current funding levels.

This measure would increase the General Excise Tax by 0.5% and establish a special account to receive the additional tax revenues, allowing for the appropriation of the funds to support operations of the Department and the University of Hawaii.

Providing a significant and dedicated revenue source to supplement State support for quality public education programs will help to ensure continued improvements in student achievement outcomes.

Thank you for the opportunity to testify on this measure.

The Hawaii State Department of Education seeks to advance the goals of the Strategic Plan which is focused on student success, staff success, and successful systems of support. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.

DAVID Y. IGE
GOVERNOR



LATE

RODERICK K. BECKER
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 1474, S.D. 1

**February 28, 2019
10:30 a.m.
Room 211**

RELATING TO TAXATION

Senate Bill No. 1474, S.D. 1: increases the general excise tax (GET) and use tax base rate by 12.5%, from 4% to 4.5%; requires that an unspecified percent or unspecified amount, whichever is greater, of the additional revenues generated by the proposed GET rate increase in Section 1 be deposited into a special sub-account of the general fund to pay for the operating expenditures of the Department of Education (DOE), under Chapter 302A, HRS; and requires that an unspecified percent or unspecified amount, whichever is greater, of the additional revenues generated by the proposed GET rate increase in Section 1 be deposited into a special sub-account of the general fund to pay for the operating expenditures of the University of Hawaii (UH), under Chapter 304A, HRS.

The Department of Budget and Finance appreciates the intent to increase funding for education, but does not support raising the GET rate at this time.

- The department does not believe that a GET rate increase is needed nor warranted at this time. Such an increase would represent a 12.5% increase

in the GET rate paid by residents and visitors alike. It would also be regressive and harm our State's most vulnerable residents.

- As a matter of general policy, the department believes that creation of any special sub-account within the general fund of the State for specific purposes is an inconsistent application and use of the general fund. The department strongly believes that general fund program requirements should be reviewed on a statewide basis and allocated to programs based on statewide priorities within available resources.
- The bill is unclear as to whether the amount generated by the GET increase would be the sole source of operational funding for the DOE and UH or be used to increase their funding levels. General fund appropriations for the DOE and UH totaled \$2.1 billion in FY 19. It is estimated that the GET revenue amounts deposited into the DOE and UH sub-accounts would total at most, \$368 million, which is far less than current FY 19 general fund appropriations of \$2.1 billion. Or if the intent is to increase DOE and UH funding levels, the additional GET revenues will, at most, increase their funding levels by approximately 18%.

Thank you for your consideration of our comments.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

LATE

Testimony Presented Before the
Senate Committee on Ways and Means
February 28, 2019 at 10:30 a.m.

by
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

SB 1474 SD1 – RELATING TO TAXATION

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i (UH) **supports Section 5** of SB 1474 SD1, Relating to Taxation, to the extent that the bill provides additional funding to the University of Hawai'i. The bill additionally seeks to increase the General Excise Tax (GET) by 0.5% as the means to provide this dedicated funding source for the Department of Education and UH.

Section 5 of the bill would provide additional general fund resources annually to UH. The original draft provided at least \$50,000,000. To put this in perspective, our current (2019) Board of Regents approved budget request is roughly \$26 million per year in additional general fund appropriations. UH supports this initiative for additional funding resources to improve the social, economic, and environmental well-being of current and future generations through higher education. Additional public funding would help alleviate pressures on tuition revenue and could provide for increased services offered by the State and the University.

Unfortunately, increasing the overall tax burden to residents, visitors, and other taxpayers through the general excise tax is difficult to support. The GET is such a permeated tax that every individual, family, and business, would be impacted to some degree. The University's position on this bill recognizes the difficult balance to adequately fund government services – like education – with the unfortunate burden of requiring tax revenues to do so. As such, we acknowledge the difficult policy decision regarding increasing the GET by 0.5% and recognize the role of the Legislature as the policy-making body of the State.

Thank you for this opportunity to testify and for putting forth for discussion the value-added exchange of utilizing (increasing) general tax revenues to support education statewide.

February 28, 2019
10:30 AM
Conference Room 211

To: Senate Committee on Ways and Means
Sen. Donovan M. Dela Cruz, Chair
Sen. Gilbert S.C. Keith-Agaran, Vice Chair

From: Grassroot Institute of Hawaii
Joe Kent, Executive Vice President

RE: SB 1474 — RELATING TO TAXATION
Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on SB 1474, which would increase the base general excise and use tax to 4.5 percent in order to provide dedicated funding for the state Department of Education and the University of Hawaii.

Though we sympathize with the desire to improve Hawaii education and guarantee future funding for Hawaii's public schools, we have grave concerns about pursuing that aim via an increase in the state general excise tax. Hawaii residents are still recovering from recent excise tax surcharges at the county level. Under these circumstances, it behooves the Legislature to consider the economic impact of the tax and the possibility that further increases will result in diminishing returns.

In considering the effect of an increase in the general excise tax, we must first consider the effect of the tax itself, especially regarding the cost of living in the state and its impact on business.

The most recent edition of the ALEC-Laffer State Economic Competitive Index¹ ranks Hawaii last among all states for its sales tax burden, a rating that significantly contributes to a mediocre economic outlook ranking.

In a similar way, the Small Business Policy Index² ranks Hawaii 48th overall in friendliness to small business and entrepreneurship. Again, this status as a state “unfriendly” to business is due largely to our high consumption taxes. In the same survey, Hawaii was ranked 50th in a ranking of states by sales, gross receipts, and excise taxes due to the fact that those taxes take a higher share of residents’ personal income than in any other state.

Nor are local businesses the only ones burdened by the excise tax. A study from the Institute on Taxation and Economic Policy criticized Hawaii for its regressive taxation practices, ranking it the 15th unfairest tax system in the country. Hawaii’s heavy reliance on the excise tax as a source of revenue was criticized, as the excise tax is hardest on those least able to afford it. According to ITEP, sales and excise taxes take up an average of 10.5 percent of family income for the poorest 20 percent of earners.³

Not only is it problematic that Hawaii has one of the nation’s highest excise/sales taxes, but one must also consider whether excise taxes are a good source of revenue for important state functions like education. At least one study of Organisation for Economic Co-operation and Development (OECD) countries has found that along with corporate and personal taxes, consumption taxes like Hawaii’s excise tax can be economically harmful over the long term.⁴

In fact, many economists recommend using consumption taxes (like the excise tax) as a way to influence consumer behavior and discourage the purchase or use of the products taxed. A 2012 report from Deutsche Bank making recommendations about how to boost economic growth in Europe following the financial crisis of the early 2000s posited that ideally any increase in a consumption tax should be offset by no more than an equal decrease in demand. (For our purposes, that means we would hope that an additional 0.5 percent surcharge would cause no more than a 0.5 percent drop in demand, purchases, or revenue.) However, the author

¹ Arthur B. Laffer, Stephen Moore and Jonathan Williams, “Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index, , 11th Edition,” American Legislative Exchange Council, Arlington, Va., 2018, available at <https://www.richstatespoorstates.org/app/uploads/2018/04/RSPS-2018-WEB.pdf>.

² Raymond Keating, “Small Business Policy Index, 2018,” Small Business and Entrepreneurship Council, Vienna, Va., 2018, available at <https://sbecouncil.org/wp-content/uploads/2018/02/SBPI2018-SBECouncil.pdf>.

³ “Hawaii: Who Pays? 6th Edition,” Institute on Taxation and Economic Policy, Washington, D.C., Oct. 17, 2018, available at <https://itep.org/whopays/hawaii>.

⁴ Norman Gemmell, Richard Kneller, & Ismael Sanz, “The Timing and Persistence of Fiscal Policy Impacts on Growth: Evidence from OECD Countries,” *The Economic Journal*, Volume 121, Issue 550, 1 February 2011, pp. F33-F58, available at <https://academic.oup.com/ej/article/121/550/F33/5079706>.

of the report concluded, “this result is based on strong assumptions that make realistic implementation impossible.”⁵

In other words, the inevitable effect of raising the excise tax is to discourage consumption, and any realistic model has to account for the probability that an increase in revenue will be offset by the possibility of a greater decrease in consumption.

Given that the state depends heavily on the excise tax as its revenue source, continued efforts to tack on surcharges for various projects, no matter how worthy, threaten to kill this particular golden goose. In January, the state Council on Revenues lowered its state general fund forecast for the current fiscal year, and the governor’s supplemental budget anticipates the possibility of recession in the near future. Adding an increase in the general excise tax under these conditions may have short-term benefits, but it also threatens a long-term slowdown in overall state revenues.

And there’s another way that an excise tax increase could net diminishing returns: It will increase the cost of living and hasten flight from our state.

Every increase in the excise tax has a ripple effect across our state economy, raising the cost of every service and good. The state’s already-high cost of living is frequently cited as the reason residents leave the state. It is also a barrier to attracting and retaining teachers.

What good does it do to give teachers a raise via a tax that will make it more expensive for them to live in Hawaii? Not only will this bill hurt Hawaii residents and businesses, but it will be counterproductive in its goal of improving education and helping teachers.

Thank you for the opportunity to submit our comments.

Sincerely,
Joe Kent
Executive Vice President, Grassroot Institute of Hawaii

⁵ Frank Zipfel and Caroline Heinrichs, “The Impact of Tax Systems on Economic Growth in Europe,” Deutsch Bank Research, Oct. 5, 2012, available at https://www.dbresearch.com/PROD/RPS_EN-PROD/PROD000000000461496/The_impact_of_tax_systems_on_economic_growth_in_Eu.pdf.

LATE

SB-1474-SD-1

Submitted on: 2/27/2019 12:29:17 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Miyahira	Individual	Oppose	No

Comments:

I think what would be more productive would be to be more effective with the monies that the DOE and UH already has. Where does the strategy of increasing taxes produce a reasonable outcome? This bill gives us no assurance that the DOE is spending our monies wisely.

LATE

SB-1474-SD-1

Submitted on: 2/27/2019 12:35:15 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Karen Poepoe	Individual	Support	No

Comments:

Public Schools in Hawaii need support.

LATE

SB-1474-SD-1

Submitted on: 2/27/2019 1:47:31 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Emily White	Individual	Support	No

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

RE: SB 1474 SD1 RELATING TO TAXATION

Thursday, February 28, 2019

10:30 a.m.

Chair Dela Cruz and Members of the Committee:

My name is [INSERT NAME]. I am a [TEACHER/COMMUNITY MEMBER] at [INSERT SCHOOL] in [INSERT DISTRICT] on [INSERT ISLAND]. **I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and UH by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.**

Our children are our future. When teachers instruct their students, we/they build the foundation for equality and prosperity for tomorrow's generations. Every dollar invested in our community's public schools yields exponential returns, not just for our economy, but for the promise of a more open and democratic society.

Supporting this proposal will lift our public schools in Hawai'i into the 21st Century. A vote for this measure is a vote for the funding we need to lower class sizes that allow teachers to connect with their students, provide whole child education that includes the arts and Hawaiian studies, provide resources and services for students with special needs, and provide professional pay that reflects the value of our hardworking teachers.

We need additional funding for our public schools, because... [OPTIONAL: INSERT a paragraph or two, tell your personal story or specific anecdotes about how the lack of funding affects your children/ students/community, how low pay and a lack of resources are driving teachers in your schools out of the profession, how teachers have to hold second and third jobs when they should be able to concentrate on their students after school, instead of rushing off to second jobs, etc., how investing in our public schools is an investment in our society/future]

To deliver the schools our keiki deserve, please support this bill.

We need your help.

Mahalo.

Emily White



LATE

Testimony to the Senate Committee on Ways and Means
Thursday, February 28, 2019 at 10:30 A.M.
Conference Room 211, State Capitol

RE: SB1474 SD1, RELATING TO TAXATION

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Chamber of Commerce Hawaii (“The Chamber”) **opposes** SB 1474 SD1, which would raise the General Excise Tax (GET) to fund the Department of Education and the University of Hawaii. While we support a quality education public education system, Hawaii residents simply cannot afford an increase in the GET.

The Chamber is Hawaii’s leading statewide business advocacy organization, representing about 2,000+ 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.

SB1474 SD1 would raise the GET by 12%, from 4% to 4.5%, and require that a portion of this new revenue be deposited into a sub-account to pay for Department of Education (DOE) and University of Hawaii operating expenditures. It would also raise the Use Tax by an equivalent amount.

The Chamber agrees that Hawaii students deserve a quality education. Throughout this Legislative Session, the Chamber has supported bills to strengthen public education, including measures to address the DOE’s reported \$800 million repair and maintenance project backlog, conduct an independent audit of the DOE to ensure that allocated funds are being used responsibly, and increase opportunities for workforce development. However, we believe that the DOE should not receive an additional dedicated funding source until the state can ensure that existing funds are being used responsibly.

Last November, Hawaii voters overwhelmingly rejected a hike in taxes to fund education. Although the measure was invalidated by the Hawaii Supreme Court, 50.8 percent of voters opposed raising taxes to fund education. This is nearly double the 26 percent who supported raising taxes. The concerns that the Chamber and Hawaii voters raised last year still stand.

SB1474 SD1 would raise taxes on all goods and services, which would further increase Hawaii’s already high cost of living and cost of doing business. A 2018 CNBC analysis found that Hawaii has the highest cost of living of any state, and a 2018 WalletHub report found that



Chamber of Commerce HAWAII

The Voice of Business

Hawaii taxpayers already are subject to the second highest tax burden in the country. Every day we see families, individuals and business owners struggle to make ends meet—this bill would add to their hardship and price more people out of living in Hawaii.

This bill would also exacerbate income inequality. A 2017 report by the Institute on Taxation and Economic Policy, a non-partisan research organization, found that families with an income below \$20,000 per year will spend 10.5 percent of their income on sales and excise taxes. Meanwhile, the top 1 percent of earners, who earn over \$457,100, pay just 1.2 percent of sales and excise taxes as a share of family income. This data shows that an increase in the GET will disproportionately hurt the most vulnerable Hawaii residents and families.

For these reasons, the Chamber opposes SB1474 SD1 and asks that it be deferred. Thank you for the opportunity to testify.



SB-1474-SD-1

Submitted on: 2/27/2019 9:01:40 PM
Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Valerie Harmon	Testifying for Kalakaua Middle School	Support	No

Comments:

Chair Dela Cruz and Members of the Committee:

My name is Valerie Harmon. I am a teacher at Kalakaua Middle School in the Honolulu District onon Oahu. **I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and UH by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.**

Our children are our future. When teachers instruct their students, we/they build the foundation for equality and prosperity for tomorrow's generations. Every dollar invested in our community's public schools yields exponential returns, not just for our economy, but for the promise of a more open and democratic society.

Supporting this proposal will lift our public schools in Hawai'i into the 21st Century. A vote for this measure is a vote for the funding we need to lower class sizes that allow teachers to connect with their students, provide whole child education that includes the arts and Hawaiian studies, provide resources and services for students with special needs, and provide professional pay that reflects the value of our hardworking teachers.

We need additional funding for our public schools, because we teachers are underpaid and yet continue to spend roughly \$500 per year to support the basic needs of our students. Please know that Hawaii will continue to lose qualified educators and future educators because the salary is too low. New incentives for new employees is nice, but seasoned professionals need to have pay raises, now. To deliver the schools our keiki deserve, please support this bill.

We need your help. Mahalo.

LATE

SB-1474-SD-1

Submitted on: 2/27/2019 5:05:46 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Davelyn Lokelani Han	Individual	Support	No

Comments:

We need to find a way to fund our schools so that our keiki receive the very best public education possible. Our teachers need to be adequately compensated for the jobs that they are doing; our schools deserve the safest sites possible. We cannot have our kids learning 21st century concepts using 19th century resources!

LATE

SB-1474-SD-1

Submitted on: 2/27/2019 5:48:09 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Sarpi	Individual	Support	No

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

RE: SB 1474 SD1 RELATING TO TAXATION

Thursday, Feb. 28, 2019, at 10:30 a.m.

Chair Dela Cruz and Members of the Committee:

My name is **Jennifer Sarpi**. I am a SSC and parent at **Pearl Ridge Elementary School in Central District** on Oahu. I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and the University of Hawaii by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.

Our children are our future. When teachers instruct their students, we build the foundation for equality and prosperity for tomorrow's generations. Every dollar invested in our community's public schools yields exponential returns, not just for our economy, but for the promise of a more open and democratic society.

Supporting this proposal will lift our public schools in Hawaii into the 21st century. A vote for this measure is a vote for the funding we need to lower class sizes that allow teachers to connect with their students, provide whole child education that includes the arts and Hawaiian studies, provide resources and services for students with special needs, and provide professional pay that reflects the value of our hardworking teachers.

Teachers need to be paid a reasonable salary so they can continue to make our children a priority. We need to have licensed teachers in every classroom.

To deliver the schools our keiki deserve, please support this bill.

We need your help. Mahalo.

Jennifer Sarpi

Central District

Oahu

LATE

SB-1474-SD-1

Submitted on: 2/27/2019 8:17:14 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Clare M Hanusz	Individual	Support	Yes

Comments:

I am a parent of two public school kids and am keenly aware of the shortcomings facing Hawai'i's public schools due largely in part to inadequate funding. This cannot be allowed to continue, we owe our kids better. I strongly support this measure.



SB-1474-SD-1

Submitted on: 2/27/2019 8:43:42 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Nicomas Dollar	Individual	Support	No

Comments:

Chair Dela Cruz and Members of the Committee:

My name is Nicomas Dollar I am the science, health, and physical education teacher for both middle school and high school grades 7-12 at Kawaikini NCPCS in Kauai county on the island of Kauai. I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and the University of Hawaii by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki. Our children are our future. When teachers instruct their students, we build the foundation for equality and prosperity for tomorrow's generations. Every dollar invested in our community's public schools yields exponential returns, not just for our economy, but for the promise of a more open and democratic society.

Here at Kawaikini I receive only \$500 per year to buy materials to teach Life science, Earth and Space science, Biology, and Environmental science, health and physical education. I have to give up family time in order to spend my personal time after school and on the weekends writing grants and running fundraisers to afford the things we need in the classroom. Even though my HSTA contract states that I should have a 30-minute lunch break I cannot because our school can't afford staff to monitor the students at lunch. We also lack staff to give our Special Needs students the services they are required to have. As a result, I'm very stressed trying to accommodate those students in my classroom along with my other students. Teachers and students share bathrooms. We do not have adequate restroom facilities so there is stress just trying to use the bathroom and we do not have a permanent place for students to eat. Our students eat under a tarp to protect themselves from the weather and take turns washing their own eating utensils.

All this stress in addition to living paycheck to paycheck because of low teacher pay. Without my boyfriend's help myself and my elderly mother, who I support would be homeless. The cost of living is very high here on our island where there is also a shortage of affordable housing. Lack of resources are driving teachers out of the profession as we have to hold two to three jobs to make ends meet. In addition, we have increasing health care costs that we shoulder, while other employers fund their employee's medical coverage. For example: A Long Shore man doesn't even need to attend college for their job, yet they have full medical benefits and make three times the wages teachers make.

To deliver the schools our keiki deserve, please support this bill.

We need your help. Mahalo.

Nicommas Dollar, Kauai

LATE

SB-1474-SD-1

Submitted on: 2/27/2019 9:29:02 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
James Gauer	Individual	Support	No

Comments:

Chair Dela Cruz and Members of the Committee:

My name is **James Gauer**. I am a **[Student Teacher at Kapolei High School in Leeward on Oahu]**. I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and the University of Hawaii by increasing the GET by 1/2 percent. It's a small price to ask for the future of our keiki.

Our children are our future. When teachers instruct their students, **we** build the foundation for equality and prosperity for tomorrow's generations. Every dollar invested in our community's public schools yields exponential returns, not just for our economy, but for the promise of a more open and democratic society.

Supporting this proposal will lift our public schools in Hawaii into the 21st century. A vote for this measure is a vote for the funding we need to lower class sizes that allow teachers to connect with their students, provide whole child education that includes the arts and Hawaiian studies, provide resources and services for students with special needs, and provide professional pay that reflects the value of our hardworking teachers.

To deliver the schools our keiki deserve, please support this bill.

We need your help. Mahalo.

James Gauer, Honolulu, Oahu

SB-1474-SD-1

Submitted on: 2/27/2019 10:34:14 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Phillippe Galicinao	Individual	Support	No

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

RE: SB 1474 SD1 RELATING TO TAXATION

Thursday, Feb. 28, 2019, at 10:30 a.m.

Chair Dela Cruz and Members of the Committee:

My name is Phillippe Fernandez Galicinao. I am a Secondary Mathematics and Science Teacher at Halau Ku Mana New Century Public Charter School in Honolulu on O'ahu. I am submitting testimony in support of SB 1474 SD1 to increase funding for public schools and the University of Hawai'i by increasing the General Excise Tax by 1/2 percent. It's a small price to ask for the future of our keiki.

Our children are our future. When teachers instruct their students, we build the foundation for equality and prosperity for tomorrow's generations. Every dollar invested in our community's public schools yields exponential returns, not just for our economy, but for the promise of a more open and democratic society.

Supporting this proposal will lift our public schools in Hawai'i into the 21st century. A vote for this measure is a vote for the funding we need to lower class sizes that allow teachers to connect with their students, provide whole child education that includes the arts and Hawaiian studies, provide resources and services for students with special needs, and provide professional pay that reflects the value of our hardworking teachers.

We need additional funding for our public schools, including our public charter schools because the lack of funding prevents important curriculum, supplies, and infrastructure

at our school. We deal with broken bathrooms, buses, leaking classrooms, and lack of equipment as a result of inadequate funding. The cost of living in Hawai'i, high cost of housing, increase student debt and low pay are driving teachers out of the profession. I have a Masters degree and am pursuing a PhD in Education in curriculum and instruction. I pay a mortgage and student loans from graduate school. Our pay is low and cost of living is high. How can I give my students my extra time after school and how can I give more time to curriculum development and planning if, in addition to my full time teaching career, I have to hold have additional jobs to pay my student loans, mortgage, and living expenses. Investing in our public schools is an investment in the success and future for middle class teachers and students going to college and students going into the workforce.

To deliver the schools our keiki deserve, please support this bill. We need your help. Mahalo.

Phillippe Fernandez Galicinao, M.Ed., Honolulu District, O'ahu

Kumu

Secondary Mathematics and Science

HÄ• Iau KÄ« MÄ• na New Century Public Charter School

2101 Makiki Heights Drive

Honolulu, Hawai'i 96822

(808)945-1600

LATE

SB-1474-SD-1

Submitted on: 2/28/2019 4:59:23 AM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Boyd Ready	Individual	Oppose	No

Comments:

Dear Senators:

The problem in attracting and paying teachers enough is the cost of living, specifically, housing out of reach for most teachers, along with other living costs much higher.

The solution is not to add a regressive tax which increases the cost of living and is not even dedicated to teacher salaries.

The solution is to use public lands, including DOE lands, as the Hawaii Constitution, Article X, Section 5, already requires, and which has still not been done. Public lands are to be used for "home and farm ownership to the widest extent possible..."

Teacher housing land trusts could be established that provide and enable teachers to accumulate equity as well as to reside in lower cost quarters. Many, many schools have grounds that are not entirely utilized. Many State lands are within easy commuting distance of schools and are not only under-utilized but even under-maintained and opportunistically inhabited by campers. Teacher housing with an equity component would solve maintenance and oversight issues for those lands, and make an actual difference to teachers' quality of life.

Hawaii's schools used to provide teacher cottages in many rural sites.

Raising the GET will make the teacher problem worse, not better. I urge you to vote 'NO' on continuing to consider this regressive tax bill.

Respectfully,

Boyd Ready

Haleiwa



February 28, 2019

LATE

Senate Ways and Means Committee
Sen. Donovan M. Dela Cruz, Chair
Sen. Gilbert S. C. Keith-Agaran, Vice Chair

2850 Kahawai Street
Honolulu, HI 96822

808 988 5505
www.ppsHI.org

Re: SB 1474 SD1
Hearing: Thursday, February 28, 2019, State Capitol Room 211

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee members:

Lois Yamauchi
President
Honolulu, Hawaii

Kashmira Reid
Vice President

Erin Yagi
Secretary

Ernestine Enomoto
Treasurer

Deborah Bond-Upson

Kay Fukuda

Clare Hanusz

Mary Weir

Susan Wood

This testimony is in strong support for SB 1474 SD1, Relating to Taxation. I am writing on behalf of Parents for Public Schools of Hawai'i (PPS Hawai'i), a non-profit organization focused on supporting and improving Hawaii's public schools through family engagement. Our group emerged from the Furlough Friday crisis, and we have over 1,000 members statewide.

As you know, the majority, a total of 180,000 children and youth in our State, attend public schools. Public education is the bedrock of a strong democracy. It is the great equalizer--a place where children from all communities in Hawai'i can gain the knowledge and skills to become our future leaders. In our public schools, children of all backgrounds, including those from immigrant and low income families, are exposed to new ideas, develop their talents, and discover who they are and want to become.

Our children are our greatest asset. Given what is at stake, public schools should be our State's highest priority, and this should be reflected in our public spending. All children deserve highly qualified and caring teachers, who recognize their assets and challenge them with new and engaging curricula. Every child should walk onto their school campus in excitement of what awaits them—wonderful teachers and well-cared for and equipped facilities to engage and challenge them.

Unfortunately, we know that our schools are chronically under-funded. We don't have the resources to recruit and retain the best teachers for all of our schools. When we asked our members what concerned them the most about our public schools, we heard about the series of substitute teachers that appeared in classrooms throughout the year. Substitutes, who did not know the subjects they were there to teach. Other parents talked about dilapidated and uncomfortable facilities that made learning difficult. Many mentioned their children's lack of access to education in the arts, music, physical education, and other subjects that engage children and are part of a well-rounded education. The situation is the worst at schools serving children in rural, low-income and neighbor island communities.

Our 1,000 members, whose children are in the public schools, want change. We support increasing the GET by ½ percent to create a permanent funding stream that will provide necessary resources for our schools and university system to flourish. This is the time for us to truly invest in our children—to show them that they are our highest priority. Please support SB 2922.

Aloha,

Lois Yamauchi, PhD
President, Parents for Public Schools of Hawai'i

Parents for Public Schools Hawaii (PPSHI) is a not-for-profit 501(c)(3) volunteer organization of parents, community members, and educators working to improve and support public education through family engagement. We are committed to ensuring all children in Hawai'i have access to a quality public education.

LATE

SB-1474-SD-1

Submitted on: 2/28/2019 8:57:09 AM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Leila Kealoha	Individual	Support	No

Comments:

Aloha, my name is Leila Kealoha and I am currently a teacher at a public charter school. I support SB1474 with amendments. The bill should state that funding be given to the Department of Education and the Charter School Commission. Charter schools service the same population of students and are held to the same standards as DOE schools, if not more standards. Charter schools should receive the same amount of funds as DOE schools. I support SB1474 with the amendment that charter schools are included in the receiving of these funds.



LATE

Thursday, February 28, 2019

Senate Bill 1474 SD1
Testifying in Strong Support

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means,

The Democratic Party of Hawai'i (The Party) **strongly supports of SB1474 SD1 Relating to Taxation**, which increases the General Excise Tax (GET) and Use Tax by 0.5% to provide a dedicated funding source for the Department of Education and the University of Hawai'i.

Educating our state's children by fully funding our public school system is one of the most important jobs of the State of Hawai'i.

Currently our schools lack qualified teachers in over 1,000 classrooms which, instead, are staffed by substitutes and emergency hires without the training and knowledge to educate our students. In addition, the crumbling facilities and lack of basic resources in our schools make it impossible for our children to learn and reach their potential. Other bills referred to the Committee on Education which propose expansion of our state's pre-kindergarten classrooms, while beneficial to our state, may exacerbate the teacher shortage problem in our schools. We need adequate funding to pay, support and train our public school teachers.

For these reasons, we urge you to vote favorably on this bill and increase the funding for the Department of Education and the University of Hawai'i through the increase of the GET and Use Tax in the amount of 0.5%.

Mahalo for the opportunity to testify,

Josh Frost
Co-Chair, Legislation Committee
Democratic Party of Hawai'i

Zahava Zaidoff
Co-Chair, Legislation Committee
Democratic Party of Hawai'i

LATE

SB-1474-SD-1

Submitted on: 2/28/2019 1:32:55 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jared Watumull	Individual	Oppose	No

Comments:

I storngly oppose SB1474. While I support funding our schools I oppose this measure that will make it more expensive to live and work in Hawaii.

LATE

SB-1474-SD-1

Submitted on: 2/28/2019 3:06:31 PM

Testimony for WAM on 2/28/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Tada	Individual	Support	No

Comments:

I support this bill. Education is the bedrock foundation that we invest within our children so that they may have a great future.