DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR

ISAAC W. CHOY
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

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

From: Isaac W. Choy, Director
Department of Taxation

Date: March 24, 2021
Time: 10:00 A.M.
Place: Via Video Conference, State Capitol

Re: H.B. 133, H.D. 1, Relating to Capital Gains

The Department of Taxation (Department) offers the following comments regarding H.B. 133, H.D. 1, for your consideration.

H.B. 133, H.D. 1, increases the Hawaii income tax rate on capital gains from 7.25% to 9%. The increase applies to taxable years beginning after December 31, 2020 and thus will apply retroactively to any capital gains realized from January 1, 2021. The bill has a defective effective date of July 1, 2050.

In general, the Department suggests prospective tax rate changes rather than retroactive tax rate changes. However, the Department notes that it can administer the rate change proposed by this bill for taxable years beginning after December 31, 2020, provided that functional effective date is inserted.

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

Hawaii
Children's Action Network Speaks!
Building a unified voice for Hawaii's children

Hawaiʻi Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.

To: Senate Committee on Ways and Means

Re: **HB133 HD1 - Relating to capital gains**
Hawaiʻi State Capitol, room 211 & videoconference
March 24, 2021, 10:00 AM

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

On behalf of Hawaiʻi Children's Action Network Speaks!, I write in SUPPORT of HB133 HD1, which would increase the capital gains tax threshold from 7.25 percent to 9 percent.

As the state legislature is facing revenue shortfalls for the next few years, it's important to keep in mind that government spending cuts would further harm our already injured economy and social services that have become more and more essential to Hawaiʻi's keiki and their families during this pandemic crisis.

That's why we support a range of progressive revenue options to close budget gaps without cutting critical government programs. One of the policies best-targeted at those at the top is closing the capital gains tax loophole. As so many of our working families struggle, it makes sense to ask those who are fortunate enough to be doing well in this economy to pay a little more.

Long-term capital gains constitute 10 percent of total taxable income in the state, or nearly $3.5 billion in 2017.[1] **Hawaiʻi is one of only nine states that allows all capital gains** – profits from the sale of investments like stocks, bonds, real estate, art, and antiques – **to be taxed at a *lower* rate than regular earned income**.[2]

This capital gains loophole is a tax break that goes almost entirely to high-income taxpayers. **If capital gains in Hawaiʻi were taxed at regular individual income tax rates, as most states do**, it would yield about $80 million in additional revenues per year, and **97 percent of those revenues would come from the top 5 percent of taxpayers. Those in the bottom 80 percent would not be affected by the tax change at all.**[3]

If the capital gains rate were raised to a flat 9 percent, as this bill does, then single filers making over $150,000 per year and married filers making over $300,000 would still get a tax break on some of their capital gains.

Mahalo the opportunity to provide testimony in support of this bill. Please pass HB133 HD1.

Thank you,

Nicole Woo
Director, Research and Economic Policy

[1] https://files.hawaii.gov/tax/stats/stats/indinc/2017indinc.pdf
[2] www.cbpp.org/research/state-budget-and-tax/state-taxes-on-capital-gains
[3] Unpublished analysis by the Institute on Taxation and Economic Policy

850 Richards Street, Suite 201 • Honolulu, HI 96813 • 808-531-5502
speaks.hawaii-can.org • speaks@hawaii-can.org

ADA HAWAI'I
AMERICANS FOR DEMOCRATIC ACTION

OFFICERS	DIRECTORS			MAILING ADDRESS
John Bickel, President	Melodie Aduja	John Miller	Bill South	P.O. Box 23404
Alan Burdick, Vice President	Juliet Begley	Jenny Nomura	Zahava Zaidoff	Honolulu
Dave Nagajji, Treasurer	Stephanie Fitzpatrick	Stephen O'Harrow		Hawaii 96823
Doug Pyle, Secretary	Jan Lubin	Lyn Pyle		

March 19 , 2021

TO: Chair Dela Cruz and members of WAM Committee

RE: HB 133 HD 1 Relating to Capital Gains

Support for hearing on March 24

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 HB 133 HD 1 as it would raise the capital gains tax to nine percent. There is a famous story about Warren Buffett saying what is wrong with our tax system is that his secretary pays a higher rate of tax than he does. One of the richest men in the world pays a low tax rate because most of his income is in capital gains. Indeed earning off of ownership should be taxed higher than earning off of labor. This bill is a step in the right direction to make the total tax system – state and federal—more equitable.

Thank you for your favorable consideration.

Sincerely,
John Bickel, President

Young Progressives Demanding Action
P.O. Box 11105
Honolulu, HI 96828

March 20, 2021

TO: SENATE COMMITTEE ON WAYS & MEANS
RE: Testimony in support of HB133 HD1, requesting substantive amendments

Dear Senators,

Young Progressives Demanding Action (YPDA) **supports** HB133 HD1, but requests substantive amendments from your committee. Rather than taxing capital gains at 9 percent (which is better than the current 7.5 percent), we believe capital gains should be taxed at the same rate as other income.

Hawaiʻi is one of only nine states that taxes all capital gains—profits from the sale of stocks, bonds, investment real estate, art, and antiques—at a lower rate than ordinary income. That's a tax break that goes almost entirely to high-income taxpayers, including non-residents who profit from investing in real estate in Hawaiʻi.

Even at 9 percent, single taxpayers earning over $175,000 and couples earning over $350,000 per year would still be getting at tax break. If, instead, those capital gains were taxed at regular income tax rates, as most states do, Hawaiʻi would bring in about $80.2 million in new revenue.

If capital gains were taxed at regular income tax rates, a whopping 97 percent of the tax would be paid by the top 5 percent of earners in Hawaiʻi, while the bottom 80 percent of earners would pay nothing at all.

The idea that tax increases will cause wealthy, successful business folks to flee the state for places with lower tax rates is a myth (see: Young, Cristobal, *The Myth of Millionaire Tax Flight: How Place Still Matters for the Rich*, Stanford University Press, 2017). It is a self-serving lie that the rich and their sycophants like to use to try and scare us into thinking tax increases on the wealthy are bad. Nothing could be further from the truth.

Good tax policy is a cornerstone of a prosoperous economic system. Good tax policy strengthens opportunity by letting working families keep more of what they earn while asking the wealthy and corporations to pay their fair share.

When workers keep more earnings, they support our economy through spending. And when the wealthy and corporations pay their fair share for the use of the public goods and infrastructure that helped them succeed, they ensure that the next generation can succeed as well.

Now is a critical time for tax fairness. The pandemic-recession caused by COVID-19 has hammered working families that earn low wages while the wealthy have been largely unaffected. Many white-collar workers have thrived during the lockdown period by staying employed, saving money and working from home. They have also benefited from the Federal Reserve sending interest rates to zero while stocks and home prices have soared.

This has excacerbated the inequality in our community, which is extremely bad for our economy. That's because low-wage workers spend most of their earnings here in Hawaiʻi, powering the consumer spending we need to generate tax revenue through the General Excise Tax (GET). At the same time, high unemployment has reduced revenue from income taxes, and public health concerns have reduced revenue from the Transient Accommodations Tax (TAT).

Federal relief money will temporarily help the state shore up its budget deficits and fund programs needed to keep these families afloat. But what happens after this relief money is used up?

We must look to the future. We must address the underlying imbalance in our economy that was already placing half of all Hawaiʻi working families on the edge of ruin. Even before COVID-19, the bottom 50 percent of U.S. households in 2019 accounted for just 1 percent of the country's total wealth, while the top 10 percent owned 76 percent of assets.

Right now, more than 18 million Americans are claiming unemployment benefits of some kind or another. Census data tells us that nearly 81 million Americans say they're having trouble paying for regular household expenses, 51 million expected a loss in income in the coming month, 22 million did not have enough food, and 11 million don't think they'll be able to make their next housing payment on time.

At the same time, the wealthy among us are doing better than ever. In the past 12 months, the country's 664 billionaires saw their wealth increase 44 percent, or $1.3 trillion, according to an analysis by Americans for Tax Fairness.

With *just* the wealth he's gained since the start of the pandemic ($29 billion according to Forbes), Larry Ellison could afford to immediately build nearly 100,000 housing units (assuming construction cost of $300,000 each), thus wiping out the entire housing shortage in the state. He would still be a billionaire multiple times over. Instead, the world's 5th richest person has pledged to build just 76 affordable rental homes.

It is time to restore some balance to our tax codes and our larger economic system more generally. Policy decisions by the state legislature can have a big impact in addressing this serious problem. Tax fairness policies like HB133, and those contained within SB56, will help. These measures must be passed this year.

Mahalo for the opportunity to testify,

Will Caron
Board President & Secretary, 2020–2021
action@ypdahawaii.org

HB-133-HD-1
Submitted on: 3/21/2021 3:08:54 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Laurie Field	Testifying for Planned Parenthood Votes Northwest and Hawaii	Support	No

Comments:

Planned Parenthood Votes Northwest and Hawaii supports HB 133, HD1. Thank you!

Chamber of Commerce HAWAII
The Voice of Business

Testimony to the Senate Committee on Ways and Means
Wednesday, March 24, 2021 at 10:00 P.M.
Written Testimony

<u>RE: HB 133, HD 1, RELATING TO CAPITAL GAINS</u>

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

The Chamber of Commerce Hawaii ("The Chamber") **opposes** HB 133, HD 1 which seeks to increase the capital gains tax threshold from 7.25 per cent to 9 per cent and applicable after tax years 12/31/2020.

The Chamber is Hawaii's leading statewide business advocacy organization, representing 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.

The capital gains tax is the most important tax a small business must contend with at the start of the business and at the end of the entrepreneur's association with the business.

A capital gain (or loss) generally refers to the price of an asset when it is sold compared to its original purchase price. A capital gain occurs if the value of the asset at the time of sale is greater than the initial purchase price.

To put the capital gains tax into perspective, consider the following short of a small business. Suppose you had an idea for a new product or service, and as an entrepreneur, you decided to start your own business to take advantage of this opportunity.

One of the first tasks is to raise the capital needed to open your doors. As is well known, the traditional capital markets are generally available only to established businesses, so you talk to your local banker only to learn that banks usually make loans to on-going businesses. He will make you the loan, however, if you can collateralize the entire amount which means digging deep into your savings or family and friends to help raise seed money.

If you are like most small businesses, your hopes for turning a profit lie somewhere in the future but healthcare, social security tax, unemployment tax, and payroll seem to drain the life blood of the fledgling business—your cash flow.

After a few years, you turn a profit but capital gains tax continues to stunt business growth by limiting the ability to attract investors. Anyone lending capital, particularly for such a risky venture as a new business, does so with the expectation of a large return on his or her investment. The capital gains tax diminishes the after-tax value of that return, thereby discouraging the investment.

Capital gains taxes impose costs on the economy because they reduce returns on investment and thereby distort decision making by individuals and businesses. This can have a substantial impact on the reallocation of capital and the level of entrepreneurship.

Capital gains are taxed on a realization basis. This means that the tax is only imposed when an investor opts to withdraw his or her investment from the market and realize the capital gain.

While we understand the intent of this measure, we ask you whether the increase in capital gains taxes an appropriate mechanism at risk of constraining entrepreneurship, capital infusion, and investments in Hawaii.

Thank you for this opportunity to provide testimony.

49 South Hotel Street, Room 314 | Honolulu, HI 96813
www.lwv-hawaii.com | 808.531.7448 | voters@lwv-hawaii.com

COMMITTEE ON WAYS AND MEANS
WEDNESDAY, 3/24/21, 10 AM, Room No. 211

HB133 HD1 RELATING TO CAPITAL GAINS
Beppie Shapiro, Legislative Committee, League of Women Voters of Hawaii

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

The League of Women Voters of Hawaii supports HB133 HD1 which increases the capital gains tax threshold from 7.25 per cent to 9 per cent.

During the pandemic people whose income is largely from investments rather than salaries or wages, have increased their wealth while those dependent on wages or salaries have overall lost substantially, and in many cases catastrophically. Hawai`i needs to find ways to help those who have been getting "the short end of the stick" for a long time, especially those now in desperate circumstances. If HB133 HD1 is enacted, the State stands to gain about **$80 million** in income. This additional revenue would come almost entirely from the top 5% of income-reporting taxpayers, while the lower 95% would not owe any additional taxes.

Hawai`i is unusual in taxing capital gains at a LOWER rate than ordinary income. This tax break is regressive, meaning that wealthier taxpayers, whose wealth is largely from investments, pay a smaller percent of their income in taxes than those who depend on employment for their income.

The League of Women Voters favors progressive tax policies, which are fairer to those at the lower end of the income scale. Please pass HB133 HD1.

Thank you for the opportunity to submit testimony.

March 24, 2021. 10:00 a.m.

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

From: Beth Giesting, Director, Hawai‘i Budget & Policy Center

Re: Support for HB133, HD1, Relating to Capital Gains

The Hawai‘i Budget & Policy Center provides the following comments in support of HB133, HD 1, Relating to Capital Gains.

The current 7.25 percent tax rate on long-term capital gains income disproportionately benefits households with earnings of $400,000 per year or more. These taxpayers, who are most capable of contributing to Hawai‘i’s public resources, have a top marginal tax rate of 11 percent on ordinary income. Increasing the tax rate on long-term capital gains to 9 percent would be productive since this source of income accounted for $3.5 billion in 2018, and is progressive and responsible tax policy.

According to the State Department of Taxation:

- In 2018, **long-term capital gains accounted for $3.5 billion** in reportable income, or **10 percent of all taxable income** in Hawai‘i.

- $2.9 billion in long-term capital gains income was reported for all residents, with **$2.1 billion of the total going to residents with incomes of $400,000 per year**, or **72 percent** of the total. Long-term capital gains made up **nearly one-third of their adjusted gross income**.

- $601 million in long-term capital gains income was reported for all nonresident taxpayers, with **$402 million of the total going to nonresidents with incomes of $400,000 per year** or more, or **67 percent** of the total.

Thank you for the opportunity to testify.

Hawaiʻi Association of REALTORS®
808-733-7060
808-737-4977
1259 Aʻala Street, Suite 300
Honolulu, HI 96817

March 24, 2021

The Honorable Donovan Dela Cruz, Chair
Senate Committee on Ways and Means
Via Videoconference

RE: H.B. 133, HD1, Relating to Capital Gains

HEARING: Tuesday, March 24, 2021, at 10:00 a.m.

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

I am Ken Hiraki, Director of Government Affairs, testifying on behalf of the Hawaiʻi Association of REALTORS® ("HAR"), the voice of real estate in Hawaiʻi, and its over 10,000 members. HAR **provides comments** on House Bill 133, HD1, which increases the capital gains tax threshold from 7.25% to 9%. Applies for tax years beginning after 12/31/2020.

A capital gain happens when one sells an investment for a profit, such as stocks, real estate or businesses. The federal government's capital gains rate is taxed at a lower rate than ordinary income and is indexed for inflation. As such, HAR believes Hawaii's capital gains rate should be at the lower amount to factor in inflation.

HAR would further note that Hawaiʻi, after California, has the second highest income tax bracket in the nation at 11%. Additionally, Hawaii's highest tax bracket starts at a lower threshold of $200,001, unlike California, which starts at $359,408 for the 11.3% rate. Furthermore, HAR would note that upon the sale of real estate, one must also pay the Conveyance Tax on the sale, unlike other assets.

Hawaiʻi has the highest cost of living compared to other States. At a time where our economy and individuals are hurting and businesses are closing, HAR believes it is not prudent to increase the capital gains tax rate.

Mahalo for the opportunity to testify.

LEGISLATIVE TAX BILL SERVICE

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304 Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Raise Capital Gains Tax Rate

BILL NUMBER: HB 133, HD1

INTRODUCED BY: House Committee on Economic Development

EXECUTIVE SUMMARY: Increases the capital gains tax threshold from 7.25 per cent to 9 per cent. Effective for tax years beginning after 12/31/2020.

SYNOPSIS: Amends section 235-51, HRS, to raise the maximum tax rate on net capital gain to 9%.

EFFECTIVE DATE: July 1, 2050.

STAFF COMMENTS: Under current law, capital gains are taxed as income. A capital gain is a profit from the sale of a capital asset—such as a house, stock, bond, or jewelry— from the time that asset is acquired until the time it is sold. The price at which an asset is purchased is called the asset's "basis," and taxpayers pay tax on the difference between an asset's basis and its sales price when they sell, or realize, that capital gain.

In the federal system, for capital gains realized on assets held for less than one year (short-term capital gains), taxpayers pay taxes according to their ordinary individual income tax rate, ranging from 10 percent to 37 percent. For assets held longer than one year (long-term capital gains), taxpayers pay a reduced tax rate, ranging from 0 percent to 20 percent, depending upon a taxpayer's income. Individuals with Modified Adjusted Gross Income surpassing $200,000 ($250,000 for married couples) pay an additional 3.8 percent tax on net investment income.

Also, when a person dies and leaves property to an heir, the basis of that property is increased to its fair market value. This "step-up in basis" means that any capital gains that occurred during the decedent's life go untaxed. When the heir sells that property, any capital gains taxation will be assessed based on the heir's new basis. Step-up in basis reduces the tax burden on transferred property, as the total value of transferred property is already taxed by the estate tax.

Presently, capital gains income is taxable at the federal level and in all 41 states which also tax wage income. The federal government offers a lower rate for long-term capital gains but taxes short-term gains at the ordinary rate. States tend to tax capital gains at the ordinary rate.

This proposal is still a tax increase on individuals. This bill does not change the maximum capital gains tax rate on corporations.

In any event, 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 must 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.

Digested 2/23/2021

HB-133-HD-1
Submitted on: 3/22/2021 1:53:09 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Thomas Brandt	Testifying for Foresight/Policy Analysis	Support	No

Comments:

Chair Dela Cruz, Vice-Chair Keith-Agaran, and members of the Senate Committee on Ways and Means:

I strongly support this bill. Hawaiʻi is one of only nine states that allows all capital gains to be taxed at a lower rate than ordinary income. That's a tax break that goes almost entirely to high-income taxpayers, including non-residents who profit from investing in real estate in Hawaiʻi.

If Hawaiʻi were to tax capital gains at the same rates as regular income—as most states do—Hawaiʻi would bring in about $80.2 million in new revenue. 97 percent of the tax would be paid by the top 5 percent of earners in Hawaiʻi, while the bottom 80 percent would pay nothing at all.

In general, I think passive "un-earned" income should be taxed much more heavily than earned income--especially when that passive income is exported out of Hawaii's economy to absentee owners of income-generating assets in Hawaii

--to disincentivize the exportation of too much income generated by Hawaii's economy--

along with much more generous and progressive tax credits for low-income renters, and more generous progressive income tax credits for GET paid on food and medicine expenditures. Unemployment benefits should also be completely exempt from taxation, in my opinion.

Finally, long-existing federal tax incentives for employers who share profits and ownership with employees should be locally enhanced to gradually encourage "re-localization" and better democratization of the wealth and income generated by Hawaii's economy.

In contrast to wasting more taxpayer monies on tax incentives and subsidies intended to "diversify" the local economy by trying to attract and/or create new

industries and more "good" jobs, which I think have been a net negative for local taxpayers in the past--

i.e. instead of government trying to "pick winners"--

I think increasing profit-sharing and sharing ownership with local employees could better ensure broad-based economic prosperity in Hawaii regardless of what mix of businesses and jobs are economically viable in Hawaii going forward.

Thank you for the opportunity to offer these comments.

Thomas Brandt

Foresight/Policy Analysis

HB-133-HD-1
Submitted on: 3/22/2021 3:51:30 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Derwin1958	Testifying for Advocacy Coalition	Support	No

Comments:

Aloha Senator Donovan Delacruz,

My name is Derwin Teranishi, I attend Waipahu Aloha Clubhouse, and I am an advocate of the Hawaii Clubhouse Advocacy Coalition. I am in support of this bill HB133.

I believe that the increase in the capital gains tax is a necessary and fair assessment to those who can contribute to the budget deficit during this unfortunate times. The increase will help to keep needed funding towards essential services and/or programs. For the popualtion of mental health, continued services are vital for our recovery. The clubhouse has been a needed support in our lives.

Thank you for your consderation,

Derwin Teranishi

HCAC

HB 133, HD1, RELATING TO CAPITAL GAINS

MARCH 24, 2021 · SENATE WAYS AND MEANS COMMITTEE · CHAIR SEN. DONOVAN DELA CRUZ

POSITION: Support with amendments.

RATIONALE: Imua Alliance **supports and suggests an amendment for HB 133, HD 1**, relating to capital gains, which increases the capital gains tax threshold from 7.25 per cent to 9 per cent.

We need to raise revenue to manage the economic recession spurred by COVID-19, not slash essential services for vulnerable residents. Imua Alliance is one of the state's largest victim service providers for survivors of sex trafficking. Over the past 10 years, we have provided comprehensive direct intervention (victim rescue) services to 150 victims, successfully emancipating them from slavery and assisting in their restoration, while providing a range of targeted services to over 1,000 victims and individuals at risk of sexual exploitation. **During the pandemic, demand for victim services to our organization has skyrocketed by 330 percent, driven in part by a fivefold increase in direct crisis calls from potential trafficking victims.**

Each of the victims we have assisted has suffered from complex and overlapping trauma, including post-traumatic stress disorder, depression and anxiety, dissociation, parasuicidal behavior, and substance abuse. Trafficking-related trauma can lead to a complete loss of identity. A victim we cared for in 2016, for example, had become so heavily trauma bonded to her pimp that while under his grasp, she couldn't remember her own name. Yet, sadly, many of the victims with whom we work are misidentified as so-called "voluntary prostitutes" and are subsequently arrested and incarcerated, with no financial resources from which to pay for their release.

Kris Coffield, Executive Director · (808) 679-7454 · kris@imuaalliance.org

Sex trafficking is a profoundly violent crime. At least 23 percent of trafficking victims in Hawai'i report being first exploited before turning 18, according to a recent report, with the average age of trafficked keiki's initial exposure to exploitation being 11. Based on regular outreach and monitoring, we estimate that approximately 150 high-risk sex trafficking establishments operate in Hawai'i. In a recent report conducted by the State Commission on the Status of Women, researchers from Arizona State University found that 1 in every 11 adult males living in our state buys sex online. When visitors are also counted, that number worsens to 1 in every 7 men walking the streets of our island home and a daily online sex buyer market of 18,614 for O'ahu and a total sex buyer population for the island of 74,362, including both tourists and residents.

ASU's findings are grim, but not surprising to local organizations that provide services to survivors of sex trafficking. Imua Alliance, for example, has trained volunteers to perform outreach to victims in high-risk locations, like strip clubs, massage parlors, and hostess bars. More than 80 percent of runaway youth report being approached for sexual exploitation while on the run, over 30 percent of whom are targeted within the first 48 hours of leaving home. With regard to mental health, sex trafficking victims are twice as likely to suffer from PTSD as a soldier in a war zone. Greater than 80 percent of victims report being repeatedly raped and 95 percent report being physically assaulted, numbers that are underreported, according to the United States Department of State and numerous trauma specialists, because of the inability of many victims to recognize sexual violence. As one underage survivor told Imua Alliance prior to being rescued, "I can't be raped. Only good girls can be raped. I'm a bad girl. If I *want* to be raped, I have to *earn* it."

Accordingly, we support measures to raise revenue to sustain critical services for survivors of sexual exploitation and sexual violence. Hawai'i is one of only nine states that taxes all capital gains—profits from the sale of stocks, bonds, investment real estate, art, and antiques—at a lower rate than ordinary income. That's a tax break that goes almost entirely to high-income taxpayers, including nonresidents who profit from investing in real estate in Hawai'i. Even at 9 percent, single taxpayers earning over $175K and couples earning over $350K per year would still be getting at tax break. **That said, to fully close the islands' capital gains loophole, we suggest amending this measure by increasing the capital gains tax to 11 percent, the current top personal income tax rate for the clear majority of individuals who accrue capital gains.** That's what most states do. Following that policy path would **generate an estimated $80.2**

million for Hawai'i, 97 percent of which would be paid by those in the top 5 percent of income earners in our state. We need to return to fiscal sanity and ask: do we support the privileged class's or the public's interest?

Kris Coffield · Executive Director, Imua Alliance · (808) 679-7454 · kris@imuaalliance.org

HOUSE BILL 133, HD 1, RELATING TO CAPITAL GAINS

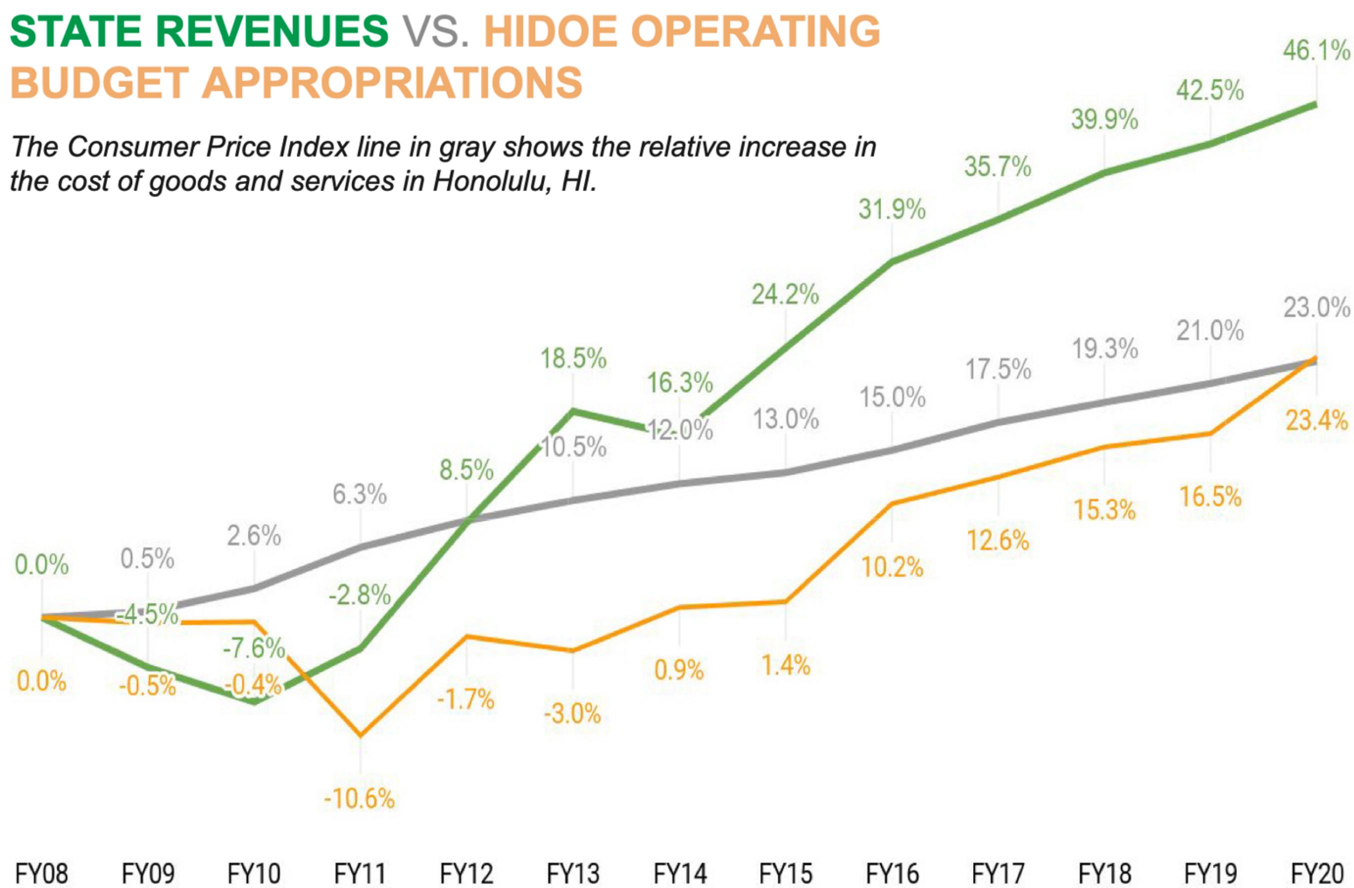
MARCH 24, 2021 · SENATE WAYS AND MEANS COMMITTEE · CHAIR SEN. DONOVAN DELA CRUZ

POSITION: Support with amendments.

RATIONALE: The Democratic Party of Hawai'i Education Caucus **supports and suggests an amendment** for HB 133, HD 1, relating to capital gains, which increases the capital gains tax threshold from 7.25 per cent to 9 per cent.

We desperately need to increase funding for public education, rather than cut the education programs on which their futures rely. As it has for years, the Aloha State is suffering from a chronic teacher shortage crisis, which could be exacerbated by proposed cuts to the Hawai'i Department of Education's budget amounting to 15 to 21 percent. Additionally, we continue to lose approximately 50 percent of new hires after five years–the number of teachers exiting the teaching profession has spiked by over 80 percent since 2010.

Prior to the pandemic, the Hawai'i Department of Education saw its budget grow at a pace that was much slower than the rate of increase for general fund revenue. From FY2008 to FY2020, the DOE's budget grew by 23.4 percent, keeping pace with the escalation in the state's cost of living. Yet, general fund revenue grew by 46.1 percent, nearly double the growth reflected in the DOE's budget. This proportional disparity must be rectified, so that our schools and students don't lose out on critical resources or learning opportunities. Education must be a priority for our state.



FY08-18 Actual Collections per Department of Taxation; FY19 and FY20 based on Council on Rvenues May 23, 2019 projection.

Accordingly, we strongly support measures to generate revenue in the face of the pandemic-related economic downturn, rather than managing the budget shortfall slashing services. Hawai‘i is one of only nine states that taxes all capital gains—profits from the sale of stocks, bonds, investment real estate, art, and antiques—at a lower rate than ordinary income. That's a tax break that goes almost entirely to high-income taxpayers, including nonresidents who profit from investing in real estate in Hawai‘i. Even at 9 percent, single taxpayers earning over $175K and couples earning over $350K per year would still be getting at tax break. **<u>That said, to fully close the islands' capital gains loophole, we suggest amending this measure by increasing the capital gains tax to 11 percent, the current top personal income tax rate for the clear majority of individuals who accrue capital gains.</u>** That's what most states do. Following that policy path would **generate an estimated $80.2 million for Hawai'i, 97 percent of which would be paid by those in the top 5 percent of income earners in our state.** We need to return to fiscal sanity and ask: do we support the privileged class's or the public's interest?

We cannot give up the quest for a fully-funded school system. Our keiki's and our community's future depends on our resolve.

Kris Coffield · Chairperson, Democratic Party of Hawai'i Education Caucus ·
(808) 679-7454 · kriscoffield@gmail.com

March 24, 2021

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

FROM: Christy MacPherson, PHOCUSED

SUBJECT: Testimony: Relating to Capital Gains

Hearing: March 24, 2021 at 10:00 am
Via videoconference

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

PHOCUSED is a nonpartisan project of Hawai`i Appleseed Center for Law and Economic Justice and comprises health and human service organizations and the people they serve across the State of Hawai`i. We have been collaborating on advocacy pertaining to critical procurement and service delivery issues that directly impact our providers.

Thank you for the opportunity to provide testimony **in support of HB133, HD1.**

PHOCUSED supports this bill for the following reason:

- Raising the capital gains tax threshold from 7.25 per cent to 9 per cent will bring revenue into our state to support our social services that provide necessary support to those experiencing houselessness/homelessness, domestic violence, lack of basic needs, mental illness, and other rising community issues exacerbated by the pandemic.

Thank you again for the opportunity to submit testimony on HB133, HD1.

733 BISHOP STREET, SUITE 1180 • HONOLULU, HI 96813 • (808) 587-7605 • PHOCUSED.ORG

HSTA
HAWAII STATE TEACHERS ASSOCIATION
Teaching Today for Hawaii's Tomorrow

1200 Ala Kapuna Street ♦ Honolulu, Hawaii 96819
Tel: (808) 833-2711 ♦ Fax: (808) 839-7106 ♦ Web: www.hsta.org

Corey Rosenlee
President

Osa Tui Jr.
Vice President

Logan Okita
Secretary-Treasurer

Wilbert Holck
Executive Director

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS & MEANS

RE: HB 133, HD1 - RELATING TO CAPITAL GAINS

WEDNESDAY, MARCH 24, 2021

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Dela Cruz and Members of the Committee:

The Hawaii State Teachers Association **supports HB 133, HD1**, relating to capital gains. This bill increases the capital gains tax threshold from 7.25 per cent to 9 per cent. Effective for tax years beginning after 12/31/2020.

Hawai'i is one of only nine states that taxes all capital gains—profits from the sale of stocks, bonds, investment real estate, art, and antiques—at a lower rate than ordinary income. That's a tax break that goes almost entirely to high-income taxpayers, including non-residents who profit from investing in real estate in Hawai'i.

Even at 9%, single taxpayers earning over $175K and couples earning over $350K per year would still be getting at tax break. If instead those capital gains were taxed at regular income tax rates, as most states do, Hawai'i would bring in about $80.2 million in new revenue, and 97% of it would be paid by those in the top 5%.

We need to fairly tax capital gains in Hawai'i**, while also ensuring that local families can contribute to their children's financial security. The federal Tax Cuts and Jobs Act gave a tremendous tax break to literally the richest among us**. **The state can now recapture some of those federal tax savings by raising the percentage of our state tax on capital gains.**

These funds will help make up for state revenue losses so that the state will be able to maintain much needed services and supports, such as our public schools and our teachers, but other state services as well! We need funding to prevent proposed layoffs, pay cuts, and furloughs!!

The U.S. has one of the lowest levels of intergenerational economic mobility, meaning that a child's economic future is highly dependent on their parents' economic standing. If your parents were rich, you are likely to be rich simply by default—and that wealth compounds with each generation. But if your parents were poor, it is increasingly more difficult to move up the socioeconomic ladder.

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Secretary-Treasurer

Wilbert Holck
Executive Director

To fairly tax wealth, while also ensuring that local families can contribute to their children's financial security, the Hawaii State Teachers Association asks your committee to **support** this bill.

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS & MEANS

RE: HB 133, HD1 – RELATING TO CAPITAL GAINS

WEDNESDAY, MARCH 24, 2021

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 HB 133, HD1**, relating to capital gains. This bill increases the capital gains tax threshold from 7.25 per cent to nine per cent. Applies for tax years beginning after 12/31/2020. Effective 7/1/2050. (HD1)

Hawaiʻi is one of only nine states that taxes all capital gains at a lower rate than ordinary income. That's a tax break that goes almost entirely to high-income taxpayers, including non-residents who profit from investing in real estate in Hawaiʻi.

Even at 9%, single taxpayers earning over $175K and couples earning over $350K per year would still be getting at tax break. If instead those capital gains were taxed at regular income tax rates, as most states do, Hawaiʻi would bring in about $80.2 million in new revenue, and 97% of it would be paid by those in the top 5%.

These funds will help make up for state revenue losses so that the state will be able to fund and maintain much needed services and supports when our communities need them the most. We need funding to prevent any proposed budget cuts that will cause needed services to lapse, or cause layoffs, pay cuts, and/or furloughs.

We need to fairly tax capital gains in Hawaiʻi, while also ensuring that local families can contribute to their children's financial security. **The federal Tax Cuts and Jobs Act gave a tremendous tax break to literally the richest among us**. **The state can now recapture some of those federal tax savings by raising the percentage of our state tax on capital gains.**

The U.S. has one of the lowest levels of intergenerational economic mobility, meaning that a child's economic future is highly dependent on their parents' economic standing. If your parents were rich, you are likely to be rich simply by default—and that wealth compounds with each generation. But if your parents were poor, it is increasingly more difficult to move up the socioeconomic ladder.

To fairly tax wealth, while also ensuring that local families can contribute to their children's financial security, the we ask your committee to **support this bill.**

HAWAIʻI ALLIANCE *for* PROGRESSIVE ACTION

Senate Committee on Ways & Means

Hawai'i Alliance for Progressive Action (HAPA) SUPPORTS: HB133

Wednesday, March 24th, 2021 10:00 a.m.

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

HAPA strongly supports HB133, which increases the capital gains tax threshold from 7.25 percent to 9 percent.

HAPA is a statewide environmental, social and economic justice organization. HAPA engages over 10,000 local residents annually through our work.

We believe that it is an important step in the right direction to raise the tax on long term capital gains such as sales of stocks, bonds, real estate, art and antiques.

Hawaiʻi is one of only nine states that allows all capital gains to be taxed at a lower rate than ordinary income. That's a tax break that goes almost entirely to high-income taxpayers, including non-residents who profit from investing in real estate in Hawaiʻi.

If Hawaiʻi were to tax capital gains at the same rates as regular income, which is common in other states, Hawaiʻi would bring in about $80.2 million in new revenue. An estimated 97 percent of the tax would be paid by the top 5 percent of earners in the state, while the bottom 80 percent would pay nothing at all.

Please support HB133.

Respectfully,

Anne Frederick
Executive Director

Hawai`i Alliance for Progressive Action, P.O. Box 1534, Kapa`a, Hawai`i 96746
Phone: (808) 212-9616   www.HAPAhi.org

GRASSROOT
INSTITUTE OF HAWAII

March 24, 2021
10:00 a.m.
VIA VIDEOCONFERENCE
Conference Room 211

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

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

RE: HB133 HD1 — RELATING TO CAPITAL GAINS

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on HB133, which would increase the capital gains tax threshold to 9%.

We are gravely concerned about the impact of this tax hike and the many fees, tax increases, and surcharges that have been proposed this legislative session. Hawaii residents are already among the most taxed in the country; the state has the second highest overall tax burden in the U.S.

That high tax burden contributes to Hawaii's cost of living and is one of the reasons why so many Hawaii residents have been leaving in search of greater opportunities elsewhere.

Given the state's already-high tax burden, there is never a good time to raise taxes. But this proposal comes at an especially bad time. Hawaii is still in a state of emergency, tourism has slowed to a trickle, businesses are closing and unemployment is high. The economy will take years to recover from the pandemic and lockdowns. The last thing Hawaii residents and businesses need at this point is a tax hike.

There are myriad reasons policy makers should be wary of implementing tax hikes at this time. Here are just a few:

>> Hawaii cannot sustain a hike in taxes since its already-damaged economy was hit harder by the lockdowns than any other state in the nation.[1]

>> State lawmakers increased taxes and fees substantially following the Great Recession of 2007-2008,[2] despite a windfall in revenues from an economic boom over the past decade. Taxes and fees ballooned on motor vehicles, transient accommodations, estates, fuel, food, wealthy incomes, property, parking and businesses.

>> Hawaii's population reduction of 21,879 people since fiscal 2016[3] has left Hawaii's remaining taxpayers with a greater tax burden.

>> Hawaii businesses will be experiencing an average 38% increase in their state unemployment tax in 2021.[4] The UI tax rate depends not only on individual employer's claims experiences but also on the overall health of the state's unemployment insurance fund, which is hundreds of millions of dollars in the red.[5]

>> Hawaii has a regressive general excise tax that disproportionately hits the poor.[6]

>> Hawaii has a progressive income tax that taxes high-income earners at 11%, second only to California at 13.3%.[7] Hawaii's top 1% already pays 23% of all income taxes in the state.[8]

>> Closing tax exemptions would amount to a tax hike for Hawaii businesses already facing a steep spike in their unemployment insurance taxes.

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[1] Dave Segal, "Hawaii's unemployment rate hit nation-high 15% in September," Honolulu Star-Advertiser, Oct. 20, 2020.

[2] "Tax Acts (by Year)," Tax Foundation of Hawaii, accessed Feb. 8, 2021. See also, John S. Kiernan, "2021's States with the Best & Worst Tax ROI," WalletHub, March 23, 2021.

[3] "Annual Estimates of the Resident Population for the United States, Regions, States, and the District of Columbia: April 1, 2010 to July 1, 2020 (NST-EST2020)" U.S. Census Bureau, Population Division, December 2020.

[4] Grassroot Institute UI contribution analysis" Grassroot Institute of Hawaii, Nov. 13, 2020, sheet 2.

[5] "UI Budget," United States Department of Labor, Employment & Training Administration, Feb. 8, 2021.

[6] "Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index: "Sales Tax Burden," American Legislative Exchange Council, 2021. Note that Hawaii does not have a sales tax, but a state general excise tax that is levied on almost all goods and services, and imposed multiple times throughout the production chain.

[7] Katherine Loughead, "State Individual Income Tax Rates and Brackets for 2020," Tax Foundation, Feb. 4, 2020.

[8] "Hawaii Individual Income Tax Statistics," Hawaii Department of Taxation, December 2020, Table 13A.

Hawaii needs leadership that will stabilize the current financial crisis, reduce unsustainable long-term costs and lower the cost of living. Balancing the books without tax increases or future debt could send a message that Hawaii is a good place for businesses and future generations, and this could help the economy thrive while motivating people to return to the islands.

If the state needs more revenues, policymakers should focus on growing the economy. In our current condition, even small economic gains would have big effects.

If the purpose of the tax is to alter behavior, consider that the negative impact of a tax hike can far outweigh whatever policy goal is being pursued.

Hawaii's residents and businesses need a break from new taxes, fees, surcharges and tax hikes. This is not the time to make Hawaii a more expensive place to live and do business.

Thank you for the opportunity to submit our comments.

Sincerely,

Joe Kent
Executive Vice President
Grassroot Institute of Hawaii

HB-133-HD-1
Submitted on: 3/23/2021 1:38:33 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Kaikea K. Blakemore	Testifying for Neighborhood Place of Puna	Support	No

Comments:

Strong Support

HB-133-HD-1
Submitted on: 3/19/2021 7:30:13 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
lynne matusow	Individual	Oppose	No

Comments:

Enough already with tax increases. Many of us are retirees and in addition to social security and pensions rely on capital gains to pay the bills. This is harming the people who have investments that are not superwealthy. I urge you to vote this down.

HB-133-HD-1
Submitted on: 3/19/2021 8:05:44 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lynn Murakami-Akatsuka	Individual	Oppose	No

Comments:

I strongly oppose the passage of HB 133, HD 1. This bill is still a tax increase on individuals and will further impact the middle class and small businesses who are hurting badly in this economy now and future years. Please defer this bill.

Thank you for the opportunity to testify in strong opposition of HB 133, HD 1.

HB-133-HD-1
Submitted on: 3/21/2021 2:22:23 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Shay Chan Hodges	Individual	Support	No

Comments:

I support fair taxation.

Hawaiʻi is one of only 9 states that allows all capital gains to be taxed at a lower rate than ordinary income. That's a tax break that goes almost entirely to high-income taxpayers, including non-residents who profit from investing in real estate in Hawaiʻi.

If Hawaiʻi were to tax capital gains at the same rates as regular income—as most states do—Hawaiʻi would bring in about $80.2 million in new revenue. And 97 percent of the tax would be paid by the top 5 percent of earners in Hawaiʻi, while the bottom 80 percent would pay nothing at all.

We need those who benefit the most to pay their fair share.

--Shay Chan Hodges

HB-133-HD-1
Submitted on: 3/21/2021 11:21:15 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ann S Freed	Individual	Support	No

Comments:

Aloha Chair Dela-Cruz, Vice Chair Keith-Agaran and members,

I strongly support this bill. As a state we need to ensure that the basic needs of all our people are met. We cannot do that with the current revenue situation. Hawaiʻi is one of only nine states that allows all capital gains to be taxed at a lower rate than ordinary income. That's a tax break that goes almost entirely to high-income taxpayers, including non-residents who profit from investing in real estate in Hawaiʻi.

Those to whom this law would apply can afford to pay a little more to ensure the health, safety and quality of life for those with modest incomes and those below the poverty line. Everyone, including the wealthy, benefits when people are kept out of poverty and the costly woes that are related to that lamentable human condition.

Mahalo,

Ann S. Freed, Mililani, HI

HB-133-HD-1
Submitted on: 3/22/2021 9:53:48 AM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Raelyn Reyno Yeomans	Individual	Support	No

Comments:

Strong support

HB-133-HD-1
Submitted on: 3/22/2021 10:04:49 AM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Tony Radmilovich	Individual	Support	No

Comments:

Tax the capital gains as ordinary income, because it is income. Same as the loss on capital is tax deductible, the gain should be fairly taxed.

HB-133-HD-1
Submitted on: 3/22/2021 11:02:57 AM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Anne Miller	Individual	Oppose	No

Comments:

Opposed

This is an insane capitol gains tax as is, increasing it will only force more Kapuna to leave

HB-133-HD-1
Submitted on: 3/22/2021 11:11:15 AM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Alani Bagcal	Individual	Support	No

Comments:

Aloha e Chair, Vice-Chair and members of the committee,

My name is Alani Bagcal and I am writing today in strong support for HB 133. It is vital to enact tax fairness in Hawai‘i.

Thank you for the opportunity to testify in support of this bill.

Alani Bagcal

96815

HB-133-HD-1
Submitted on: 3/22/2021 11:13:59 AM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Cardinal	Individual	Oppose	No

Comments:

I am writing in oppostion to HB133, to raise the caital gains tax. As an individual making large or small investments over time, it is "I" who have taken all the risk with my own money. If one has the good fortune to make a profit or gain the federal government and state want some of the gain. My question is, what has the state done for the investor to help them achieve their success. Has the government given the investor the money? I think not. I only see open hands, wanting and taking more. Please let us hard working individuals keep our own money so that we are able to lead a decent and honorable life. One does not wish to become a burden to society and to receive hand outs from the goverment. We would like to enjoy the fruits on our labor and success, to share them with whom we choose. Thank you for hearing and reading my concerns.

HB-133-HD-1
Submitted on: 3/22/2021 12:03:05 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Greg and Pat Farstrup	Individual	Support	No

Comments:

KÅ« i ka pono!

HB-133-HD-1
Submitted on: 3/22/2021 3:31:19 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Linda Wakatake	Individual	Support	No

Comments:

Aloha Senator Donovan Delacruz,

I strongly support this bill to increase the tax so that it may bring in more money to Hawai`i.Incereasing the tax on this bill will help with the shortfall of the budget due to the pandemic.

Mahalo,

Linda Wakatake

HB-133-HD-1
Submitted on: 3/22/2021 3:45:34 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Keoki Wright	Individual	Support	No

Comments:

Aloha Senator Donovan Delacruz,

My name is Keoki and I am a member of the Koolau Clubhouse, parpt of the Hawaii Clubhouse advocacy coalition. I am in support of HB133 because I believe it is an important part of,but yet just one part of what we can do to boost the economy.

Please support HB133. Mahalo much   Keoki Wright.

HB-133-HD-1
Submitted on: 3/22/2021 3:47:32 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Stephen K Hanohano	Individual	Support	No

Comments:

Aloha Senator Donovan Delacruz

My name is Stephen and I am member of the Diamond Head Clubhouse, part of the Hawaii Clubhouse Advocacy Coalition.

I am supporting of HB133.

Mahalo Stephen

HB-133-HD-1
Submitted on: 3/22/2021 4:27:50 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Doris Segal Matsunaga	Individual	Support	No

Comments:

Save Medicaid Hawaii writes in support of HB 133, a tax fairness bill.

If Hawai‘i were to tax capital gains at the same rates as regular income—as most states do—Hawai‘i would bring in about $80.2 million in new revenue. And 97 percent of the tax would be paid by the top 5 percent of earners in Hawai‘i, while the bottom 80 percent would pay nothing at all.

HB-133-HD-1
Submitted on: 3/22/2021 4:28:56 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Flora Patton	Individual	Support	No

Comments:

Aloha Senator Donovan Delacruz,

My name is Flora Patton and I go to Waipahu Aloha Clubhouse for 11 years. I am a part of the Hawaii Clubhouse Advocacy Coalition. I am in support of HB133.

People that make much more income than others should contribute their fair share of taxes, especially when we have a deficit. I have a learning disability and I need the services that the clubhouses provide. I cannot afford to have these services taken away from me.

Thank you for considering my testimony,

Flora Patton

HCAC

HB-133-HD-1
Submitted on: 3/22/2021 4:58:59 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kyle Kajihiro	Individual	Support	No

Comments:

I strongly support raising the tax rate on capital gains. It makes good economic sense. The state needs the revenue. Those with the means to invest can afford to pay more. Thank you.

HB-133-HD-1
Submitted on: 3/22/2021 6:59:55 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
GALE M SHODA	Individual	Oppose	No

Comments:

I strongly oppose the passage of HB133, HD1 which is the increase of capital gain from 7.25 to 9.0 percent. This is a tax increase which will impact all businesses as well as all residents.

Thank you for the opportunity to testify in strong opposition of HB 133, HD1.

HB-133-HD-1
Submitted on: 3/22/2021 7:02:49 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
June Murakami	Individual	Oppose	No

Comments:

I am strongly opposing HB133, HD1.

HB-133-HD-1
Submitted on: 3/22/2021 7:08:34 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ken k Shoda	Individual	Oppose	No

Comments:

Can this bill HB133, HD1!!   NOT A GOOD BILL!! VERY BAD FOR EVERYONE!!! What are you legislatures thinking!!!

I am OPPOSING this bill HB133, HD1 STRONGLY!!

HB-133-HD-1
Submitted on: 3/22/2021 9:28:39 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Nanea Lo	Individual	Support	No

Comments:

Hello,

My name is Nanea Lo. I come from PapakÅ• lea, O‘ahu. I'm writing in support of HB133.

Capital gains are profits made on the sale of investments like stocks, bonds, real estate, art and antiques. Hawai‘i is one of only nine states that allows all capital gains to be taxed at a lower rate than ordinary income. That’s a tax break that goes almost entirely to high-income taxpayers, including non-residents who profit from investing in real estate in Hawai‘i.

If Hawai‘i were to tax capital gains at the same rates as regular income—as most states do—Hawai‘i would bring in about $80.2 million in new revenue. And 97 percent of the tax would be paid by the top 5 percent of earners in Hawai‘i, while the bottom 80 percent would pay nothing at all.

Support HB133.

me ke aloha ‘Ä• ina,

Nanea Lo

LATE

HB-133-HD-1
Submitted on: 3/23/2021 12:38:27 PM
Testimony for WAM on 3/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ramona Hussey	Individual	Support	No

Comments:

I urge your support for this bill. There is no good reason why the wealthy owners should be taxed at a lower rate than people who work for their income. Raise the Capital Gains Tax!