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TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS & MEANS

RE: HB 1327 HD2 - RELATING TO TAX CREDITS

WEDNESDAY, APRIL 5, 2023

OSA TUI, JR., PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Dela Cruz and Members of the Committee:

The Hawaii State Teachers Association **supports HB 1327, HD2**, relating to tax credits. If passed, this bill establishes a state income tax credit for qualified expenses incurred by prekindergarten through twelfth-grade teachers, instructors, school librarians, counselors, principals, registrars, or aides in a school. In short, this will offset the cost of supplies purchased by teachers using personal funds, expenses that are beyond what is allocated in academic and financial plans and that far exceed the \$300 federal educator expense deduction.

In a recent survey to its members across the islands, Hawai'i State Teachers Association found the survey respondents reported spending an average of \$953 of their own money a year on various classroom supplies.

Educators who answered the survey said they spent anywhere from \$75 to \$4,000 annually out of their own funds on various classroom supplies, conferences and many other expenses.

An O'ahu high school teacher reported spending hundreds in personal money every year on basics, because "sometimes parents are unable to provide classroom supplies, so pencils, paper, composition books, etc."

An educator at a Hilo-area intermediate school listed annual personal spending of \$1,000 on "typical classroom supplies: tablets, folders, binders, binder paper, construction paper, pencils, pens, tissue paper, paper towel, manila folders, sheet protectors. I also purchase snacks on a monthly basis and use it as a reward for my students. Chips, cookies, granola."

Another O'ahu teacher reported spending between \$1,000 to \$1,500 a year on "subscriptions to educational apps and sites, art supplies, books for class library, school supplies for kids who cannot afford or parents don't buy, cleaning supplies,

science experiment supplies, field trip fees for children who cannot afford it, lei for speakers/visitors, parking fees for workshops, professional development, recess equipment, and snacks for hungry children who miss 'free' breakfast on campus because they are tardy, etc.”

A teacher on Maui reported spending \$2,000 to \$3,000 out of her own pocket each year on “books for classroom library, prizes for classroom store, decorations for classroom, student Christmas gifts, student end-of-the-year gifts, art supplies, classroom treats, teacher supplies, classroom supplies.”

A Kaua‘i teacher reported spending \$3,000 a year on lab supplies, project supplies for class and science fairs, snacks for students, professional development and conferences, classroom/school supplies, and furniture.

With the nation’s lowest cost of living adjusted salaries, increased healthcare costs, and high housing costs, teachers are struggling here. Their students’ families are struggling, and teachers are spending more and more out of their own pockets for their students. In the case of classroom supplies, it’s true that teachers “do it for the kids,” purchasing materials out of their own paychecks as sometimes just the waiting for departmental or purchase order approval would often disrupt planned curricula and, in turn, student learning. Teachers won’t abide that. Most times, the funds they need are not even available, even if their administrator would love to give it to them.

Notably, most teachers do not earn enough to claim the benefits of tax itemization—they cannot, for example, take mortgage deductions for homes that they cannot afford to buy.

Teachers should be repaid for personally purchasing school supplies. Yes, this shouldn’t be happening, our public schools, including our public charter schools, should be funded better, but they are not at this time. Accordingly, the Hawaii State Teachers Association asks your committee to **support** this bill.

JOSH GREEN, M.D.
GOVERNOR



KEITH T. HAYASHI
SUPERINTENDENT

LATE

STATE OF HAWAII
DEPARTMENT OF EDUCATION
KA 'OIHANA HO'ONA'AUAO
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 04/05/2023

Time: 09:55 AM

Location: CR 211 & Videoconference

Committee: Senate Ways and Means

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Title of Bill: HB 1327, HD2 RELATING TO TAX CREDITS.

Purpose of Bill: Establishes a state income tax credit for qualified expenses incurred by certain individuals employed by DOE, the Hawaii state public library system, or as part of a head start program in a school. Effective 6/30/3000. (HD2)

Department's Position:

The Hawaii State Department of Education (Department) provides comments regarding HB 1327, HD2. The Department appreciates efforts to address the cost of living for education related personnel as defined in the bill as a "qualified taxpayer." However, determining whether each employee meets the work hours criteria of at least nine hundred hours during a school year could be difficult.

If the bill passes, the Department defers to the Department of Taxation for its proper implementation.

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

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
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GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

LATE

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 1327, H.D. 2, Relating to Tax Credits

BEFORE THE:

Senate Committee on Ways and Means

DATE: Wednesday, April 5, 2023

TIME: 9:55 a.m.

LOCATION: State Capitol, Room 211

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

The Department of Taxation (“Department”) offers the following comments regarding H.B. 1327, H.D. 2, for your consideration.

H.B. 1327, H.D. 2, adds a new section to chapter 235, Hawaii Revised Statutes (HRS), creating a nonrefundable income tax credit of up to an unspecified amount for “qualified expenses” per taxable year for “qualified taxpayers.” The term “qualified taxpayer” is defined as an individual employed by the Department of Education or the Hawaii State Public Library System as a prekindergarten through twelfth-grade teacher, instructor, school librarian, counselor, principal, registrar, or aide. A “qualified taxpayer” also includes a teacher or teacher assistant as part of a head start program. “Qualified taxpayers” will only be eligible for the credit if they are employed by the qualifying entities for a minimum of 900 hours during a school year. The term “qualified expenses” is defined as expenses paid or incurred in connection with books, supplies, computer equipment, and supplementary classroom materials.

The measure has a defective effective date of June 30, 3000.

The Department requests that section 4 of the bill be amended to make the bill applicable to taxable years beginning after December 31, 2022.

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

HB-1327-HD-2

Submitted on: 4/4/2023 1:18:09 PM

Testimony for WAM on 4/5/2023 9:55:00 AM

Submitted By	Organization	Testifier Position	Testify
Jonathan Gillentine	Testifying for Hawaii State Teachers Assn. - Retired	Support	Written Testimony Only

Comments:

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

On behalf of the members of HSTA-Retired, I am testifying in support of HB1327 HD2. As former teachers, our members fully understand the need for this bill and support it wholeheartedly. We hope you will consider the generosity teachers offer to our keiki each year by providing them with the tools needed, even if teachers have to pay for these items themselves. Thank you for the opportunity to testify.

Aloha pumehana,

Jonathan Gillentine, PhD, NBCT

President, HSTA-Retired

HB-1327-HD-2

Submitted on: 4/4/2023 12:40:37 PM

Testimony for WAM on 4/5/2023 9:55:00 AM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

Please support HB1327 HD2.

HB-1327-HD-2

Submitted on: 4/4/2023 1:05:28 PM

Testimony for WAM on 4/5/2023 9:55:00 AM

Submitted By	Organization	Testifier Position	Testify
John Fitzpatrick	Individual	Support	Written Testimony Only

Comments:

Aloha Honorable WAM committee,

My name is John Fitzpatrick "Fitz" and I am a teacher at Maui Waena Intermediate School. Every year teachers across the state invest in our students whether it is giving a student \$20 so they can buy lunch and stop getting red slips that they are delinquent in payment, buying supplies for our labs, and snacks when our students are hungry. This is common knowledge that teachers spend hundreds if not thousands of dollars of our salaries on our students. It would go a long way to give our teachers at least a \$500 tax credit for all of the hard work and investments we make for our students. Some countries exempt teachers from having to pay taxes entirely because they know how hard we work for our students.

A fellow teacher just asked me last week "What do you think our contract will be next year? It will be an act of god for me to be able to stay."

This is the story of so many of our kumu across the state. A \$500 tax credit might not mean much to Jeff Besos, Oprah Winfrey, or Lary Ellison who fly helicopters and private jets to their islands or properties. But it does mean a lot to a teacher who can barely make rent working 2-3 jobs.

Our teacher shortage crisis is only getting worse, teachers need relief and this \$500 tax credit would go a long way.

Mahalo,
Fitz

HB-1327-HD-2

Submitted on: 4/4/2023 1:26:52 PM

Testimony for WAM on 4/5/2023 9:55:00 AM

Submitted By	Organization	Testifier Position	Testify
Sarah Kern	Individual	Support	Written Testimony Only

Comments:

April 4, 2023

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

My name is Sarah Kern and I am a resident of Lihue, Kauai and a teacher at Chiefess Kamakahahei Middle School. I am testifying in strong support of HB1327 to establish a state income tax credit for qualified expenses incurred by educators.

Mahalo nui loa,

Sarah Kern

LATE

HB-1327-HD-2

Submitted on: 4/4/2023 3:14:52 PM

Testimony for WAM on 4/5/2023 9:55:00 AM

Submitted By	Organization	Testifier Position	Testify
Jill Meinecke	Individual	Support	Written Testimony Only

Comments:

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

I am writing in SUPPORT of House Bill 1327. My husband is a middle school teacher at Aliamanu Middle School in Salt Lake, where he has been teaching for the past decade. As a family, we do everything we can to make sure his classroom is supplied with items he needs for teaching, from dry-erase pens to Kleenex for kids to wipe their noses. Often, we spend money out of our household budget to ensure students' basic learning and living needs are met in the classroom.

This tax credit would give teachers a much-needed break in terms of helping them get the supplies needed for the classroom. If students have what they need to start the day fresh and ready to learn, learner outcomes will greatly improve. By supplying our students with what they need to succeed, we're setting them up for a lifetime of success, which benefits our community as a whole.

Please consider the teacher tax credit a worthy investment. Our keiki and community is counting on you.

Mahalo,

Jill Meinecke

HB-1327-HD-2

Submitted on: 4/4/2023 3:38:18 PM

Testimony for WAM on 4/5/2023 9:55:00 AM

Submitted By	Organization	Testifier Position	Testify
Hope McKeen	Individual	Support	Written Testimony Only

Comments:

Aloha nui Chair Dela Cruz and the members of this committee,

I urge you to pass HB1327/HD2 as teachers often have to pull money from their pockets to pay for expenses needed in their classrooms. Just a little extra shows much support to teachers who appreciate it.

Mahalo for your time and consideration

Hope McKeen

LATE

HB-1327-HD-2

Submitted on: 4/4/2023 8:59:02 PM

Testimony for WAM on 4/5/2023 9:55:00 AM

Submitted By	Organization	Testifier Position	Testify
Briann Starkey	Individual	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS:

RE: HB 1327 HD2 -RELATING TO TAX CREDITS

Wednesday, April 5, 2023

Aloha Senators.

My name is Briann Starkey and I am submitting testimony as an individual. I am a kumu kaiapuni at Kula Kaiapuni ‘o Kualapu‘u, Kualapu‘u Public Conversion Charter School on the island of Moloka‘i. I am in support of this Bill HB 1327 HD2 relating to teacher tax credits. The \$500 amount is sufficient because teachers spend more of their personal monies on school supplies for their classroom.

Being from Moloka‘i, I often find myself spending some extra dollars on snacks for my students because their daily lunch is sometimes not enough. However, because of the rising cost of living and barge importation of food, i.eMoloka‘i doesn‘t have a Costco or Target store...the cost of a box of granola bars or cereal as a snack are doubled, sometimes tripled for Moloka‘i teachers and these expenses increase rapidly. For example, that \$8.65 box of granola on Maui, is now \$23.99 on Moloka‘i. These expenses do not include daily family living of our own family at home, therefore we should at least get this tax credit to pay back our aloha and needs of our students, whom we care deeply about.

Your support with the passing of this Bill will help all of our teachers in the State. Thank you for your consideration.

LATE

HB-1327-HD-2

Submitted on: 4/4/2023 9:34:04 PM

Testimony for WAM on 4/5/2023 9:55:00 AM

Submitted By	Organization	Testifier Position	Testify
Ashley Monden	Individual	Support	Written Testimony Only

Comments:

Chair Dela Cruz and Members of the Committee:

I support HB 1327, HD1, relating to tax credits.

As an elementary special education teacher I spend money out of my own pocket to help my students whenever I can. From weighted pencils, erasers, classroom incentives, classroom snacks, and the list goes on. I know I'm not the only teacher who would do whatever it takes for their students.

For example, a few months ago one of my students mother was involved in the Mililani Walmart incident. The parent is still undergoing multiple surgeries and as teachers we have been doing everything possible to help them family and our student. From paying for a new lunch tag to cooking and bringing food for the family so they don't have to worry about what to cook. It's the little things that teachers do that go unnoticed. This is just one example of the many things that we as teachers do for our students and we continue to do them because it takes a village to raise our keiki and it's when our community comes together for our Keiki that empowers them to be leaders and change makers for a better future!

Please help me and other teachers by supporting this bill!