

TAXBILLSERVICE

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TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Limitation for charitable deductions

BILL NUMBER: HB 430

INTRODUCED BY: Saiki and C. Lee

BRIEF SUMMARY: Amends section 3 of Act 97, SLH 2011, to provide that the term “itemized tax deductions” shall not include charitable contributions under section 170 of the Internal Revenue Code.

EFFECTIVE DATE: Tax years beginning after December 31, 2012

STAFF COMMENTS: In 2011, the legislature was searching for additional revenues to address the state’s fiscal crisis and the legislature by Act 97, SLH 2011, provided that itemized tax deductions under the state income tax shall not exceed the lesser of: (1) the limit of itemized deductions under section 68 of the Internal Revenue Code (IRC); or (2) \$25,000 for taxpayers filing a single return or married persons filing separately with a FAGI of \$100,000 or more; \$37,500 for taxpayers filing as a head of household with FAGI of over \$150,000 or more; and \$50,000 for taxpayers filing a joint return or as a surviving spouse with FAGI of \$200,000 or more. These provisions are applicable to tax years beginning after 12/31/10 and not for tax years beginning after 12/31/15.

It should be remembered that a similar measure to limit itemized deductions was vetoed by the governor in 2010. In her veto message, she stated “it is a defacto tax increase that will adversely hurt certain individuals and businesses at a time when we should be encouraging investment and spending to recharge the economy. The tax increase not only impacts taxpayers, but also disincentivizes activities such as charitable giving and home ownership. Since itemized deductions are allowed for qualifying medical and dental expenses, contributions to qualifying charitable organizations, payment of certain taxes, home mortgage interest, and qualifying job-related expenses, capping the deduction will act to discourage these expenses. Nonprofits and charitable organizations that depend on contributions to serve needy populations are particularly concerned that their ability to raise funds through donations and charitable giving would be adversely affected.”

Although adoption of this measure would restore the ability of taxpayers to make charitable contributions to nonprofit organizations without any limitation, it continues to ignore the fact that Hawaii law digresses from the federal law. Conformity to the federal Code has been a state policy goal for more than 35 years. Although the federal Code has a limitation on itemized deductions, the income thresholds are substantially higher than those in effect for state income tax purposes - for federal purposes the thresholds are \$300,000 for married couples and \$250,000 for single taxpayers. Thus, the definition of income for those taxpayers who fall below the federal threshold but above the state threshold will end up with two very different amounts of taxable income for federal and state purposes. While this proposal panders to the charitable community, it ignores the complexity it creates insofar as compliance and administration of the state income tax law.

Digested 2/12/13



Testimony Presented Before the
House Committee on Finance
February 13, 2013, 2:00 pm, Conference Room 308
From Donna Vuchinich, University of Hawai'i Foundation

HB 430 – RELATING TO TAXATION

Chair Luke, Vice Chair Nishimoto and Vice Chair Ling Johanson and members of the House Committee on Finance:

The University of Hawai'i Foundation supports House Bill 430 which excepts charitable deductions taken under Section 170 of the Internal Revenue Code from the temporary limit on the amount of itemized deductions claimable by certain taxpayers. This exception will restore the tax incentive for upper income donors to be charitable. As such, the University of Hawai'i Foundation supports HB 430 in order to restore the charitable giving environment.

The UH Foundation is a private, institutionally related corporation designated as a 501(c)(3) organization by the Internal Revenue Service. We are the sole fundraising organization for the University of Hawai'i System and provide a range of professional fundraising services to all 10 University of Hawai'i campuses to support students, faculty, research and programs that enrich Hawai'i's communities.

We have heard from several of our major donors and their financial advisors that the cap on charitable deductions is impacting their ability to support the University and other local nonprofits at the level they would like to. Gifts from individuals and families, particularly from those who itemized their tax deductions, have added immeasurably to accessibility and excellence at the University of Hawai'i.

The tax incentive that the deduction provides encourages private gifts to help fuel student success in public higher education through scholarships and awards, leading research in areas including cancer research, microbial oceanography and sustainability. Private support also funds lifelong learning opportunities and other programs that enrich our entire community.

While donors do not make charitable gifts only for tax reasons, tax incentives make more and larger gifts possible.

The University of Hawai'i plays an integral role in shaping a sustainable future for our island residents. Students are our future, and our unique integrated university system educates our workforce for sectors as diverse as the trades, healthcare, education and hospitality and tourism. They are not only the workers but the *innovators* who create future industry and economy.

In these times of a tentative economic recovery, it is imperative that the University of Hawai'i receive private support to help energize initiatives centered on innovation and excellence.

We need to nurture a charitable giving environment that supports our donors' in their generosity, so that together we can work towards ensuring access to quality higher education for all Hawai'i residents. Donors are key partners in our future and HB 430 will help restore the philanthropic culture our State needs in order to build a better Hawai'i.

Caps on itemized deductions are a disincentive to donors who are trying to help an organization - it is hurting Hawai'i. We urge you to except charitable deductions taken under Section 170 from the temporary limit on the amount of itemized deductions claimable by certain taxpayers, and thereby restore the charitable giving deduction. Please move HB 430 forward, for Hawai'i.

Sincerely,

A handwritten signature in black ink, appearing to read "Donna Vuchinich". The signature is fluid and cursive, with a large initial "D" and "V".

Donna Vuchinich
President and CEO
University of Hawai'i Foundation



February 12, 2013

Representative Sylvia Luke
Chair, Committee on Finance
Hawaii State House of Representatives
Hawaii State Capitol, Conference Room 309
Honolulu, HI 96813

RE: HB 430, Relating to Taxation

Dear Chair Luke and members of the House Committee on Finance:

The Hawai'i Alliance of Nonprofit Organizations (HANO) supports HB 430, which modifies Act 97 (2011) by exempting the charitable deduction from the cap on all itemized deductions for state income tax purposes. HANO is a statewide, sector-wide professional association for nonprofits. HANO member nonprofits provide essential services to every community in the state. Our mission is to unite and strengthen the nonprofit sector as a collective force to improve the quality of life in Hawai'i.

We would like to make the following points to support the merits of HB 430:

- When the economy stagnates, nonprofit organizations and their services are needed the most. Charitable organizations bridge the gap by serving our communities and those in need when budgetary constraints hinder state and federal governments from providing similar services.
- For many nonprofit organizations, private individual donations make up the majority of their budgets. This is the "90-10" fiscal environment where 90% of an organization's support comes from 10% of their donors.
- For those nonprofits that partner with government through state contracts, their private donations are essential to diversifying their funding streams, providing reserves to allow flexibility in partnering with government, especially when state funding is down and/or payments are late and the nonprofit is beholden to provide the service.
- On a national level, a study released by the Center on Philanthropy at Indiana University calculated that the impact of proposed limitations on charitable giving could result in a decrease of almost \$3.9 billion in annual giving. Here at the local level, it is estimated that \$60-\$70 million could leave the nonprofit sector in donor dollars.
- While donors do not make charitable gifts only for tax reasons, tax incentives make more and larger gifts possible.
- Americans strongly support the charitable deduction. In an April 2011 Gallup poll, 71 percent opposed eliminating the charitable deduction to lower the overall income tax rate, and 68 percent opposed eliminating the charitable deduction to reduce the federal budget deficit. More people supported the charitable deduction than other popular deductions like the home mortgage interest deduction or state and local tax deduction.

HANO Testimony
House FIN Committee
HB 430
February 12, 2013
Page Two

- Hawaii was one of only three states (joining Michigan and Montana) that removed tax incentives, or tax credits for nonprofits. Passage of HB 430 would remove Hawaii from this inglorious list.
- The proposed amendment to Act 97 will recognize the unique nature of charitable contributions. Unlike other tax incentives, the charitable deduction encourages behavior for which taxpayers receive no personal tangible benefit. The charitable deduction is a means of enriching Hawaii's communities, rather than individuals.
- The only modification we would suggest is to mirror the language in HB 430 to SB 1091, which is supported by the administration and which makes the same amendments to Act 97 but uses the suggested technical language of the Department of Taxation.

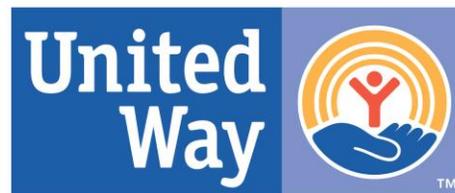
Thank you for the opportunity to provide written testimony in support of HB 430. We urge your committee's passage of this measure.

Mahalo,

Lisa Maruyama
President and CEO

Aloha United Way

200 N. Vineyard Blvd., Suite 700
Honolulu, Hawaii 96817-3938
Telephone (808) 536-1951
Fax (808) 543-2222
Website: www.auw.org



Aloha United Way

Cover Sheet

Testifying Agency: Aloha United Way
Kim Gennaula, President & CPO
Norm Baker, Vice President & COO

Representative Committee on Finance

Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair
Rep. Aaron Ling Johanson, Vice Chair

Wednesday, February 13, 2013 at 2:00 P.M.

Conference Room 308

HB 430: Relating to Taxation: Testimony in Strong Support

Aloha United Way

200 N. Vineyard Blvd., Suite 700
Honolulu, Hawaii 96817-3938
Telephone (808) 536-1951
Fax (808) 543-2222
Website: www.auw.org



February 12, 2013

Committee on Finance
Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
Representative Aaron Ling Johanson, Vice Chair
Wednesday, February 13, 2013 at 2:00 P.M.
Conference Room 308

HB 430: Relating to Taxation – Written testimony in SUPPORT

Dear Chair Luke, Vice Chairs Nishimoto & Johanson and Committee Members:

Aloha United Way strongly encourages your favorable consideration of HB 430 which exempts charitable income tax deductions from existing itemized deduction caps.

Act 97 of the Session Laws of Hawaii 2011 established income-based caps on total itemized deductions for the state income tax. The charitable contribution deduction is one of few discretionary payments that are deductible. The high cost of real estate in Hawaii and the associated high mortgage payments drive large deductions for mortgage interest which means many tax payers will exceed the deductible caps and may opt to forego charitable contributions.

Hawaii's nonprofits provide critical services for our community - homeless shelters, early childhood programs, domestic violence shelters, youth counseling and mentoring, substance abuse treatment, emergency food distribution and much more. These services are generally funded through a combination of government contracts and private donations – therefore, while actions which reduce itemized deductions will increase tax collections in the short term, in the long term added government funding will be required to sustain these programs. Additionally, recent economic challenges have already resulted in reduced funding to nonprofits and the federal “fiscal cliff” issue promises additional problems in the near future. The charitable deduction must be reinstated to ensure that private sector donations do not decrease at this challenging time for nonprofits.

Aloha United Way strongly encourages favorable consideration of HB 430.

Thank you for the opportunity to provide testimony.

Sincerely,



Kim Gennaula
President & Chief Professional Officer



HB430 Itemized Tax Deductions: *Exempts charitable income tax deduction from the itemized deduction caps.*

- HOUSE COMMITTEE ON FINANCE: Representative Luke, Chair; Representative Nishimoto, Vice Chair; Representative Johanson, Vice Chair
- Wednesday, Feb 13, 2013; 2:00 p.m.
- Conference Room 308

HAWAII SUBSTANCE ABUSE COALITION Supports HB430.

GOOD MORNING CHAIR LUKE, VICE CHAIR NISHIMOTO, VICE CHAIR JOHANSON AND DISTINGUISHED COMMITTEE MEMBERS. My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide hui of more than twenty non-profit treatment and prevention agencies.

The Hawaii Substance Abuse Coalition urges you to protect the charitable giving incentive. As a coalition comprised of 21 substance abuse prevention and treatment agencies across the Islands, we advocate that Hawai'i's charitable sector must be supported – not undermined – during these difficult economic times.

Our treatment services save huge dollars in government spending. On the front lines, we have the proven outcomes that demonstrate huge savings that would be spent in prisons, hospital emergent care and patient healthcare. Moreover, government agencies are turning more and more to treatment services as effective solutions to the unchecked substance use disorder problem. Many government agencies such as NIDA, NIJ and HHS highly recommend investing millions in treatment to save billions of taxpayer dollars.

We are overloaded with referrals from families, hospitals and government services. We experience painfully the growing hardships of families and communities from the front lines.

The government can't do it alone; we must encourage and leverage individual and corporate investments in care that helps the entire community. Federal and state governments face mounting fiscal challenges while people demand more of our critical support. People have turned to charitable nonprofits for the services they need during this time when resources are dwindling.

A cap on itemized deductions that includes donations to charitable nonprofits has significant, adverse impacts on the work of charitable nonprofits in our community. This cap leaves little or no room for discretionary donations to the work of charities.

Our coalition and other nonprofits rely on the current charitable giving incentive to help pay for delivering existing services. The reduction of this incentive reduces the amount of services we can deliver. When donors have less incentive to give to charities, donations decrease. And children, families, and neighbors, who depend upon the services provided by social service organizations, as well as the entire charitable sector, suffer as a result.

We ask your support to end the cap for charitable contributions. We advocate for strategic investments in proven treatment solutions as an investment to save huge amounts in existing spending.

We appreciate the opportunity to provide testimony and are available for questions.

To: The Honorable Representative Sylvia Luke, Chair
The Honorable Representative Scott Y. Nishimoto, Vice Chair
The Honorable Representative Aaron Ling Johanson, Vice Chair
House Committee on Finance

From: Laura Smith, President/CEO, Goodwill Industries of Hawaii, Inc.

Date: February 12, 2013

Re: **Testimony in Support HB 430 – Relating to Taxation**

Goodwill Industries of Hawaii, Inc. is in strong support of HB 430 Relating to Taxation which would exempt charitable contributions for the itemized deduction cap imposed by Act 97.

For Goodwill, we are affected by this cap not through monetary donations as many other charities are, but primarily through the donations the public provides to us of clothing and household goods, which we then sell in our retail stores to earn revenues to operate our employment and training programs. Until the implementation of Act 97, donors have been free to claim the value of their itemized donations of goods as part of their tax filings.

Since the cap has been implemented, we have had multiple incidences of donors telling our donation attendants that they no longer need a receipt since “they can no longer deduct these items”. We are increasingly concerned that these donors will donate with less frequency, which would impact our retail sales and our ability to raise funds to provide training and employment to residents of our community.

In some cases we think that some of our donors are not well informed about who the cap applies to, some believe this applies to everyone and are not well informed that it applies only to tax payers at a certain income level, or that the cap affects only their State itemized deductions and is not applicable to their federal tax deductions. As a result to better inform our donors and retain as many as possible, we are currently working on a donor education campaign that will consume time, resources and funds in order to increase our donors understanding of who the cap applies to. Before Act 97, we did not have these challenges and this has increased our costs of raising much needed resources for our organization.

The limitation on itemized deductions has created a disincentive for individuals at a time when we need our donors more than ever to support the services we provide. We strongly urge you to exempt charitable organizations from this cap so that we may continue to best fulfill our mission to the community.

Thank you for this opportunity to provide testimony on this matter.

Submitted testimony for HB430 on Feb 13, 2013 14:00PM

HB430

Submitted on: 2/12/2013

Testimony for FIN on Feb 13, 2013 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Janice Ha	Assets High School	Support	No

Comments: Please support the bill that removes the cap placed on tax deductions made to charitable organizations. We are a private school for dyslexic and gifted students who rely on the generosity of donors. We are finally able to begin the process of a capital campaign at our school so that we can have our own facilities and build permanent structures and include better resources for our dyslexic students. We rely on generous donors to help support our school for financial aid - tuition has to keep going up every year - and also to build on the great school we have become - we are a very unique school that serves a very needy population of students who depend on us to learn the skills necessary to become involved and productive citizens. Please don't let the government put a cap on education!

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Submitted testimony for HB430 on Feb 13, 2013 14:00PM

HB430

Submitted on: 2/12/2013

Testimony for FIN on Feb 13, 2013 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Randy Castello	Assets School	Support	No

Comments: I am a teacher at Assets School. We provide services as a non profit organization that would cost the government millions of dollars otherwise. We depend on the generosity of our donors to continue the work we do. Please take away the cap on charitable deductions so as not to discourage those who help to support us financially.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 430: Relating to Taxation

TO: Representative Sylvia Luke, Chair, Representative Scott Nishimoto, Vice Chair, Representative Aaron Johanson, Vice Chair, and Members, Committee on Finance

FROM: Trisha Kajimura, Social Policy Director, Catholic Charities Hawaii

Hearing: Wednesday, February 13, 2013; 2:00 pm; CR 308

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and Members, Committee on Finance:

Thank you for the opportunity to testify on HB 430, Relating to Taxation, which amends Act 97, Session Laws of Hawaii 2011 to exclude charitable contributions from itemized tax deduction caps. I am Trisha Kajimura, Social Policy Director for Catholic Charities Hawaii.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i.

CCH is honored to partner with government agencies to serve the people of Hawai'i, but we also rely heavily on the generosity of individual donors to fulfill needs of the community that are not provided for through government. Historically, this has been an important role of non-profit community agencies and to preserve what we do, donors must be unfettered in their ability and motivation to give.

For example, our Mary Jane Program provides a safe, supportive, and educational environment for women with unplanned pregnancies who have nowhere safe to stay. This program helps them give their baby the best possible start in life with specialized, nurturing services that are not available anywhere else. This program is funded through the endowment of an individual donor.

Please help us continue to help the vulnerable in our community by passing this legislation to exempt charitable income tax deductions from the itemized deduction caps.

Thank you for the opportunity to testify, please contact me at (808)527-4810 or trisha.kajimura@catholiccharitieshawaii.org if you have any questions.





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WRITTEN TESTIMONY ONLY

February 12, 2013

House Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair
Rep. Aaron Ling Johanson, Vice Chair
Wednesday, February 13, 2013 2:00pm, Conference Room 308

HB 430: Relating to Taxation

Dear Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson and Committee Members:

The YMCA of Honolulu strongly supports HB 430, which exempts charitable income tax deductions from existing itemized deduction caps. Not passing this bill will detrimentally affect Hawaii's non-profits.

Act 97 of the Session Laws of Hawaii 2011 established income-based caps on total itemized deductions for the State income tax. The charitable contribution deduction is one of few discretionary payments that are deductible. The high cost of real estate in Hawaii and the associated high mortgage payments drive large deductions for mortgage interest which means many tax payers will exceed the deductible caps and may opt to forego charitable contributions.

The YMCA of Honolulu and other non-profits in Hawaii provide critical services for our community - early childhood development programs, at-risk youth programs, water safety classes, youth counseling and mentoring, substance abuse treatment and much more. These services are generally funded through a combination of government contracts and private donations.

We understand that actions to reduce itemized deductions will increase tax collections today. However, in the long term, more government funding will be required to sustain these programs to cover for anticipated losses in private funding. Uncertainties in the economy are already contributing to a challenging philanthropic climate. The cap makes it even more challenging. The charitable deduction must be reinstated to ensure that private sector donations do not flatten or decrease at this challenging time for non-profits.

The YMCA of Honolulu strongly supports the passing of HB 430.

Sincerely,

Michael Broderick
President and CEO



Hawaiian Humane Society

People for animals. Animals for people.

2700 Waialae Avenue Honolulu, Hawaii 96826
808.946.2187 • hawaiianhumane.org

To: Representative Luke, Chair of the Committee on Finance, Representative Nishimoto & Representative Johanson, Vice Chairs, and Committee Members

House Committee on Finance (FIN)
February 13, 2013, 2:00 p.m., Room 308

Submitted by: Jennifer J. Han, Policy Advocate
Hawaiian Humane Society, jhan@hawaiianhumane.org

Date: February 12, 2013

**RE: Support HB430;
Relating to Taxation – Charitable Contributions**

The Hawaiian Humane Society supports the passage of House Bill 430 as it is integral in the numerous programs and services we provide to the community and their pets.

As an independent non-profit organization, providing more than 30 programs and services to the community, we rely on generous donors to fund a significant portion of our annual operating budget. The vast majority of these donations are not from foundations or corporations. The overwhelming majority come from individual donors. We are not unique. A study from the Giving USA Foundation reported that 73% of all charitable donations nationwide come from individuals.

Further, a study by the Center on Philanthropy at Indiana University calculated that the impact of limitations on charitable giving could result in a decrease of nearly \$3.9 billion in annual giving. This kind of a loss for nonprofit organizations would surely translate into cutbacks in both services and staffing.

While the main motivation for donating to charitable organizations is not only based on a tax deduction, studies indicate that it is an incentive for many donors and especially for larger gifts.

Each year, the Hawaiian Humane Society is called upon to provide more services to our growing community. To ensure we are able to meet the needs of animals and people island wide, we have taken deliberate steps to ensure the stability and sustainability of the organization through the diversification of our revenue streams. Contributions from individual donors account for a large percentage of this funding as it does for a majority of fiscally sound nonprofit organizations.

Thank you for the opportunity to testify in support of HB 430. On behalf of Hawaiian Humane Society, I ask for your support for this measure.

**Hawai'i
Arts
Alliance**



*A member of
the Kennedy Center
Alliance
for Arts Education
Network*

February 12, 2013

The Honorable Sylvia Luke, Chair
House Committee on Finance
Hawaii House of Representatives
Honolulu, Hawaii 96813

Dear Chairperson Luke:

HB 430 – Relating to Itemized Income Tax Deductions

Hawai'i Arts Alliance is a statewide Hawaii charitable organization that serves over 100 organizational members reaching a combined membership of 40,000. We also serve more than 20,000 public school students across the state annually. On behalf of Hawai'i Arts Alliance, we ask your serious consideration of House Bill 430.

House Bill 430 aims to amend Act 97, Session Laws of Hawaii 2011, to exempt charitable contributions from the cap on itemized deduction caps for Hawaii state income tax purposes. The proposed amendment to Act 97 will recognize the unique nature of charitable contributions. Unlike other tax incentives, the charitable deduction encourages behavior for which taxpayers receive no personal tangible benefit. The charitable deduction is a means of enriching Hawaii's communities, rather than individuals.

We believe that Act 97 has negatively impacted Hawai'i Arts Alliance's ability to serve its constituents. We have experienced a noticeable decline from 2011 to 2012 in the total number of gifts received (-17%), as well as average amount per gift (-21%). This is in spite of efforts to increase fundraising. Particularly affected were higher-end gifts of \$2,000 or more. Higher capacity donors routinely cite that, though their charitable intent remains the same, they are giving far less due to the state itemized deduction cap on charitable contributions.

Yet as funding for charitable organizations continues to be cut from state and federal budgets, we must rely increasingly on individual donations to support the vital programs that we provide to Hawaii's communities. Now more than ever, Hawaii's government should incentivize private citizens to give what they can to support the essential services provided by Hawaii's charitable organizations. HB 430 will do just that.

We thank you in advance for your consideration.

Sincerely,

Marilyn Cristofori
Chief Executive Officer
Hawai'i Arts Alliance

*Visit our
Community
Project:
The ARTS at
Marks Garage
www.artsatmarks.com*

P.O. Box 3948
Honolulu, Hawai'i
96812-3948
Phone: (808) 533.2787
Fax: (808) 526.9040
arts@hawaiiartsalliance.org
www.hawaiiartsalliance.org



CONSERVATION COUNCIL FOR HAWAI'I

Testimony Submitted to the House Committee on Finance
Hearing: Wednesday, February 13, 2013 2:00 PM
Room 308

In Support of HB 430 Relating to Taxation

Aloha. The Conservation Council for Hawai'i supports HB 430, which exempts charitable income tax deductions from the itemized deduction caps. It is difficult to raise funds to support nonprofit charitable organizations, such as CCH. We should be encouraging more charitable giving, not less. Please do not attempt to balance the budget or make up for other shortfalls on the backs of the nonprofits.

Please support HB 430. Mahalo nui loa for the opportunity to testify.

Sincerely,

Marjorie Ziegler



Hawai'i's Voice for Wildlife – *Ko Leo Hawai'i no na holoholona lohiu*

Telephone/Fax 808.593.0255 • email: info@conservehi.org • web: www@conservehi.org

P.O. Box 2923 • Honolulu, HI 96802 • Office: 250 Ward Ave., Suite 220 • Honolulu, HI 96814

President: Hannah Springer * Vice-President: Julie Leialoha * Treasurer: Bianca Isaki * Secretary: Wayne Tanaka

Directors: Rick Barboza * Lida Pigott Burney * Maka'ala Ka'auomoana * Koalani Kaulukukui * Robin Kaye

Executive Director: Marjorie Ziegler



**BOYS & GIRLS CLUB
OF HAWAII**

February 12, 2013

To: Rep. Sylvia Luke, Chair
Rep. Scott Nishimoto, Vice Chair
Rep. Aaron Ling Johanson, Vice Chair
House Committee on Finance

Administrative Office
1523 Kalakaua Ave.
Suite #202
Honolulu HI 96826
Tel 808-949-4203
Fax 808-955-4496
www.bgch.com

Re: STRONG SUPPORT for HB 430, Relating to Taxation
Hearing on February 13, 2013 at 2:00 p.m., Room 308

Board of Directors

Michael A. Town
President

The Boys & Girls Club of Hawaii wishes to make known its strong support for House Bill 430 to except charitable deductions from the temporary limit on the amount of itemized deductions created by the passage of Act 97.

Colton Ching
Suzy Churchill
Robert Fujioka
Cathy George
Larry Gilbert
Renee Gomes
Walter Guild
Paul Hallin
Chip Hammond
Lloyd Haraguchi
David Hudson
Michael Jones
John Katahira
John Komeiji
Mary Lou Lewis
Jan Luke-Loo
Michael Peter Loo
Richard Marine
Bruce M. Nakaoka
Todd Nohara
Dee Oswald
Dr. Nancy Pace
Djuan Rivers
Steve Robertson
Steve Rodolfich
Crystal Rose
Cynthia Schnack Lee
Glenn Sexton
Marcia Taira
August Yee

The Boys & Girls Club of Hawaii provides services to 12,000 of Hawaii's youth at its clubhouses on Oahu and Kauai. Daily after school programs are available at virtually no cost as The Boys & Girls Club of Hawaii charges only a nominal \$1.00 fee for each youth's annual membership. The Boys & Girls Club of Hawaii has for over 35 years relied on a mixture of federal and state grants, along with generous donations from individuals and businesses to fund its services to our keiki. Tight budgets at the state and federal level over the past few years have resulted in a significant reduction in the amount of grant funding available to organizations such as The Boys & Girls Club of Hawaii. Like many nonprofits, The Boys & Girls Club of Hawaii has become more reliant on donations from individuals.

At a time when shrinking government funding and growing demand for services would suggest that tax policy should encourage charitable donations, the impact of Act 97 had just the opposite effect. The amount of additional tax revenue that Act 97 may provide by reducing charitable deductions is insignificant compared to the huge impact that nonprofits in Hawaii have on the thousands of citizens in need of the services they provide.

The Boys & Girls Club of Hawaii urges the passage of House Bill 430.

Thank you for the opportunity to provide this testimony.

Board of Advisors

Robbie Alm
H. Mitchell D'Olier
Richard W. Gushman II
Ron Schmid
Ronald C. Ward
Wadsworth Yee

Sincerely,

Tim Motts
President & CEO

Founder

Charles C. Spalding

**Chief Professional
Officer**

Tim Motts



Aloha United Way

Celebrating three decades of serving youngsters in Hawaii!

GREAT FUTURES START HERE.

Testimony Presented Before the
House Committee on Finance
February 13, 2013, 2:00 pm, Conference Room 308

From: Carol Ai May

- Vice President, City Mill Company, Ltd.
- Board Member of University of Hawaii Foundation, Girl Scouts of Hawaii and Child & Family Service

HB 430 – RELATING TO TAXATION

Chair Luke, Vice Chair Nishimoto and Vice Chair Ling Johanson and members of the House Committee on Finance:

I am in support of House Bill 430 which excepts charitable deductions taken under Section 170 of the Internal Revenue Code from the temporary limit on the amount of itemized deductions claimable by certain taxpayers. This exception will restore the tax incentive for upper income donors to be charitable.

While donors do not make charitable gifts only for tax reasons, tax incentives make more and larger gifts possible.

In these times of a tentative economic recovery, it is imperative that the Hawaii's non-profits receive private support to help their respective missions.

We need to nurture a charitable giving environment that supports our donors' in their generosity, so that together we can work towards ensuring access to quality higher education, youth development and social services for all Hawai'i residents. Donors are key partners in our future and HB 430 will help restore the philanthropic culture our State needs in order to build a better Hawai'i.

Caps on itemized deductions are a disincentive to donors who are trying to help an organization - it is hurting Hawai'i. We urge you to except charitable deductions taken under Section 170 from the temporary limit on the amount of itemized deductions claimable by certain taxpayers, and thereby restore the charitable giving deduction. Please move HB 430 forward, for Hawai'i.

Sincerely,

Carol Ai May

Submitted testimony for HB430 on Feb 13, 2013 14:00PM

HB430

Submitted on: 2/12/2013

Testimony for FIN on Feb 13, 2013 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Gerri Cadiz	Individual	Support	No

Comments: I strongly support repealing the cap on charitable donations. Charitable organizations fund much of the social welfare in our communities. The more we can donate the less each taxpayer will have to pay to support our community.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Submitted testimony for HB430 on Feb 13, 2013 14:00PM

HB430

Submitted on: 2/12/2013

Testimony for FIN on Feb 13, 2013 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Corinne Inoue	Individual	Support	No

Comments: Non-profit organizations can survive mainly from generous contributions from individuals. Seeking to remove the cap placed on these contributors makes sense so that non-profits can provide the services it needs to those that need it the most. It is critical that donors have the incentive to make large contributions, especially for capital campaigns. I urge you to pass this House Bill. Thank you.

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Testimony for FIN on Feb 13, 2013 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Carolynn Bell-Tuttle	Individual	Oppose	No

Comments: We need our non-profits to continue serving in our community. I am opposed to this registration. We need to restore the unlimited deductibility of charitable donations. Carolynn Bell-Tuttle

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HB 430 -- Relating to Taxation SUPPORT

**Chair Luke, Vice Chair Nishimoto, Vice Chair Ling Johansson and
Members of House Finance Committee**

RE: HB 430 -- Relating to Taxation

**I am writing in support to remove charitable donations from the limits
on itemized deductions.**

I am a member of the Salvation Army and UH Foundation Boards.

**The Salvation Army ... VERY efficiently provides services to our
community that the State can not afford or manage. We all understand
the cut backs and shortages of funds in recent years ... BUT to ALSO
remove the charitable deduction incentive to many of our donors is
especially harmful to our fundraising efforts.**

**Someone who has a mortgage has very little left for a charitable
deduction. The State loses a small amount of Tax Revenue ... But the
community gains and nets MUCH more.**

**The same with the UH Foundation that supports programs and
scholarships that the state does not have to fund.
A direct charitable donation to support our community raises more
revenue and is MUCH more efficient than tax money that may ? find its
way to support those in need.**

Mahalo for your consideration.

**Ritchie Mudd
4720 Halehoola Place
Honolulu, HI 96816
Cel 808 255 9995 fax 737 1502**

Submitted testimony for HB430 on Feb 13, 2013 14:00PM

HB430

Submitted on: 2/12/2013

Testimony for FIN on Feb 13, 2013 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Elizabeth Rice Grossman	Individual	Support	No

Comments: I support this measure with conviction! I am a resident of Kailua, and have been a donor to charitable organizations in Hawaii for many years. These organizations provide many important services to our state and to members of our community. Our charitable organizations must rely increasingly on individual donations to support the vital programs that they provide to our most vulnerable people, animals and natural resources. Our representatives must incentivize private citizens to give everything they can to support the essential services that maintain our state's social, cultural, and environmental fabric. Respectfully Elizabeth Rice Grossman

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Submitted testimony for HB430 on Feb 13, 2013 14:00PM

HB430

Submitted on: 2/12/2013

Testimony for FIN on Feb 13, 2013 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Sandra Tadaki	Individual	Comments Only	No

Comments: I am writing in support of HB430. The many and varied nonprofit organizations in our community provide services that state government simply cannot due to cost and scope. These organizations rely on their benefactors to support their operations. Eliminating the cap will ease the unfortunate constraints imposed by Act 97. Please help nonprofits survive and flourish so that they can continue to enrich our communities. Thank you for your time and attention to this critical matter.

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Submitted testimony for HB430 on Feb 13, 2013 14:00PM

HB430

Submitted on: 2/12/2013

Testimony for FIN on Feb 13, 2013 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Natalie Iwasa, CPA	Individual	Support	No

Comments: Please do not post my email address.

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February 12, 2013

Representative Sylvia Luke
Chair, Committee on Finance
Hawaii State House of Representatives
Hawaii State Capitol, Conference Room 309
Honolulu, HI 96813

RE: HB 430, Relating to Taxation

Dear Chair Luke and members of the House Committee on Finance:

MEDB is a 501(c)(3) nonprofit organization that has been active since 1982. Over the course of those 30 years we've experienced tremendous challenges in funding various initiatives that would contribute to our mission of diversifying Maui County's economy. These include attracting technology activities and then helping them grow, preparing our residents from k-12 to career fulfillment to meet the requirements of the technology sectors and engaging our community's support for a diversified economic future.

We have been honored to have the support from federal, state and county funding throughout our history. But demands for our assistance have increased with our success and traditional government sources have diminished or now require community match. To create sustainable futures for our proven programs, MEDB's board of directors and staff have work even harder to find other sources of funding. These have ranged from growing membership ranks to presenting conferences that generate revenue to direct fund raising events.

Exempting the charitable income tax deductions from the itemized deduction caps will support the painstaking efforts of nonprofits like ours to secure a more stable future for the services we provide our communities.

Sincerely,

A handwritten signature in black ink that reads "Jeanne Skog". The signature is fluid and cursive, with the first name "Jeanne" and the last name "Skog" clearly legible.

Jeanne Unemori Skog
President & CEO