

GRASSROOT

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February 12, 2015

9:30 AM

Conference Room 229

To: Senate Committee on Human Services and Housing

Sen. Suzanne Chun Oakland, Chair

Sen. Josh Green, Vice Chair

Senate Committee on Commerce and Consumer Protection

Sen. Rosalyn Baker, Chair

Sen. Brian Taniguchi, Vice Chair

From: Grassroot Institute of Hawaii

President Keli'i Akina, Ph.D.

RE: SB 727 -- RELATING TO LONG TERM CARE

Comments Only

Dear Chairs and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on SB 727, which would establish a surcharge of 0.5% statewide on state tax, with the intent of using the proceeds to pay for defined benefits under a long term care program.

Though we have the greatest respect for the elders in our community and the desire to establish quality long term care for our kapuna, the proposed bill raises a number of very serious concerns. With the specter of the Rail surcharge still fresh in the minds of our citizens, adding yet another surcharge to their tax burden further increases the cost of living in the state, and will have a negative impact on our businesses and economy.

Already, Hawaii is one of the worst states in the country when it comes to the citizen tax burden. This contributes to our high cost of living, the lack of affordable housing, and the flight of our young people to the mainland. Tax increases like the one envisioned in this bill fall especially hard on the least fortunate, for whom every penny counts. Increased taxes act as a drag on business and discourage entrepreneurship and investment at the very time when we should be making our state more attractive to business and growing our economy.

In addition, the creation of the defined benefit program for long term care also raises serious concerns. Hawaii is already deeply in debt thanks to the creation of two other similar state-run benefit programs—the public employee pension and health plans. Though well-intentioned, they have created a state sinkhole of billions of dollars in unfunded liabilities. Given that it will likely take decades to resolve the fiscal problems that have resulted from the unfunded liabilities, the state cannot afford to take on another such obligation at this time.

Like the members of this committee, we believe in providing for the state's aging population. However, we must find a way to do so without increasing the fiscal liabilities that would put a burden upon the entire population.

Thank you for the opportunity to submit our comments.

Sincerely,
Keli'i Akina, Ph.D.
President, Grassroot Institute of Hawaii