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**TESTIMONY FOR SENATE CONCURRENT RESOLUTION 30/SENATE  
RESOLUTION 14, REQUESTING THE DEPARTMENT OF TAXATION TO STUDY  
THE IMPACT OF RECENT CHANGES TO FEDERAL INCOME TAX LAW**

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

**Tuesday, March 13, 2018, 10:00 AM  
State Capitol, Conference Room 211**

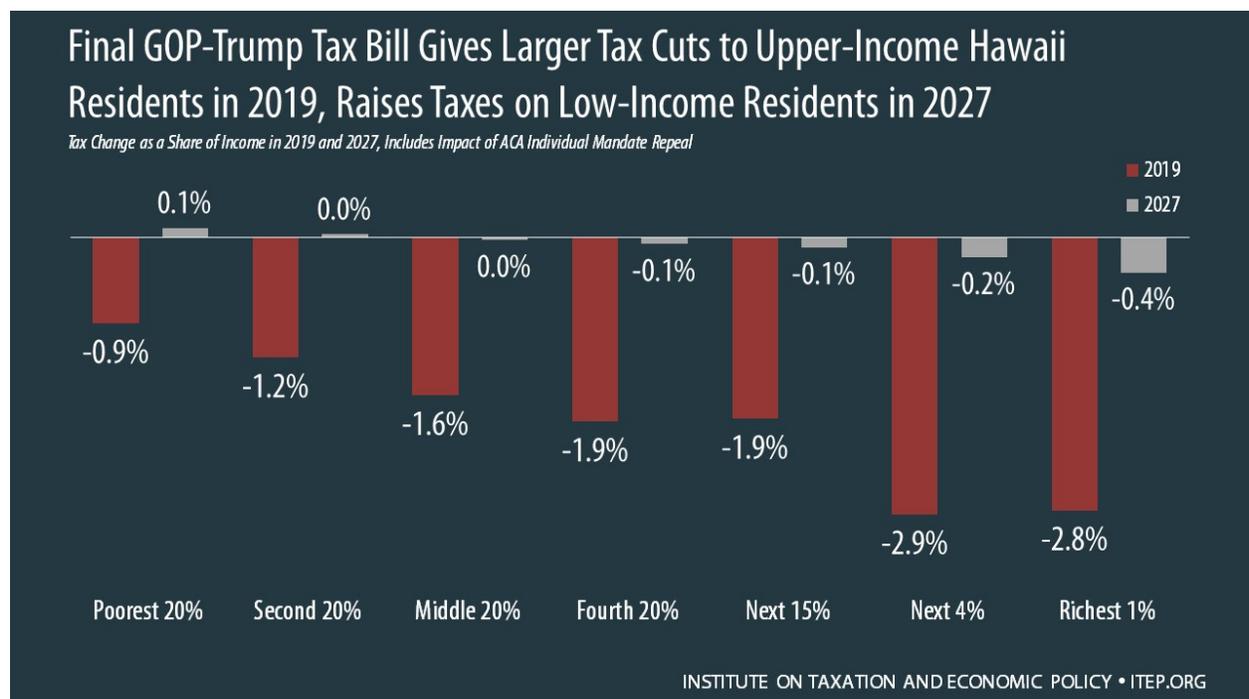
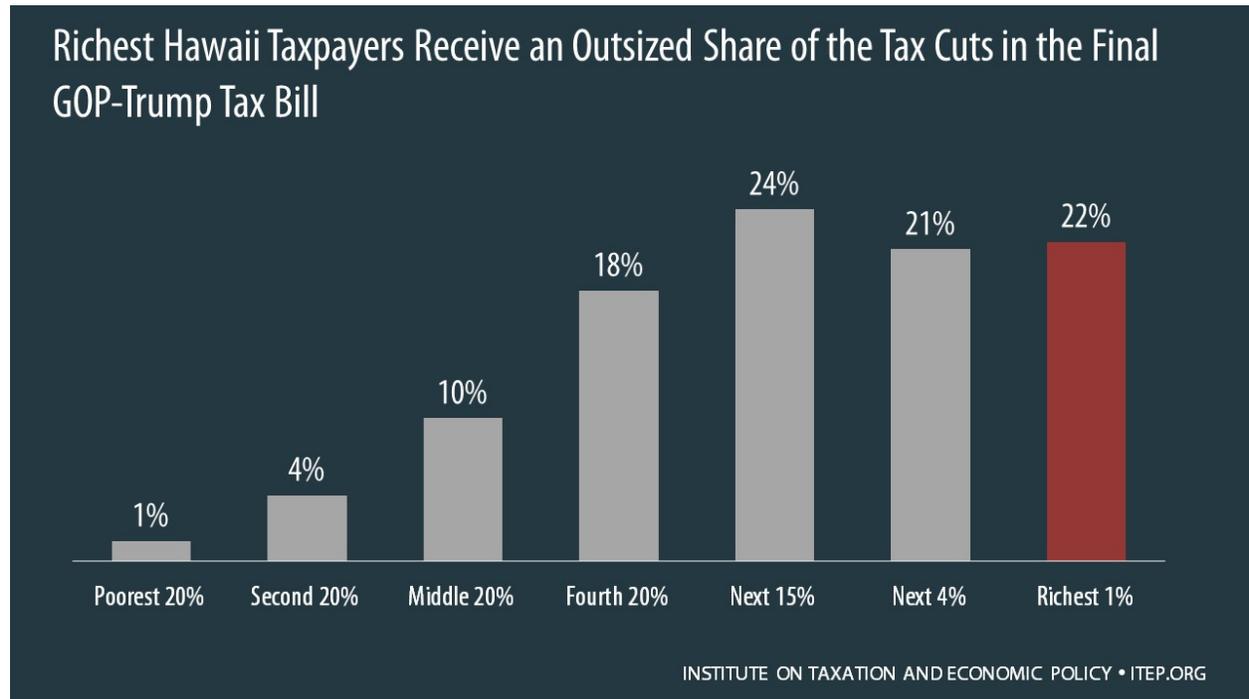
Honorable Chair Dela Cruz and committee members:

I am Kris Coffield, representing IMUAlliance, a nonpartisan political advocacy organization that currently boasts over 400 members. On behalf of our members, we offer this testimony in support of Senate Concurrent Resolution 30/Senate Resolution 14, requesting the Department of Taxation to study the impact of recent changes to federal income tax law.

According to the Institute on Taxation and Economic Policy, the benefits of the recently approved Republican tax cuts are disproportionately felt by high-income households and foreign investors, as low- and middle-income Americans face further economic challenges. In Hawai'i, 22 percent of the measure's tax cuts are extended to the richest 1 percent of our state's residents, with 67 percent going to the wealthiest 20 percent. The bottom 20 percent of Hawai'i earners, meanwhile, are set to receive only 1 percent of the tax package's benefits. Similarly, as a share of individual income, ITEP's analysis shows that the richest 5 percent of local residents will see a nearly 3 percent tax reduction, while the poorest 20 percent of residents will experience a tax break of less than 1 percent. Our wealthiest 1 percent will receive an average tax cut of \$6,970. In contrast, the bottom 40 percent of Hawai'i earners will be encumbered with an average tax *hike* of \$20, which they can hardly afford.

Trump's tax cuts become even more problematic in light of the looming cuts to government spending to which they're prospectively attached. Ultimately, the Trump tax cuts will shift the burden of caring for vulnerable residents even more to states and municipalities. In repealing the individual mandate, for example, the GOP tax cut package undercuts healthcare for millions of Americans, including many Hawai'i citizens, requiring state government to subsidize coverage and medical care for people who've been bumped from Obamacare's rolls. It is imperative to

assess the impact of Trump’s tax cuts on the islands, then, so that we may best determine how to alleviate their detrimental impact on local residents.



## Richest Hawaii Taxpayers Receive the Largest Average Tax Cuts under the Final GOP-Trump Tax Bill in 2027, Lower-Income Groups Face Tax Hikes

*Includes Impact of ACA Individual Mandate Repeal*



INSTITUTE ON TAXATION AND ECONOMIC POLICY • ITEP.ORG

Mahalo for the opportunity to testify in support of this resolution.

Sincerely,  
Kris Coffield  
*Executive Director*  
IMUAlliance