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Tax raise not needed to balance budget

\$1.2 billion shortfall can be eliminated without more burdens

By Rep. Gene Ward

The good news is we don't have to raise taxes to balance the budget. The bad news is that many people at the State Capitol think raising your taxes is the only choice.

The state needs to close a \$1.2 billion budget shortfall before the end of April. That's a tremendous amount of money. But we believe we can raise revenue, make reasonable cuts to spending and free up \$92 million to end school furloughs without burdening our businesses and our struggling families, the poorest of which would be hit the hardest.

This isn't empty, partisan rhetoric. The House Minority Caucus' budget was compiled after hundreds of hours of staff research and built on the best of the governor's, House's and Senate's budgets. It uses the latest Council on Revenues projections. We've gone over the numbers from everyone's plans, and our findings are now available to the public for everyone to evaluate and scrutinize.

The budget is an interactive Excel spreadsheet that can be downloaded at <http://gene-ward.com/budget>. It displays what budget proposals are on the table and which ones we used and didn't use. Our revenue and expenditure assumptions can be easily changed to allow you to build your own plan. All you have to do is type "x" in the cell to the left of a budget proposal and its fiscal impact will be automatically calculated into the ending balance, all the way to fiscal year 2015.

This is the first time that such information has been available online for the public to use. It should cause reconsideration to further raising the cost of living in Hawai'i or forcing our businesses to shed more jobs.

The private sector has already lost more than 41,700 jobs. Small businesses simply can't remain healthy with increased unemployment taxes and the other 15 "job killer" bills now moving through the Legislature.

As of mid-April, more than \$270 million in increased taxes have already been levied on the people of Hawai'i, mostly on small businesses.

In addition to balancing the budget, our proposal funds an end to furloughs. Our budget puts our kids back in school by borrowing from — not raiding — the Hurricane Relief Fund and the rainy day fund. While our plan mirrors some of the cuts proposed by the Board of Education, it doesn't increase class sizes or cut school bus transportation funds like the House budget

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proposes.

In fact, the House minority plan doesn't just cut but it restores. For example, it restores funds to the Kūpuna Care program and to public libraries. It avoids layoffs in the Department of Human Services and restores 38 agriculture inspectors, 16 more than are in the Senate's budget plan.

We judiciously curtail rising labor costs by implementing an early retirement incentive program, and we eliminate vacant positions that are still counted in the budgets. We also increase the efficiency of the 13 state-owned hospitals by putting them under new management and eliminating their yearly subsidies.

Our plan also proposes a modest increase in state revenues by selling three parcels of non-ceded lands as well as retaining a small portion of the counties' transient accommodation taxes.

We made some unpopular choices, like extending state salary cuts into fiscal years 2012 and 2013 so taxpayers can catch their breath and the economy has a better chance of recovery. In contrast to our six-year plan, the Senate and House only offer budgets for a single year that don't seriously address the state's labor costs. But when labor costs make up 70 percent of state spending — about \$12 million per day — it's irresponsible not to.

When Hawai'i's House Republicans voted "no" on the job-killer tax increases this session, we were asked for alternatives to raising taxes. The budget plan we've made available online for everyone to see is our alternative.

No one should tell the people of Hawai'i that we don't have any other choice but to raise taxes. Because we do have a choice. Do the math and see why.

Rep. Gene Ward, (R-17th, Hawai'i Kai, Kalama Valley) is the House minority policy leader and a member of the House finance committee. He

wrote this commentary for The Advertiser.

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A screen shot of the interactive Excel spreadsheet that can display state budget proposals. Revenue and expenditure assumptions can be changed by the user after downloading.

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