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From: Becky Tyksinski [mailto:beckyt@thearcinhawaii.org]
Sent: Tuesday, April 22, 2014 3:38 PM
Subject: Budget Committee Testimony

Honorable Chair Kobayashi, Vice-Chair Chang and Budget Committee Members,

Re: Bill 18, Relating to the Minimum Real Property Tax.

The Arc in Hawaii is a private, non-profit human services organization, celebrating 60 years of community service in 2014. On 22 properties across Oahu, we provide essential direct Residential and Program Services to more than 175 individuals with intellectual and/or developmental disabilities and their families. As Director of Development, I am writing to express my deep concerns about Bill 18.

The current version of Bill 18 contains as yet unspecified changes to the minimum real property tax in accordance with Section 8.10.10 (real property tax exemptions for charitable purposes). It appears that the Budget Committee's intent is to incrementally increase the current \$300 annual minimum real property tax for non-profit organizations.

Non-profit agencies such as ours provide highly cost-effective housing, health and human services which would otherwise have to be provided directly by governmental agencies at the city/county and state levels. Throughout our history, government funding levels have always chased our rising costs of doing business. Non-profit tax exemptions exist in recognition of these realities, as well as the value to the community of the services we provide.

We have faced even greater challenges in the last six years, first due to substantial state and federal budget cuts over the course of the recession, many of which are still in force. While dealing with those cuts, in 2010, the City and County of Honolulu raised our minimum property tax from \$100 per year per property to the current \$300. This was a substantial "hit" for The Arc in Hawaii, especially since we have so many properties. I understand that the City and County has to deal with its own budget imperatives, but I would argue that non-profits like ourselves have "already given" as much as we can without endangering our ability to accomplish the service mission we are entrusted to perform for our island community.

May I also respectfully share some perspective from the Development side? Taxes, overhead and other costs of doing business, while all too real, don't drive charitable giving. Donors want their gift to go to programs that benefit the "end users", real people in need. Believe me, they pay close attention to, and often make giving decisions based on the percentage of their donations that goes directly to those programs.

Thank you very much for the opportunity to provide testimony on Bill 18.

Sincerely,
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