After passage of Hawaii's civil Lockheed refused to discipline the ha- terror.

ISLAND VOICES

Taxation drives cost of living in isles

On Wednesday, the state Legislature will convene. It is time it addresses the too-long-ignored elephant in the room: Hawaii's forgotten middle class.

Hawaii's growing wealthy are doing quite well, as can be seen with the ongoing influx of investor funds pouring in from around the globe. Where does that leave the middle class, the majority of Hawaii's population? Even with so many of us working two (or more) jobs and living three generations to a house, we are only barely surviving. It should come as no surprise to see that the Hawaii we know and love is quickly giving way to a place where endless struggle to afford the basics of life and the number one homelessness rate (per capita) is the new normal.

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According to U.S. Census Bureau estimates, 13,537 more people left Hawaii for the mainland than moved in from another state. Why is this happening? What is it about our great state that continues to spur this mass exodus from Hawaii? Simply put: it is the high cost of living here.

Figures from the Honolulu Board of Realtors show that the median price for a single-family home skyrocketed to a jaw-dropping $795,000 in 2017. As of December 2017, the average rent for a one-bedroom apartment in Hawaii was $2,399 which is a 7.59 percent increase from the year prior. Even given these high rents, they are then again hit with the general excise tax (GET). Combined with the national record for the highest cost of electricity and the increasingly high cost of groceries — primarily imported from out of state via cargo ship which, unfortunately, falls under the unfair Jones Act and is then taxed by the state — makes survival a struggle for the average family.

It is impossible to continue ignoring the real reason for our high cost of living in Hawaii: taxation.

The Legislature held a special session last August to extend the tax for the ill-fated Honolulu rail project by another three years to 2030. Beginning on Jan. 1, the transient accommodations tax (TAT) applied to lodging accommodations in the state of Hawaii increased by 1 percent, raising the tax rate from 9.25 percent to 10.25 percent. This increase came after the 2007 half-percentage-point GET surcharge. Mayor Kirk Caldwell has already predicted "it will still come up short."

Hawaii's general excise tax is not a sales tax. The 4.617 percent (after rail additions) is considered a 12 percent sales tax because it taxes everything at the business level not the consumer level. There are no exceptions. This means that a family pays tax on their food, regardless of whether it is eaten in a restaurant or carefully purchased in a grocery store to adhere to a strict survival-mode budget. Health-related expenses? Taxed. Home and automotive repairs? Taxed. No matter how urgent or life-threatening, it's all taxed. Even our precious Girl Scout cookies are taxed.

As President Ronald Reagan said in his first inaugural address in 1981: "In this present crisis, government is not the solution to our problem; government is the problem." This same sentiment applies just as accurately to the Hawaii State Legislature today as it did to the economic recession and "stagflation" of the early 1980s.

With the looming rail project operation and maintenance costs of $140 million annually and unfunded liabilities (i.e., government workers' pension funds) in the billions, it is imperative that the Legislature reduce the cost of living. If not, Hawaii is well on its way to being a place where only the rich can live.

The Republican Party of Hawaii is dedicating the 2018 legislative session to: Making Hawaii Affordable Again.