

'Just say no!' to hindrances of economic recovery

THE CHAMBER VIEW
by Pamela Tumpap



During the Reagan administration, first lady Nancy Reagan launched the "Just say no" campaign

to help our nation avoid drug use and addiction. The program drew some criticism, given how entrenched drugs can be in people's lives, with some viewing it as an overly simple approach to a complex problem. But, regardless of how one felt about this initiative, there came a point when overcoming a destructive dependence that one had to decide to "just say no," not allow such behavior anymore and work toward the necessary changes for an improved life. We in Hawaii must take such a stand and "just say no!" to efforts that will hamper our economic

recovery, growth and job creation.

Our large, deeply rooted government, which we are unable to afford, and continued revenue shortfalls have lawmakers looking at how to squeeze additional money from the business sector to narrow the gap. The time has come for our state government to face the reality that businesses have had to look inside and live within their means. It is time for residents and businesses to "just say no" to:

■ Legislation that increases the cost of doing business. We appreciate the Legislature swiftly passing House Bill 2169 House Draft 2, now signed into law by the governor and known as Act 2, to reduce the unemployment-insurance-tax burden on businesses and save an estimated \$77 million in unemployment-insurance-tax payments over the next four years. In passing this bill, lawmakers showed an un-

derstanding of the need to help businesses survive, and we applaud them for their actions to help. However, other bills loom that will raise the cost of doing business, such as HB1926 HD2. This bill seeks to fund the Department of Business, Economic Development and Tourism in the backs of businesses by adding a surcharge of \$20 to a long list of regular fees charged by several state departments — Commerce and Consumer Affairs, Labor and Industrial Relations, and Taxation — and the Public Utilities Commission. Therefore, we oppose the latter measure and ask the public to do the same.

■ Increasing the general-excise tax, or GET. While raising more money is a way to address revenue shortfalls, the proposed GET increase does more harm than good. As a tax on business, GET may be viewed as a "palatable" tax because businesses do not vote.

But do not be fooled. This tax is passed on to consumers one way or another; it hits and hurts us all. Let us remember that a GET increase:

- Further taxes businesses that are struggling to survive; keep their employees working, and their costs and pricing down; and sell their goods and services.
- Has a tremendous multiplier effect that increases the costs of goods and services for every resident.
- Is regressive, disproportionately hitting the less fortunate and poor.
- Raises the cost of vacationing in Hawaii and is detrimental to the visitor industry.
- Can equate to less spending overall.
- Slows our economic recovery.
- Fuels Hawaii's negative image as an "unfriendly" place to do business.
- May have long-lasting negative effects because GET

in Hawaii never has gone back down after being raised, even when the economy improved. It only has escalated over time.

If someone tries to tell you that a 1 percent increase is a nominal amount that will benefit the greater common good, then help them do the math. A 1 percent increase of a 4 percent tax equates to a 25 percent hike: an astronomical amount for people to absorb when they are struggling to hold on.

■ Doing government business as usual. Sadly, the size of our state government is well beyond what we can afford and has created a tremendous unfunded government-employee-retirement-benefits debt. We need to reinvent our state government and move forward with reducing both its size and spending, outsourcing services to for-profit and nonprofit sectors that can deliver these services more efficiently and cost effectively. And to save money and better educate our children,

we need to revamp the Department of Education, which draws the lion's share of the budget.

We are the people. We are not tied to this system, and we are not stuck. We must get beyond what is not working and get serious about stimulating the economy, creating jobs, and ridding our state of the plague and reputation of having a high cost of doing business here. If such measures continue to pass, they, like a drug addiction, will damage us now and for years to come. Change may be challenging, but it is possible and needed.

Join us in "just saying no!" to a GET increase, to a higher cost of doing business, and to government business as usual. Join in sending a strong message to lawmakers that it is time for necessary and positive change.

■ Pamela Tumpap is president of the Maui Chamber of Commerce.