

TESTIMONY OF CHRIS S. MASHIBA, ESQ.
BEFORE THE SENATE COMMITTEE ON HEALTH

L A T E

Hearing March 13, 2008 AT 1:15 pm
Conference Room 225

Support of HB 2540
Relating to Income Tax; General Excise Tax; Potable Water

Chair Ige, Vice-Chair Fukunaga, members of the Committee:

My name is Chris Mashiba and I am a tax partner at the Honolulu law firm Cades Schutte LLP. I support HB 2540.

1. HB 2540 provides an income tax and general excise tax exemption for companies that provide potable water and are exempt under Section 501(c)(12) of the Internal Revenue Code.

2. HB 2540 should be adopted since it allows Hawaii residents in certain communities that are not able to access public utility water services to operate their own community based water service company on an equitable basis without taxation. For example, the Honolulu Board of Water Supply does not pay nor does it charge its water users a tax. On the other hand, community based potable water nonprofit organizations must pay Hawaii taxes (but not federal taxes) under the current law.

3. There is also a good policy reason to support this bill because these nonprofit organizations clearly relieve the burden of the State of Hawaii and Counties to provide such necessary human services.

Very truly yours,

Chris S. Mashiba

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