

HB 1405



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Comments Provided to the
Senate Committee on Ways and Means
April 6, 2009 at 9:30am

by

Howard Todo

Vice President for Budget & Finance/CFO, University of Hawaii

HB1405 HD2 SD1 – RELATING TO THE GENERAL EXCISE TAX

Chair Kim, Vice Chair Tsutsui, and Members of the Committee:

Thank you for the opportunity to provide comments on this measure.

The University of Hawaii is in support of Section 19 of the bill, which provides that

(4) A sum equal to ___ per cent of all tax revenues realized by the State under chapters A, B, and C, respectively, shall be deposited in the state treasury in each fiscal year to the credit of the University of Hawaii; provided that any moneys received under this section shall augment and not replace existing operating or capital improvement budgets; provided further that beginning January 1, ___, all revenues realized by the State under chapters A, B, and C shall be deposited in the state treasury."

This provision will provide an additional source of funding for high-priority higher education programs.

Thank you for the opportunity to present comments and for your continuing support of the University of Hawaii.



Senate WAM Cmte
Mon, Apr 6, 2009
9:30 am
room 211

National Association of Social Workers

Hawaii Chapter

April 4, 2009

TO: Sen. Donna Kim, Chair
Members of the Senate Way and Means Committee

FROM: Debbie Shimizu, LSW
National Association of Social Workers, Hawaii Chapter

RE: HB 1405, HD2, SD1 Relating to General Excise Tax- **SUPPORT**

Madam Chair and members of the Senate Ways and Means Committee, I am Debbie Shimizu, Executive Director of the National Association of Social Workers (NASW), Hawaii Chapter. NASW is the largest professional organization for social workers in Hawaii. **NASW SUPPORTS HB 1405, HD2, SD1 to amend Hawaii's tax laws to implement the streamlined sales and use tax agreement.**

22 states, representing over 30 percent of the country's population, have already been certified as being in compliance with the Streamlined Sales and Use Tax Agreement. This year, ten additional states are considering legislation to join the agreement. Hawaii should join these states so we can capture our share of sales and use taxes from remote transactions including online purchases. It is estimated that our e-commerce revenue losses are projected to be more than 6% of our total GET/use tax revenues. In FY07, this amount would have been \$153 million dollars.

This is not a "new" tax but a tax that is due to our state for purchases made by our residents. During this time of economic crisis, this is a good source of revenue for our state. We urge your support of HB 1405, HD2, SD1.

Thank you for this opportunity to testify.



**Hawai'i
Association of
REALTORS®**
www.hawaii Realtors.com

The REALTOR® Building
1136 12th Avenue, Suite 220
Honolulu, Hawaii 96816

Phone: (808) 733-7060
Fax: (808) 737-4977
Neighbor Islands: (888) 737-9070
Email: har@hawaii Realtors.com

April 5, 2009

The Honorable Donna Mercado Kim, Chair
Senate Committee on Ways and Means
State Capitol, Room 210
Honolulu, Hawaii 96813

RE: H.B. 1405, H.D. 2, S.D. 1, Relating to General Excise Tax

HEARING DATE: Monday, April 6, 2009 at 9:30 a.m. in Room 211

Aloha Chair Kim and Members of the Committee on Ways and Means:

I am Craig Hirai, a member of the Subcommittee on Taxation and Finance of the Government Affairs Committee of the Hawai'i Association of REALTORS® ("HAR"), here to testify on behalf of the HAR and its 9,600 members in Hawai'i. HAR **supports** H.B. 1405, H.D. 2, S.D. 1, which adopts amendments to Hawaii tax laws to implement the streamlined sales and use tax agreement.

The Report of the 2001-2003 Tax Review Commission states that Hawaii would potentially achieve not only the benefit of better definitions, uniformity, and certainty, but also increase tax compliance by interstate vendors (primarily mail order and e-commerce merchants) who agree to pay state taxes under the Streamlined Sales Tax Project. The Report goes on to state that because of Hawaii's uniquely broad based General Excise and Use Tax system, by joining the Streamlined Sales Tax Project, Hawaii may be able to better maintain the viability of its broad revenue base.

The Report of the 2005-2007 Tax Review Commission, however, states that while the Commission believes that the goal of coordinating the collection of taxes on interstate sales, such as via the internet, is desirable, and that Hawaii should remain involved in discussions on the Streamlined Sales Tax Project, the Commission did not think that Hawaii should make a formal commitment yet.

HAR believes that the delayed effective date contained in Section 36 of H.B. 1405, H.D. 2, S.D. 1, should help alleviate the concerns of the 2005-2007 Tax Review Commission, and that H.B. 1405, H.D. 2, S.D. 1, should eventually level the playing field for local merchants who must deal with the high cost of doing business in Hawaii and still compete with mail order and e-commerce merchants from outside of the State.

HAR looks forward to working with our state lawmakers in building better communities by supporting quality growth, seeking sustainable economies and housing opportunities, embracing the cultural and environmental qualities we cherish, and protecting the rights of property owners.

Mahalo for the opportunity to testify.