

HB 1605

LATE TESTIMONY



**Testimony to the Senate Committee on Ways and Means
Tuesday, March 24, 2009
9:30 a.m.
Conference Room 211**

RE: HOUSE BILL NO. 1605. HD1 RELATING TO TAXATION

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

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber is in opposition to HB 1605 HD1.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

This measure authorizes each county to establish a retail sales tax on the sales of tangible personal property.

Essentially, the bill would impose a sales tax in addition to the General Excise Tax. This would amount to a double tax on retail sales, which not only would have a huge cost impact, but would be difficult to administratively implement, especially for small retailers.

A tax increase will become an additional cost imposed on companies at a time when merely keeping up with operating expenses is difficult. Even if the costs are passed down to the consumers, the number of customers have decreased, thus the average dollar spent has also decreased. Therefore, any tax increases on a tangible item will further decrease consumer spending.

We respectfully request that the committee holds this measure. Thank you for the opportunity to submit testimony.

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March 23, 2009

Honorable Senator Donna Mercado Kim, Chair
Members of Committee on Ways and Means
Committee on Ways and Means

RE: House Bill 1605 HD1

Dear Honorable Chair Kim and Members of the Committee on Ways and Means:


I want to support approval of House Bill 1605 HD1, which provides for the creation of the Hawaii Tax Review Initiative, an independent Commission to obtain information and perspectives to recommend legislation to improve and adjust Hawaii's tax codes to meet the State's goals.

In the 50 years since statehood in 1959, Hawaii's tax system has evolved in many ways that have had unintended social consequences. I believe that it is necessary to determine whether our current tax laws need to be revised to meet our social and economic policies as they may change overtime, and will change again in the future.

Please approve House Bill 1605 HD1.

Very truly yours,

CHING, YUEN & MORIKAWA


William W.L. Yuen, Attorney at
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LATE TESTIMONY

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Honorable Senator Donna Mercado Kim, Chair
Member of the Ways and Means Committee

RE: HB Bill 1605 HD1

Dear Honorable Chair Kim and Members of the Committee on Ways and Means:

With Hawaii celebrating its 50th anniversary of statehood, there is no better time to review and evaluate Hawaii's taxation. Besides providing the resources for operating our State government and programs, taxes also serve to direct our social and economic policies. Taxes also redistribute wealth in attempts to have a fair and equitable way to balance the needs of our taxpaying residents and entities. Since Statehood, Hawaii's tax system has evolved over the decades. However as time has lapsed, economic and social conditions may be changed which may require the study of the relevancy and applicability of the taxes that were created. The establishment of the Hawaii Tax Review Initiative would do just that.

I concur that it's necessary to determine whether the current tax laws need to be revised to meet our social and economic policies as they may change from time to time.

I urge your approving House Bill 1605 HD!.

Sincerely,

Donald Lau

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Hearing by Senate Ways & Means Committee
March 24, 2009; 9:30 AM
Conference Room 211

RE: Hawaii Tax Review Initiative; 50th Anniversary of Statehood.

Dear Chair Sen. Donna Mercado Kim, Vice-Chair Sen. Shan Tsutsui, and Members of the Ways & Means Committee,

HB 1605 presents an opportunity for the Hawaii government leaders to get a true sense of the big picture as it relates to taxation and state government. And the timing of this measure dovetails quite nicely into the timing of the 5-year tax review of the existing Tax Review Commission.

Often when a task is repeated over-and-over again (especially over the course of years), it is very easy to fall into the unintended mode of looking at the same issue(s) in much the same way.

It is very possible that even upon reviewing Hawaii's tax matters with new sets of eyes, that it is concluded that current processes and procedures may very well be the best course to take. If this is the case great.

It may also be that new sets of eyes will result in new approaches that can be quite helpful in addressing many of Hawaii's needs. This study could shed some light in areas where we have not previously thought to look. And with the national and state economic numbers on a downward path, a bit of new light could prove quite helpful.

Finally, the measure suggests that the group work together with the Department of Budget & Finance. As this initiative will be useful only to the extent that the study is independent of the past procedures and policies, the measure rightfully calls for the study group to work closely with the Dept. of Budget & Finance as this allows for a fresh way of looking at things. Please note that the Tax Review Commission is mandated to follow the requirements of HRS Chapter 232E.

With much data now readily available via websites and computers, the means to accomplish the initiative's goals within a relatively short period of time and within a reasonable cost may be more doable now, than in the past.

Whereas there is a tight time-table to accomplish the perceived goals of this Tax Initiative measure, it appears quite timely when considering that this information would be available for use by the Hawaii Tax Commission's 5-year review in 2010.

Please pass HB 1605.

Thank you.

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