

SB 1678



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
 AFSCME Local 152, AFL-CIO

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The Twenty-Fifth Legislature, State of Hawaii
 Hawaii State Senate
 Committee on Ways and Means

Testimony by
 Hawaii Government Employees Association
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S.B. 1678, S.D. 1 – RELATING
TO TAXATION

The Hawaii Government Employees Association supports the purpose and intent of S.B. 1678, S.D. 1, which is to make specific changes to Hawaii's tax law that will enable the State to participate in the Streamlined Sales and Use Tax Agreement to permit the taxation of Internet-based transactions. There are several reasons for taxing Internet-based transactions.

Retail trade has been transformed by the Internet. As the popularity of "e-commerce" grows, fairness dictates that Internet-based transactions should be treated in the same manner as other retail transactions. Retail transactions that are taxable by "bricks and mortar" retailers should also be taxable when sold through the Internet.

Hawaii has already lost millions of dollars in Internet-based sales, and the losses will likely increase as the importance of the Internet continues to grow. Therefore, we support S.B. 1678, S.D. 1 that makes necessary changes to the tax code to comply with the Streamlined Sales and Use Tax Agreement. The ongoing loss of millions in tax revenue from e-commerce is a problem that will get worse over time unless we take appropriate action. The revenues gained through the Streamlined Sales and Use Tax Agreement may fund public education and other important priorities.

Thank you for the opportunity to testify in support of this important measure.

Respectfully submitted,

Nora A. Nomura
 Deputy Executive Director

