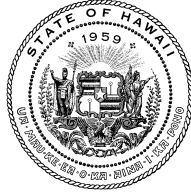


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**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TAXATION
TESTIMONY REGARDING SB 749
RELATING TO GENERAL EXCISE TAX**

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)
DATE: FEBRUARY 6, 2009
TIME: 1:15PM
ROOM: 016

This bill would exempt the gross income or gross proceeds derived from the provision of flight instruction from the general excise tax.

The Department of Taxation ("Department") takes **no position on the merits** of this legislation; however **opposes the unbudgeted revenue loss**.

OPPOSED DUE TO BUDGET IMPACT - The Department must be cognizant of the biennium budget and financial plan. This measure has not been factored into either. Given the forecasted decrease in revenue projections, this measure would add to the budget shortfall.

REVENUE LOSS—This bill will result in a revenue loss of approximately \$210,000 annually.