

SB 972



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. 972, S.D. 1 – RELATING TO
TAX ADMINISTRATION

The Hawaii Government Employees Association supports S.B. 972, S.D. 1, which will ensure that Hawaii businesses are paying their fair share of taxes. This legislation is designed to increase tax compliance of cash-based businesses.

We agree with the amendments made by the Committee on Economic Development and Technology. Among the significant changes made by the committee were: 1) improving coordination with the Department of Commerce and Consumer Affairs on requiring tax clearances for regulated industries; 2) coordinating with federal procurement officers to require tax clearances on federal construction jobs; and 3) coordinating with federal immigration agencies such as the Immigration and Customs Enforcement Agency on database and intelligence sharing to find possible compliance problems with income tax and withholding requirements.

Hawaii's tax gap is estimated to be about \$2 billion in unreported and unpaid taxes every year with approximately \$1 billion attributed to the cash economy. During these difficult economic circumstances, the State must ensure that everyone is paying the taxes they legally owe to the State of Hawaii.

Thank you for the opportunity to testify in support of S.B. 972, S.D. 1.

Respectfully submitted,

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Deputy Executive Director