



International Council of Shopping Centers

**Hawaii Senate  
Committee on Ways and Means  
Hearing on HB 2962  
March 29, 2010  
9:30 AM**

**LATE**

Testimony submitted by:  
**Dante Scott**  
**International Council of Shopping Centers**

On behalf of:  
**Hawaii Members of the International Council of Shopping Centers**

Dear Committee:

Thank you for the opportunity to submit testimony on HB 2962, sponsored by Representative Marcus Oshiro. The Hawaii members of the International Council of Shopping Centers (ICSC) strongly support this measure. HB 2962 will simplify and streamline Hawaii's sales and use tax codes and is critical for bringing fairness to Main Street retailers.

ICSC is the premier global trade association for the shopping center industry. In 2009, ICSC members in Hawaii provided 56,400 jobs, representing 9.4% of total employment in the state. Our members also contributed \$300 million in state sales tax revenue on top of other revenue generated from business and property taxes. Especially during these difficult economic conditions, our industry continues to be an important part of the Hawaiian economy.

The shopping center industry now more than ever needs the Hawaii Legislature to level the playing field for brick-and-mortar retailers. Currently, out-of-state vendors have an unfair advantage over Main Street retailers by taking advantage of the sales tax loophole that allows them to avoid collecting sales taxes. These remote vendors, without a local community presence or the desire to reinvest in our neighborhoods, are crippling traditional downtown retailers.

Passage of HB 2962 is the first step in closing the loophole and leveling the playing field for all retailers. This bill will allow Hawaii to join 23 other states that have passed the Streamlined Sales and Use Tax Agreement (the Agreement). The Agreement minimizes costs and administrative burdens on retailers that collect sales tax. It encourages "remote sellers" selling over the Internet and by mail order to collect tax on sales to customers living in the Streamlined states. It levels the playing field so that local "brick-and-mortar" stores and remote sellers operate under the same rules. The Agreement ensures that all retailers can conduct their business in a fair, competitive environment. Furthermore, with Congressional action, Hawaii will be positioned to collect currently lost revenues on remote purchases, which are estimated to be more than \$45 million in 2010 alone, according to a 2009 University of Tennessee study.

Not only will HB 2962 help provide needed revenue for the state, but it is also critical to creating a fair and competitive environment for brick-and-mortar retailers in Hawaii. We strongly encourage you to vote for HB 2962.