

HB 793

SD1

PROPOSED

NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
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DIRECTOR OF TAXATION

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DEPUTY DIRECTOR

**SENATE COMMITTEE ON WAYS AND MEANS
TESTIMONY OF THE DEPARTMENT OF TAXATION
REGARDING HB 793, PROPOSED SD1
RELATING TO TAXATION**

TESTIFIER: FREDERICK D. PABLO, DIRECTOR OF TAXATION (OR
DESIGNEE)
COMMITTEE: WAM
DATE: APRIL 6, 2011
TIME: 9:30AM
POSITION: COMMENTS

This measure contains several parts. Part II of this bill temporarily suspends certain general excise and use tax exemptions from January 1, 2012 through June 30, 2015. Part IV of this bill doubles the standard deductions under the State income tax. Part V doubles the tax credit for household and dependent care services necessary for gainful employment. Part VI doubles the income tax credit for low-income household renters. Part VII doubles the refundable food/excise tax credit. Part VIII increases the capital goods excise tax credit, increases the general excise tax, increases the use tax, and increases the public services company tax.

The Department offers the following comments.

TECHNICAL ERROR – In Part II of the bill, specifically in Section 3 and Section 4, in subsection (b) of sections 237- and 238- respectively, the Department suggests amending the rate from four per cent to five per cent. The Department would have difficulty administering a different general excise rates for the previously exempt activities and all other activities.

APPROPRIATION – Regarding Part IX of this bill, the Department is in the process of calculating the resources necessary to implement the changes proposed in this measure.

REVENUE IMPACT – Attached is a chart summarizing the revenue impact of the bill.

Table 1. Estimated Revenue Impact of HB 793 Proposed SD1 (Date: April 5, 2011) (Prepared by DOTAX)

Based on COR 3/29/11	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
GET	2,424,512,000	2,590,161,000	2,770,545,000	2,966,538,000	3,173,832,000
Carved out 0.5% Wholesale GET @ 4%	106,777,060 2,317,734,940	114,072,348 2,476,088,652	122,016,575 2,648,528,425	130,648,232 2,835,889,768	139,777,592 3,034,054,408
Public Service Company Tax @ 4%	184,395,000	208,207,000	229,718,000	249,458,000	267,857,000
1% Increase in GET (10/1/11 - 9/30/13) Adjusted for Response of Buyers		412,681,442 387,920,555	662,132,106 622,404,180	236,324,147 222,144,698	
1% Increase in PSC Tax (10/1/11 - 9/30/13)		34,701,167	57,429,500	20,788,167	
Repeal of GET Exemption (1/1/12 - 6/30/15) (Subject to 5% for 1/1/12 - 9/30/13, and 4% for 10/1/13 - 6/30/15)		84,216,218	231,313,879	206,486,189	196,320,715
Subtotal for Revenue Gain		506,837,940	911,147,559	449,419,054	196,320,715
Relief for the Poor and Working Class					
Part IV: Section 6 (TYs 2012 and 2013)					
Double Standard Deduction			(42,800,000)	(42,800,000)	
Part V: Section 8 (TYs 2012 and 2013)					
Increase Child Care Tax Credit			(8,700,000)	(8,700,000)	
Part VI: Section 9 (TYs 2012 and 2013)					
Double Renter's Credit			(5,290,000)	(5,290,000)	
Part VII: Section 10 (TYs 2012 and 2013)					
Double Food Credit Amount			(28,800,000)	(28,800,000)	
Part VIII: 10/1/11 - 9/30/13					
Increase capital goods excise tax credit		(5,666,667)	(8,500,000)	(2,833,333)	
Subtotal for Tax Reliefs		(5,666,667)	(94,090,000)	(88,423,333)	
Net revenue gain		501,171,274	817,057,559	360,995,721	196,320,715

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 793, PROPOSED S.D. 1

April 6, 2011

RELATING TO TAXATION

House Bill No. 793, Proposed S.D. 1, proposes to temporarily: 1) suspend the general excise tax (GET) and use tax exemptions for certain businesses and require the payment of such taxes; 2) provide relief for working families by doubling the standard deduction, child care tax credit, renter's credit and food tax credit; 3) increase by one percent the capital goods excise tax credit; and 4) increase by one percent the GET, use tax and various public service company taxes.

The Administration has previously stated and continues to support the temporary suspension of the GET and use tax exemptions for certain businesses over an increase in the broader GET. However, in order to address the significant operating deficits looming in the biennium budget, we recognize the prudence of the Senate to review and evaluate all other options.

We defer to the Department of Taxation regarding revenue estimates and other technical issues of the bill.

TAXBILLSERVICE

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SUBJECT: INCOME, GENERAL EXCISE, USE, PUBLIC SERVICE COMPANY, Increase standard deduction and income tax credits; suspend exemptions and impose tax; increase GET, increase PSC rates

BILL NUMBER: HB 793, Proposed SD-1

INTRODUCED BY: Senate Ways & Means Committee

BRIEF SUMMARY: Amends HRS chapter 237 to suspend the following general excise tax exemptions between January 1, 2012 and June 30, 2015:

- 237-13(3)(B) - amounts deducted from the gross income received by contractors;
- 237-13(3)(C) - reimbursements received by federal cost-plus contractors for the costs of purchased materials, plant, and equipment;
- 237-13(6)(D) - gross receipts of telecommunications home service providers acting as service carriers for other home service providers;
- 237-16.5 - amounts deducted from the gross income of real property lessees because of receipt from sublessees;
- 237-16.8 - gross income received by nonprofit organizations from conventions, conferences, trade shows, or display spaces;
- 237-24(14) - amounts received by sugarcane producers;
- 237-24.3(1) - amounts received from the loading, transportation, and unloading of agricultural commodities shipped interisland;
- 237-24.3(2) - amounts received from the sale of intoxicating liquor, cigarettes and tobacco products, and agricultural, meat, or fish products to person or common carriers engaged in interstate commerce;
- 237-24.3(4)(A) - amounts received or accrued from the loading or unloading of cargo;
- 237-24.3(4)(B) - amounts received or accrued from tugboat and towage services;
- 237-24.3(4)(C) - amounts received or accrued from the transportation of pilots or government officials and other maritime related services;
- 237-24.3(10) - amounts received by labor organizations for real property leases;
- 237-24.3(12) - amounts received as rent for aircraft or aircraft engines used for interstate air transportation;
- 237-24.5 - amounts received by stock exchanges and exchange members;
- 237-24.7(10) - amounts received as high technology development grants;
- 237-24.9 - amounts received from the servicing and maintenance of aircraft and maintenance facilities;
- 237-27 - amounts received by petroleum product refiners from other refiners for further refining of petroleum products;
- 237-27.5 - gross proceeds received from the construction, reconstruction, erection, operation, use, maintenance of furnishing of air pollution facilities that do not have valid certificates of exemption on July 1, 2011;

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237-28.1 - gross proceeds received from shipbuilding and ship repairs;
237-29.8 - amounts received by telecommunications common carriers from call center operators for interstate or foreign telecommunications services;
209E-11 - gross proceeds received by qualified businesses in enterprise zones that do not have valid certificates of qualifications from DBEDT on January 1, 2012; and
209E-11 - gross proceeds received by licensed contractors for construction performed for businesses in an enterprise zone or businesses who have been approved by DBEDT to enroll in the enterprise zone program.

Provides for the imposition of a tax of 4% on the previously exempt gross income or gross proceeds of sale between January 1, 2012 June 30, 2015. Defines “previously exempt gross income or gross proceeds of sale” for purposes of the measure.

No county surcharge shall be levied, assessed, or collected on any previously exempt gross income or gross proceeds of sale that is subject to taxation by this measure. This section shall not be applicable to gross income or gross proceeds from binding written contracts entered into prior to July 1, 2011 that do not permit the passing on of increased rates of tax. Also provides that the tax not be applicable to any gross income or gross proceeds of sale that cannot be legally taxed under the U.S. Constitution.

Beginning January 1, 2012 the director of taxation is to require the information reporting on all exclusions or exemptions of all amounts, persons, or transactions under this chapter except for: (1) amounts received that are exempt under HRS section 237-24(1) through (7); and (2) any other amounts, persons, or transactions as determined by the director in the best interest of tax administration and made by official pronouncement.

Amends HRS chapter 238 to suspend the following general excise tax exemptions between January 1, 2012 and June 30, 2015:

238-1(6) - the leasing or renting of aircraft or keeping of aircraft solely for leasing or renting for commercial transportation of passengers and goods or the acquisition or importation of aircraft or aircraft engines by a lessee or renter engaged in interstate air transportation;
238-1(7) - the use of oceangoing vehicles for passenger or passenger and goods transportation from one point to another within the state as a public utility;
238-1(8) - the use of material, parts, or tools imported or purchased by a person licensed under HRS chapter 237 which are used for aircraft service and maintenance or the construction of an aircraft service and maintenance facility;
238-3(g) - the use or sale of intoxicating liquor and cigarette and tobacco products imported into the state and sold to any person or common carrier in interstate commerce, whether ocean-going or air, for consumption out-of-state by the person, crew, or passengers on the shipper’s vessels or airplanes;
238-3(h) - the use of any vessel constructed under HRS section 189-25 prior to July 1, 1969;
238-3(k) - the use of any air pollution control facility subject to HRS section 237-27.

Provides for the imposition of a tax of 4% on the previously exempt value of property, services, or contracting between January 1, 2012 and June 30, 2015. Defines “previously exempt value of property, services, or contracting” for purposes of the measure.

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No county surcharge shall be levied, assessed, or collected on any previously exempt value of property, services, or contracting that is subject to taxation by this measure. This section shall not be applicable to the value of property, services, or contracting from binding written contracts entered into prior to July 1, 2011 that do not permit the passing on of increased rates of tax. Also provides that the tax not be applicable to any gross income or gross proceeds of sale that cannot be legally taxed under the U.S. Constitution.

If so determined, requires the director of taxation to: (1) exempt or exclude the property, services, or contracting or the use of the property, services, or contracting, from the tax; or (2) apportion the gross value of services or contracting sold to customers within the state by persons engaged in business both within and without the state to determine the value of that portion of the services or contracting that is subject to taxation under HRS chapter 237 for the purposes of section 237-21.

Beginning January 1, 2012 the director of taxation is to require information reporting on all exclusions or exemptions of all amounts, persons, or transactions under the use tax, except for any amounts, persons, or transactions as determined by the director in the best interest of tax administration and made by official pronouncement.

The director of taxation may establish additional requirements, procedures, and forms pursuant to rules adopted under HRS chapter 91 to effectuate this section.

The department of taxation shall have the authority to postpone the payment of any tax imposed under this act until the deadline to file the annual general excise or use tax returns, as applicable, without regard to any extension.

Sections of this act suspending certain exemptions of HRS section 237-24, shall not be affected by the repeal and re-enactment of that section on December 31, 2013, pursuant to Act 70, SLH 2009. Sections of this act suspending certain exemptions of HRS sections 237-24.3 and 237-24.7, shall not be affected by the repeal and re-enactment of those sections on December 31, 2014, pursuant to Act 91, SLH 2010.

This act shall be repealed on June 30, 2015.

Amends HRS section 235-2.4(a) to double the standard deduction: (1) from \$4,400 to \$8,800 for taxpayers filing a joint return or a surviving spouse; (2) from \$3,212 to \$6,424 for taxpayers filing as a head of household; (3) from \$2,200 to \$4,400 for those filing as an unmarried individual; or (4) from \$2,200 to \$4,400 for taxpayers filing as a married individual filing a separate return. This section shall take effect for tax years beginning after December 31, 2011 and shall be repealed on December 31, 2013.

Amends HRS section 235-55.6 to double the household and dependent care tax credit to by increasing the applicable percentage to:

Adjusted gross income	Applicable percentage
0 through \$22,000	50
\$22,001 through \$24,000	48
\$24,001 through \$26,000	46
\$26,001 through \$28,000	44

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\$28,001 through \$30,000	42
\$30,001 through \$32,000	40
\$32,001 through \$34,000	38
\$34,001 through \$36,000	36
\$36,001 through \$38,000	34
\$38,001 through \$40,000	32
\$40,001 and over	30

Amends HRS section 235-55.7 to double the amount of the renter tax credit from \$50 to \$100.

Amends HRS section 235-55385 to double the refundable food/excise tax credit to:

Adjusted gross income	Credit per exemption
Under \$5,000	170
\$5,000 under \$10,000	150
\$10,000 under \$15,000	130
\$15,000 under \$20,000	110
\$20,000 under \$30,000	90
\$30,000 under \$40,000	70
\$40,000 under \$50,000	50
\$50,000 and over	0

Amends HRS section 235-110.7 to increase the capital goods excise tax credit from 4% to 5% after October 1, 2011.

Amends HRS sections 237-13, -15, -16.5, -18 to increase the general excise tax from 4% to 5%.

Amends HRS sections 238-2, -2.3 to increase the use tax from 4% to 5%.

Amends HRS sections 239-5, -6, -7, -9 and -10 to change references from 4% to 5%.

Appropriates an unspecified amount of general funds to the department of taxation for fiscal 2012 to implement procedures to expedite the tax provisions of this act.

Provides that: (1) the department of taxation shall have the authority to postpone the payment of the tax imposed under this act until the deadline to file the general excise or use tax annual return and reconciliation form, as applicable, without regard to any extension; (2) the suspension of the exemption from taxation of amounts described under HRS section 237-24(14) shall not be affected by the repeal and reenactment of that section on December 31, 2013, by Act 70, SLH 2009; (3) the suspension of certain exemptions from taxation of amounts under HRS sections 237-24.3 and 237-24.7 shall not be affected by the repeal and reenactment of those sections on December 31, 2014, by Act 91, SLH 2010; (4) when this act is repealed on December 31, 2013, HRS sections 235-55.6(a), 235-55.7(c), and 235-55.85(b) shall be reenacted in the form in which they read on the day before the effective date of this act; and (5) when certain sections of this act are repealed on September 30, 2013, HRS sections 235-110.7(a), 235-110.7(e), 237-13, 237-15, 237-16.5(a), 237-16.5(f), 237-18(f), 238-2, 238-2.3,

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239-5(a), 239-6(a), 239-6(b), 239-7(a), 239-7(c), 239-9(c), and 239-10 shall be reenacted in the form in which they read on the day before the effective date of this Act.

EFFECTIVE DATE: Upon approval

STAFF COMMENTS: This measure proposes to suspend the selected general excise and use tax exemptions and provides that the amount of the exempt income shall be taxed at the rate of 4% temporarily between 1/1/12 and 6/30/15. It should be remembered that many of the exemptions exist because if the general excise or use tax were imposed on these entities or transactions it would impose an undue burden or cause businesses to structure transactions in an inefficient manner. There are those exemptions that exist because to tax the transaction would be a violation of superior law or may be deemed unconstitutional. Other deductions, exclusions and exemptions exist because they help to reduce the pyramiding effect of the general excise tax. It should be remembered that any imposition of tax will not only result in the increase in the cost of doing business in Hawaii, but may create inequitable taxing situations that were addressed by the specific general excise tax exemption. For example, the exemption of the sale of intoxicating liquor, cigarettes and tobacco products, and agricultural, meat, or fish products to persons or common carriers engaged in interstate commerce will, no doubt, make locally made or sold products uncompetitive with stock that the carrier may have acquired from another jurisdiction where no tax is imposed. The result would be the loss of sales to local providers of such goods and, therefore, the loss of jobs associated with those sales.

This measure would also suspend the leasing and subleasing deduction which was enacted to prevent the pyramiding of the tax which impacts small businesses who usually sublease their business space from a lessor of real property. This will drive the cost up for small businesses, making some businesses either raise prices to an uncompetitive level or close their doors and go out of business.

For example, gross income received as a result of stevedoring activities, the loading and unloading of ships or aircraft, that is currently exempt would be subject to the proposed general excise tax rate. While it will generate much needed revenue for the state, the added cost represented by the new tax would ripple through the entire economy as nearly 96% of everything residents consume comes over the docks. In other cases, imposing the new tax would constitute double taxation as would be the case on telecommunications home service providers who collect charges for another home service provider in another state where that same amount is subject to the other state's tax. In the case of goods and services sold for consumption outside the state, taxing those goods or services would not only violate interstate commerce, but it would also subject those goods or services to double taxation, being taxed first by Hawaii and then by the other state where the consumer lives or works. Then there are those exemptions that are obsolete where the activity no longer exists such as payments to independent sugar growers or gross income of petroleum refiners of which there are none technically in the state as the existing petroleum refiners are located within the foreign trade zone.

While this measure is proposed to extract additional revenues to address the state's fiscal crisis, it should be remembered that the adoption of measures like this that temporarily propose a "tax increase" on certain transactions, will not be effective unless government expenditures are also curtailed. Elimination of many of these exemptions or exclusions would come at a bad time as the state's economy struggles to come back from the devastation of economic recession. Adding to the cost of doing business and living in Hawaii may just stall economic recovery, prolonging the downturn in state revenues. Some have characterized these exemptions as "special interest" legislation; however, given that suspension of many

of these exemptions would increase the cost of living and doing business in Hawaii, this measure should be of special interest to all taxpayers.

If there is any special interest legislation, it is the numerous targeted business tax credits which have literally given away billions of dollars to "special interests" at the expense of all taxpayers. Perhaps those who benefitted from these windfalls should be asked to repatriate some of those tax dollars rather than asking all taxpayers to bail the state out of a financial situation that was in part created because of these credits. None of those beneficiaries are being asked to close the budget gap with a tax increase like that proposed in this bill.

As Hawaii families have tightened their collective belts during these difficult times, so should federal state, and county governments. Before adding additional burdens to Hawaii's overburden taxpayers, both businesses and individuals, state policymakers need to put all programs and services on the table and decide which are really "core" services and which are "nice but not necessary to have" and then rearrange the allocation of resources so that it is only the "core" services that are funded. With many programs now funded through special funds, lawmakers do not have that opportunity to set priorities. Eliminating the general excise exclusions and exemptions for temporary gain may have a more dire consequence in the long run.

Finally, if in fact Hawaii taxpayers are being asked to foot this tax increase, an increase that will cut into their household budgets, possibly eliminate jobs, and put some out of business, lawmakers should assure that none of the proceeds of this tax increase be utilized to fund collective bargaining increases. This measure that not only suspends the general excise tax exemptions but also slaps a 25% increase in the general excise tax rate makes those increases very large targets for mediators to award substantial wage and salary increases. This would certainly be unfair to taxpayers who might lose their jobs or have to take pay reductions because of the tax increase created by the suspension of many of these exemptions.

This measure also proposes to increase the general excise rate by one percentage point while offsetting the additional tax burden due to the increase in the general excise tax rate by doubling: (1) the standard deduction; (2) the household and dependent care tax credit; (3) the income tax credit for low-income renters; and (4) the refundable food/excise tax credit. The measure also increases the capital good excise tax credit from 4% to 5% and increases the public service company tax rates from 4% to 5%.

It should be remembered that any increase in the general excise tax rate will not only increase the cost of living in the state but also increase the cost of doing business. Thus, businesses must build the added cost of the additional rate into their overhead and it must be recovered in the cost of the goods and services they sell. The general excise tax is perhaps the worse tax to increase as far as rates because of its broad-based application. Increases in the cost of living, as well as the cost of doing business in the state, will drive more and more businesses out of operation and with them the jobs Hawaii's people need.

While this measure panders to the taxpayer with increases in various income tax credits, it fails to recognize the all-encompassing features of the general excise tax. Not only will the general excise tax increase the cost of doing business, but it will affect the cost of all other non-food purchases, be it clothes, textbooks for university students, rent for those people who don't own their shelter who are generally the poor and middle class, the price at the pump for gasoline - everything right down the line.

Such an increase may just drive employers out of business and create even more unemployment and stagnate the economy. Residents of Honolulu already know what such an increase can do the price of goods and services as a result of the transit surcharge.

It should be remembered that there is money to be had but, unfortunately, much of this money is tied up or designated for specific programs or activities in special funds. This situation is largely the work of past lawmakers who thought it was prudent to provide certain favorite programs their own resources by earmarking sources of revenue for that particular program and setting the receipt of that resource off into a special fund. It is not that special funds are all that bad, but over the years the number of funds has proliferated as lawmakers took pet programs under wing and provided those programs with earmarked revenues. When Hawaii became a state more than 50 years ago, there were only three special funds - all in the area of transportation - the highway fund, the airport fund, and the harbor fund. These were established largely because the users of the facilities financed by the moneys in these funds paid the fees and taxes that went into these special funds. In many cases, these transportation funds are kept separate from the state's general funds because the fees and taxes deposited into these funds are used to match federal subsidies for these transportation activities.

However, over the years many of the numerous special funds are now financed with resources that were formerly receipts of the general fund. For example, the fees from the issuance of marriage licenses used to be entirely deposited in the state general fund. Nearly 20 years ago some lawmaker got the idea that somehow there was a connection between getting married and the domestic violence problem in our community. So one half of the proceeds from the marriage license fees was earmarked for domestic violence programs. When it was discovered that the proceeds were insufficient to fund all domestic violence programs, the license fee was raised by the next session of the legislature. Because the applicants for the license receive no direct benefit from those domestic violence programs, one has to question the legitimacy of that arrangement.

The drawback of creating these special funds with totally irrelevant earmarked revenues is that the favored program usually does not undergo the kind of close scrutiny that general-fund financed programs do. Why pay any attention to those special-fund financed programs as the money in those special funds can only be used for the designated purpose? Thus, lawmakers don't know how effective the programs are and whether or not there is sufficient funding or perhaps more than sufficient funding.

Over the years, the slice of the state's operating budget pie financed through special funds other than the transportation special funds has grown steadily, rising from 11.7% of the operating budget in the 1995-1997 fiscal biennium to more than 17% for the fiscal biennium that ended just this past June. That 17% translates into just over \$3.6 billion, more than twice the estimated shortfall for the current biennial budget. Lawmakers should consider putting all of that money on the table for discussion. For those special fund financed programs that are financed with resources that do not provide the people paying the fees or taxes with a clear service in return should be folded back into the general fund and the proceeds from the fees or taxes put back into the general fund. Then lawmakers should set priorities for spending among all programs. Lawmakers may just find that some of those programs are really not of high priority, especially when there is not enough money to fund all programs.

A tax increase of any magnitude in this fragile economy will, no doubt, have a negative impact as costs soar due to higher taxes. As costs soar and overhead increases, employers will have to find ways to stay in business by either increasing prices to their customers or cutting back on costs. Given the tenuous

condition of the marketplace, many businesses will have to resort to the latter and reduce overhead costs. This may take the form of reducing inventory, shortening business hours, reducing employee hours, or in the worst-case scenario, laying off workers. A tax increase of any magnitude would send most companies, especially smaller ones, out of business taking with them the jobs the community so desperately needs at this time.

While the public employee union leaders complain about how the public employees should not be asked to bear the brunt of the downturn in the economy, they seem to ignore the fact that employees in the private sector have already borne the brunt of the economic recession with many of them either working shorter hours or having taken pay cuts if they are working at all. To prove the point, lawmakers should ask how many of those who are unemployed come from the public payroll and how many are employees laid off in the private sector. This measure does nothing more than shift even more of the burden to the private sector. Unfortunately, imposing an increased general excise tax on the economy at this time will actually hurt rather than help the state recover from the current economic downturn. As government tries to raise more money to keep its doors open, the impact of the increased general excise tax will drive many out of business and create even more unemployment. That, in turn, will mean less spending in the economy and instead of increased revenues from the general excise tax, there will be less as consumers see a rise in prices and the potential of being laid off from their jobs. The fear of the "unknown" will further push consumers to freeze their consumption exacerbating the spiral downward for the economy as a drop in consumption means less cash flow for businesses which in turn will attempt to trim costs by laying off even more workers. As the outlook for the economy becomes more tenuous, financial institutions will tighten their hold on credit, withdrawing lines of credit which are so vital to companies who need the cash to stay in business until their receivables are realized.

Note well that the tax rate on public service companies or utilities also is increased to 5%. This will impose a particularly heavy burden on consumers as they see their utility bills rise and an increase in the cost of energy will further affect the ability of companies to stay in business. Consider the many businesses that are reliant on energy, from hotels to restaurants to manufacturers to professional like doctors and dentists to the hospitals and clinics where they deliver their services. All will see their utility bills rise as the utilities will have no choice but to pass that increased cost on to the customers and patients.

That said, this measure underscores the depth and breadth of the financial crisis that the state faces. The point to be made here is that unless elected officials rein in the size and cost of running government in Hawaii, such desperate measures, as this bill represents, may have to be adopted and in doing so will destroy the economic base of the state. This is not a compromise situation but an either or situation, either expenditures are right-sized or the state's economy is put out of business. While lawmakers may believe that their only alternative is to raise more revenues, doing so behind the curtain of businesses by suspending these exemptions is being less than honest with the taxpaying public as the cost of these revenue enhancements will be hidden from the public at large who instead will blame the businesses who must recover the cost of the additional tax in the shelf price of their goods and services.

There are a number of inconsistencies in this measure. The suspension of the exemptions imposes a rate of 4% on those activities while those who are not currently exempt would be required to pay a rate of 5%. Another is that the suspension of the exemptions runs from January 1, 2012 to June 30, 2015 while the increased general excise tax rate would be imposed from October of this year to September 30 of 2013. Further, while the bill attempts to recognize that those who are subject to the public service

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company tax pay that tax in lieu of the general excise tax, lawmakers apparently overlooked the fact that financial institutions pay the bank franchise tax and insurance companies pay the insurance premiums tax in lieu of the general excise tax. Finally, while lawmakers may feel that they have offset the impact of the increased general excise tax rate on the poor, note well that the increased tax credits are effective for tax years beginning after December 31, 2011 which means that the increased credits cannot be claimed at the earliest until January of 2013. As a result, the poor will be paying the increased tax rate and increased prices affected by the tax increase for a full year and a quarter before they will see any kind of tax relief.

Digested 4/5/11



April 4, 2011

Senate Ways and Means Committee
The Honorable David Y. Ige, Chair
The Honorable Michelle N. Kidani, Vice Chair

RE: HB793, SD1, Relating to Taxation
HEARING: Wednesday, April 6, 2011 at 9:30 a.m. Room 211

Amended Testimony Requesting Amending Language

Chair Ige, Vice Chair Kidani and Committee Members;

The Hawaii State Bar Association (the HSBA) requests that the proposed language of H.B.793 S.D. 1 be modified to track the language of H.R.S. S237-16.8 to avoid inconsistent interpretations and possible confusion.

Specifically, **in the second** paragraph of Section 2 and in subsection (5) on Page 3, this bill should be amended to track exactly the exemption language of H.R.S. 237-16.8 to which the bill refers. This would clarify that the exemption is repealed on income from **“exhibits or display spaces at conventions, conferences or tradeshow,”** as is specifically provided in H.R.S. 237-16.8.

The bill as amended should read: **“The value or gross income received by nonprofit organizations from certain convention, conference or tradeshow exhibits or display spaces as described under section 237-16.8”** This language would be consistent with the language in HRS 237-16.8.

Thank you for your attention.

Louise K.Y. Ing
President

Lyn Flanigan
Executive Director

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April 6, 2011

Testimony To: Senate Committee on Ways and Means
Senator David Y. Ige, Chair

Presented By: Tim Lyons
President

Subject: H.B. 793 Proposed SD 1 – RELATING TO TAXATION

Chair Ige and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii and we oppose this bill. Our testimony today represents the collective thoughts of nine (9) separate and distinct subcontracting associations:

ELECTRICAL CONTRACTORS ASSOCIATION OF HAWAII
HAWAII FLOORING ASSOCIATION
HAWAII WALL AND CEILING INDUSTRIES ASSOCIATION
PACIFIC INSULATION CONTRACTORS ASSOCIATION
PAINTING AND DECORATING CONTRACTORS ASSOCIATION
PLUMBING AND MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII
ROOFING CONTRACTORS ASSOCIATION OF HAWAII
SHEET METAL CONTRACTORS ASSOCIATION OF HAWAII
TILE CONTRACTORS PROMOTIONAL PROGRAM

Section 237- A(a)(1) was provided because it is inherently unfair to have a general contractor hire a subcontractor, tax the general contractor on the gross proceeds paid to him and then turn around and tax the subcontractor on the net amount that the general contractor pays to the subcontractor. This is probably one of the truest forms of "taxing the tax". Additionally, the repeal of Section 237- A(a)(2) will only promote a disadvantage to local contractors to that of mainland contractors when doing federal work.

While we recognize the need for income by the State, we don't feel that this is the way to get it. The construction industry faces a huge underground problem as has been discussed in this Committee before and paying an additional 4% (or 4½%) on your gross income will certainly provide the incentive for even more contractors to go underground and not report their income at all. Contractors can give you a whole list of jobs where they did not make 4% on the job while the state government, as this bill proposes, makes 8% on a subcontractors portion. The State will be making more money on the job than the subcontractor himself which, we believe, then provides them every reason in the world to go underground. As we have pointed out before, if State government could find a way to go after unlicensed activity and get the 4% (or 4.5%) that is due, you would solve a good deal of your financial problems.

Based on the above, we cannot support this bill.

Thank you.



THE LEGISLATIVE CENTER

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Honolulu, Hawaii 96813-3304
PHONE: (808) 537-4308 • FAX: (808)533-2739

April 6, 2011

Testimony To: Senate Committee on Ways and Means
Senator David Y. Ige, Chair

Presented By: Tim Lyons, Legislative Liason
Anheuser Busch Companies

Subject: H.B. 793, Proposed SD 1 – RELATING TO TAXATION

Chair Ige and Members of the Committee:

I am Tim Lyons, Legislative Liaison for Anheuser Busch Companies and we oppose this bill.

This bill proposes 238 (a) (8) to repeal the current exemption and impose a 4% tax rate on amounts received for sales to common carriers. With passage of this bill, carriers will likely still buy our products but will do so on the mainland and leave us and the Hawaii tax in the dust. This bill is not a good idea.

We would, therefore, urge you not to pass this bill.

Thank you.

A & B Electric Co., Inc.

April 6, 2011

Testimony to: Senate Committee on Ways and Means
Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair

Re: HB 793 Proposed S.D. 1, Relating to Taxation

Chair Ige, Vice Chair Kidani and members of the committee, thank you for the opportunity to submit testimony on this bill. My name is Malcolm Barcase Jr. and I am the Corporate Counsel for A & B Electric Co., Inc. We are an electrical contracting company serving Commercial, Industrial, and Marine Customers since 1986. We are testifying in **Strong Opposition** to two particular provisions in this bill that will suspend the exemptions on the "Gross Proceeds received from shipbuilding and ship repair as described under Section 237-28.1" and "Amounts deducted from the gross income received by contractors as described under section 237-13(3)(B). We are also opposed to the proposed increase of the General Excise Tax Rate to 5%

The shipbuilding and ship repair exemption was passed by the Legislature in 1971. The Senate Ways and Means Committee in its committee report at the time noted that, "this exemption will enable the shipbuilding and ship repair businesses in the State to compete on an even basis with those businesses operated in other states which do not have to pay a general excise tax on their activities. The exemption should result in an expansion of the State's economy through the servicing of shipping and provide a chance to build a new industry which will create new and different tax bases." (See Attachment)

That prediction has come true as the State has a healthy ship repair industry that our company has been a part of for the past 25 years. One of the key factors in this tax exemption is it puts Hawaii companies on a more level playing field with competition from the mainland and foreign companies as our customers can choose to go to shipyards in Hawaii, the mainland, or overseas. The suspension of this tax credit will damage the ship repair industry here in Hawaii as our prices will be less competitive against our mainland and foreign competition.

Also we are opposed to the suspension of the tax exemption on "amounts deducted from the gross income received by contractors as described under section 237-13(3)(B). The suspension of this exemption is harmful as it will create a double tax situation on most major construction projects and would therefore adversely affect future growth in the construction industry.

It is important to note that this exemption is not a tax break to contractors; instead it assists the construction industry to contract efficiently. A typical construction contract will require not only a general contractor but various subcontractors to cover all necessary construction trades. In some cases the subcontractors will have to hire additional subcontractors. Every single contractor on the job currently assesses the full general excise tax on their work. This exemption allows the owner to have one contract with the general contractor and the general contractor to hire the subcontractors with the excise tax being levied once for all of the work on the contract. Without this exemption the general contractor would have to tax the

work of its subs which they have already taxed. This creates a tax on top of the tax, and this would be the case at all tiers down the chain. This would create an artificial increase in construction prices which will adversely affect future growth in the construction industry.

Finally we are opposed to the proposed raise of the General Excise Tax to 5%. This raise of the General Excise Tax in combination with the elimination of exemptions will result in dramatic rise in cost of doing business. This combination will prevent business like ours to increase businesses and will actually be counterproductive to the intent of this bill which is to increase revenue.

We recognize the severity of the State's current financial position and the need to increase revenue. However this need should not be addressed by suspending tax exemptions that stimulate economic activity. Business will be impacted negatively by the suspension of these exemptions which will result in a further decrease of tax revenues as companies such as ours will generate less economic activity which will directly result in less taxes that we would be paying to the State.

portant to those persons over age sixty-five in that at this age they are more likely to have these expenses. This tax credit will act concomitantly with medicare to give the aged almost free medical care and drug expenses.

Your Committee has also amended the effective date of this bill to take effect on January 1, 1972 to coincide with the beginning of the taxpayer's calendar year.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. 586, as amended in the form attached hereto as S.B. 586, S.D. 1, and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. 566 Ways and Means on S.B. No. 898

Your Committee on Ways and Means to which was referred S.B. No. 898, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC WELFARE."

begs leave to report as follows:

The purpose of this bill is to insure that the public welfare programs of the State better serve the interest of the people of Hawaii. The bill proposes to impose a residency requirement of at least one year regarding eligibility for general assistance under the provisions of Section 346-71, Hawaii Revised Statutes.

Your Committee after review and evaluation of the State's economic assistance program under which general assistance is provided finds that the imposition of such a requirement is necessary in order to decrease and reverse the influx of transient persons which has been increasing at an alarming rate. We find that this influx has greatly increased welfare costs in this State. The General assistance category to which this requirement will apply is fully funded from State Revenues and does not receive any federal support.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B.

No. 898, S.D. 1, as amended in the form attached hereto as S.B. No. 898, S.D. 2 and recommends that it pass second reading and that it be placed on the calendar for third reading.

Signed by all members of the Committee except Senator Yoshinaga.

SCRep. 567 Ways and Means on S.B. No. 924

Your Committee on Ways and Means to which was referred S.B. No. 924, entitled:

"A BILL FOR AN ACT RELATING TO INTOXICATING LIQUOR LICENSES."

begs leave to report as follows:

The purpose of this bill is to authorize a manufacturer of liquor to sell at wholesale in original packages not only to those with a license to resell, but to others authorized to resell but not required to have a license. (Such as post exchanges, officer's clubs, vessels, and airlines.)

Existing law does not expressly authorize a manufacturer to sell to those who are by law authorized to sell, but who are not required to hold a license.

Your Committee on Ways and Means concurs with the findings and recommendation of the Senate Committee on Intergovernmental Relations as stated in Standing Committee Report No. 398.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 924 and recommends its passage on third reading.

Signed by all members of the Committee except Senator Hara.

SCRep. 568 Ways and Means on S.B. No. 1040

Your Committee on Ways and Means to which was referred S.B. No. 1040 entitled:

"A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAXATION."

begs leave

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The amende sales ar tion wi which compar vice to ones w than th in the l a pyran the leas a four p to the l tax on t cent or tax on sor, de purpos of taxa half of for the have be a depre order n which :

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begs leave to report as follows:

The purpose of Section 1 of this bill is to exempt from general excise taxation the gross proceeds from shipbuilding and ship repairs rendered to surface vessels which are federally owned or engaged in interstate or international trade. This exemption will enable the shipbuilding and ship repair businesses in the State to compete on an even basis with those businesses operated in other states which do not have to pay a general excise tax on their activities. The exemption should result in an expansion of the State's economy through the servicing of shipping and provide a chance to build a new industry which will create new and different tax bases.

The purpose of Section 2 of the bill, as amended, is to add a new definition to what sales are sales at wholesale. This new definition will include as a wholesale sale one in which there is a sale to a licensed leasing company which leases capital goods as a service to others. Capital goods are defined as ones which have a depreciable life of more than three years. Your Committee finds that in the leasing field the general excise tax has a pyramiding effect which increases taxes on the leased article to twelve per cent. There is a four per cent general excise tax on the sale to the lessor, a four per cent general excise tax on the leasing of the article, and a four per cent or one-half of one per cent general excise tax on the final sale of the article by the lessor, depending on to whom it is sold. The purpose of this section is to change the rate of taxation on the sale to the lessor to one-half of one per cent providing some tax relief for the lessor. The wholesale sale provisions have been limited to leased capital goods with a depreciable life of more than three years in order not to include smaller household items which are sometimes leased.

The purpose of Section 3 of this bill, as amended, is to amend the present excise tax law as it pertains to a person who engages in the practice of engineering or architecture as a federal cost-plus contractor.

Because Section 237-6 which defines "contractors" failed to include land surveyors and landscape architects with architects and professional engineers, contractors hiring land surveyors and landscape architects as subcontractors are required to pay 4% general excise tax on the fees paid to them. Land surveyors and landscape architects are required also to pay 4% general excise tax on

their fees. The land surveyors' and landscape architects' fees are therefore taxed twice.

Your Committee was advised by the Department of Transportation that the professional services performed by architects, professional engineers, land surveyors and landscape architects which are regulated collectively under Chapter 464, Hawaii Revised Statutes, should be treated equally under Sections 237-6 and 237-13, Hawaii Revised Statutes.

Your Committee has also concurred with the amendments made to S.B. No. 176, which contained provisions similar to that made in Section 3, as amended, of this bill.

The purpose of Section 4 of the bill, as amended, is to exempt producers of motion pictures or television pictures from the excise tax for a period of five years starting July 1, 1971. This exemption should help to stimulate the industry in Hawaii, and thereby help the State's economy.

The effective date of the changes made by this bill has been changed to January 1, 1972, except for Section 4, to coincide with the start of the new calendar year.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1040, as amended in the form attached hereto as S.B. No. 1040, S.D. 1, and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee except Senator Hara.

SCRep. 569 Ways and Means on S.B. No. 1103

Your Committee on Ways and Means to which was referred S.B. No. 1103, entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC UTILITIES.",

begs leave to report as follows:

The purpose of this bill is to revise and update the laws regarding public utilities by imposing a tax, equal to the 2 1/2 per cent franchise tax presently imposed by Section 240-1, Hawaii Revised Statutes on electrical and power companies, on telephone companies and similar communication businesses operating as public utilities.



Hawaii Chapter

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March 23, 2011

Testimony to: Senate Committee on Ways and Means
Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair

RE: HB 793, Proposed S.D. 1 Relating to Taxation

Chair Ige, Vice Chair Kidani and members of the Committee, thank you for the opportunity to submit testimony on this bill. My name is Malcolm Barcarse, Jr. Chair of the Legislative Committee of Associated Builders and Contractors, Hawaii Chapter an organization representing 124 merit shop contractors in the State of Hawaii. We are OPPOSED to HB 793 Proposed S.D. 1 as it relates to the suspension of the excise tax exemption on "Amounts deducted from the gross income received by contractors as described under section 237-13 (3) (B)." We are also opposed to the proposed raise of the General Excise Tax to 5%.

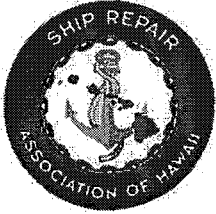
While we understand the State's current financial position, the temporary suspension of this exemption will be harmful to the contracting industry and economic development. It is harmful as it will create a double tax situation on most major construction projects and would therefore adversely affect future growth in the construction industry.

It is important to note that this exemption is not a tax break to contractors; instead it assists the construction industry to contract efficiently. A typical construction contract will require not only a general contractor but various subcontractors to cover all necessary construction trades. In some cases the subcontractors will have to hire additional subcontractors. Every single contractor on the job currently assesses the full general excise tax on their work. This exemption allows the owner to have one contract with the general contractor and the general contractor to hire the subcontractors with the excise tax being levied once for all of the work on the contract. Without this exemption the general contractor would have to tax the work of its subs which they have already taxed. This creates a tax on top of the tax, and this would be the case at all tiers down the chain. This would create an artificial increase in construction prices which will adversely affect future growth in the construction industry.

Also we are opposed to the proposed raise of the General Excise Tax to 5%. This raise of the General Excise Tax in combination with the elimination of exemptions will result in dramatic rise in cost of doing business. This combination will prevent business like ours to increase businesses and will actually be counterproductive to the intent of this bill which is to increase revenue. For these reasons we ask that the subcontractor exemption be removed from the bill and that the proposed raise in the General Excise Tax be rejected.

America's Best Contractors

1375 Dillingham Blvd. Suite 200 Honolulu, HI 96817-4438 Phone (808) 845-4887 Fax (808) 847-7876



Ship Repair Association of Hawaii

P.O. Box 29001, Honolulu HI 96820
Ph# (808) 848-6211 Fax# (808) 848-6279

4 April 2011

The Honorable Senator David Ige, Chair
The Honorable Senator Michelle Kidani, Vice Chair
Senate Committee on Ways and Means

Hawaii State Capitol, Room 215
415 South Beretania Street
Honolulu, HI 96813

TESTIMONY TO THE SENATE COMMITTEE ON WAYS AND MEANS

WEDNESDAY, APRIL 6, 2011

9:30 A.M.

Capitol Conference Auditorium
Hawaii State Capitol

Re: HB 793, PROPOSED SD1

Dear Chair Ige, Vice Chair Kidani and Members of the Committee:

On behalf of the Ship Repair Association of Hawaii (SRAH), I am submitting this written testimony in response to House Bill 793, Proposed SD1. The SRAH strongly opposes the suspension of the General Excise Tax (GET) exemption proposed by Section 3 (a) (19) and the imposition of tax proposed by Section 3 (b), pertaining to;

...Gross proceeds received from shipbuilding and ship repairs as described under section 237- 28.1;

The ship repair industry in Hawaii has been fighting to maintain our industrial base since the mid 1990s. Owing to a number of unique economic factors that exist in Hawaii, our industry struggles to keep Hawaii's military and commercial home ported vessels in the State for ship modernization and repair requirements. Hawaii is the only Island State in the Union. We have a unique, encapsulated economy which restricts our ability to import the material and resources necessary to maintain our industry.

Because of our encapsulated economy and the resultant costs of having to ship all material needed from the mainland, along with the necessity to provide an appropriate and livable wage to our skilled island workforce, the Hawaii ship repair industry is, and has been, at a significant cost competitive disadvantage with mainland and foreign repair entities for years. Compounding the matter are the challenges of fluctuating workflows in the marine industry and the difficulties of recruiting, training and retaining the skilled workforce necessary to perform marine repairs.

It is worthy to note that the U.S. Navy is pressed through intense necessity, to reduce ship repair costs for work conducted on U.S. Navy ships, including those home ported in Pearl Harbor. To that end, the Navy instituted the Multi-Ship Multi-Option (MSMO) contracting concept to consolidate commercially contracted Pearl Harbor surface ship repairs under central (prime contractor) management, with a principal goal of improving the cost effectiveness of ship maintenance.

As a near term example of the undermining effect removing the GET exemption and imposing a tax would have on our industry in Hawaii: SRAH and MSMO contractors are working to maintain the Navy's commitment to conduct Navy Aegis Cruiser (CG) and Guided Missile Destroyer (DDG) modernizations and upgrades here in Pearl Harbor over the next 10 years. The first such conversion is in progress now aboard USS CHOSIN in Pearl Harbor Naval Shipyard. If the Navy were required to pay GET on these projects, the added costs to the Navy would constitute a substantial element on the side of the ledger in favor of relocating these maintenance availabilities – and other significant Navy ship repair availabilities planned to take place - to the West Coast of the U.S.

Hawaii based Coast Guard vessels are similarly pressed, and have already opted to conduct a number of scheduled maintenance availabilities on the West Coast in recent years, predicated on cost differential. Our association continues to take cost-limiting measures to remain in the running to service Coast Guard, U.S. Army and other government marine vessels here in Hawaii. Imposing GET on our ship repairs would further exacerbate the challenges we face, resulting in further lost work and lost revenue for our industry and this State.

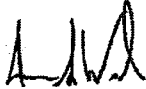
Similarly, with respect to commercial operators, we see the effects of this cost analysis on large repair projects where commercial operators are not as impacted by the politics of their decisions. As it stands, we have seen these operators take their vessels to the mainland or to foreign competitors. Imposing a GET on ship repair will further exacerbate this dilemma.

Our ship repair businesses are significantly engaged in critical industrial services to our community, including electric motor and generator repairs and service; welding and metal manufacturing and repairs; ventilation and air conditioning, among others. Imposing a GET on the ship repair portions of our businesses would critically impact them in an already difficult economy, constituting a very real threat to a unique component of our community's fragile industrial base.

The employees and families of our Ship Repair Association of Hawaii constitute a significant industrial benefit to our community, with sound skills, technology and employment, good wages and a positive input to the State's tax base. Their jobs and the taxes they pay – as well as the substantial taxes our companies pay on the non-ship repair revenues of our businesses - would all be imperiled by imposing GET on ship repair in Hawaii.

Representing the SRAH, we ask you to delete existing Shipbuilding and Ship Repair GET exemptions from the range of exemptions proposed for suspension and tax imposition by this bill.

Respectfully yours,



Iain S. Wood, President
Ship Repair Association of Hawaii

Encl:

- (1) Additional Detail: Projected Financial Impact of Imposing GET on Hawaii Ship Repair Industry
- (2) Simplified Representation: Projected Financial Impact of Imposing GET on Hawaii Ship Repair Industry

Member Firms

AMSEC LLC Airgas Gaspro American Industrial Insulation Anawad & Associates Arise Waco Scaffolding
BAE Hawaii Shipyards C & S Services Dresser-Rand Hawaii Marine Cleaning Honolulu Marine, LLC
HSI-Electric Boat HSI Mechanical, Inc. International Paint INIA, LLC JCI Metal Products Jo-Kell, Inc
Kratos Defense & Security Solutions Marisco, Ltd. NSC Technologies Oceanering
Pacific Shipyards International Phoenix International Potter Electric, Inc Propulsion Control Engineering
Q.E.D. Systems Thyssenkrupp Satway, Inc UTS Maritime Services



Ship Repair Association of Hawaii

P.O. Box 29001, Honolulu HI 96820
Ph# (808) 848-6211 Fax# (808) 848-6279

ENCLOSURE (1) TO
TESTIMONY TO THE SENATE COMMITTEE ON WAYS AND MEANS
WEDNESDAY, APRIL 6, 2011
9:30 A.M.
Capitol Conference Auditorium
Hawaii State Capitol

Re: HB 793, PROPOSED SD1

This enclosure to testimony on behalf of the Ship Repair Association of Hawaii (SRAH), opposing House Bill 793, Proposed SD1, provides additional detail regarding projected impacts in Hawaii, should GET exemptions currently pertaining to our industry be removed or suspended for any length of time. The exemption pertaining to our industry, excerpted from the HB 793, SD1 draft:

...Gross proceeds received from shipbuilding and ship repairs as described under section 237-28.1;

The broad, disabling effects of imposing GET on ship repair work and the compounding impacts to our industry, Hawaii's residents and Hawaii's industrial base were provided in our basic testimony submitted to the Committee. Additional detail follows.

The bulk of our industry's revenues in ship repair are realized providing maintenance and repair services to U.S. Navy surface ships at Pearl Harbor Naval Shipyard, through a contract vehicle designated a Multi-Ship Multi-Option (MSMO) contract. Under that contract, BAE Hawaii Shipyards, Inc. is the prime contractor to the Navy, to maintain three Aegis Cruisers (CG), six Aegis Destroyers (DDG) and two Fast Frigates (FFG) home ported in Pearl Harbor. Our remaining SRAH companies sub-contract to BAE to perform the required maintenance, with total revenues of approximately \$100M annually.

Over the next decade, nine of the Pearl Harbor ships (3 CGs and 6 DDGs) are slated for major equipment upgrades or Aegis Modernizations – significant maintenance and installation periods set aside to completely overhaul and improve the ships' capabilities, renewing their viability in the Pacific Fleet through the first half of the 21st century. The first Aegis Modernization is in progress at Pearl Harbor – USS CHOSIN (CG 65), slated for completion this summer, realizing revenue to our industry of approximately \$60M.

For the eight remaining Cruiser/Destroyer Modernization projects for Hawaii-based ships, a Navy study has determined potential total savings of \$150M stand to be realized by conducting the projects in San Diego, due to recognized cost differentials associated

with doing the work in Pearl Harbor. Our GET exemption partially alleviated those differentials and helped to convince the Navy it was a reasonable expenditure, to perform the USS CHOSIN modernization project in Hawaii. Removal of our exemption could have the opposite effect on subsequent considerations. With a 4% GET imposed on the revenue, the \$150M cost differential total would rise an additional 13%, to \$170M.

Despite many readily apparent benefits to performing the eight remaining (roughly six-month duration) projects in their own home port, ongoing fiscal constraints keenly pressure the Navy to consider relocating those projects to the mainland to cut costs, removing their presence and their revenues from Hawaii altogether. Loss of those projects would precipitously reduce our annual revenues for the next eight successive years, beginning in 2013 – to less than half their present value (to about \$40M of a now annual \$100M). This sustained, substantial and unrecoverable loss of revenue would irreparably harm our industry and our State.

The Ship Repair Industry in Hawaii:

- Employs approximately 750 local, technically trained, well compensated, tax paying Hawaii residents.
- Employs an additional 1800 local residents who provide sub-contracting and vendor services, materials and supplies to our industry.

Quantitative impacts of loss of the Aegis Conversions are projected to include:

- Ship Repair Revenues: Loss of \$60M (of \$100M) annually.
- Ship Repair Jobs: Loss of 275 of 750 ship repair jobs in Hawaii.
 - Ship Repair Wages: Resultant from job loss – \$21M, ship repair wages
 - Hawaii State Income Tax Lost: Resultant from job loss – \$2.1M annually
- Ship Repair Material Purchases: \$12M annually (due 60% lower volume, ship repairs)
 - Hawaii State GET Lost: \$564K annually (GET presently paid on matl)

Total loss to State (Income Tax + GET on Material): \$2.664M annually

Further note, a 50% (or greater) drop in ship repair revenues would be expected to generate a 50% drop in corporate profits, with a commensurate 50% drop in corporate income tax paid to the State of Hawaii by our industry.

We (SRAH) were asked to quantify if feasible, how much the State realizes in benefit from each dollar of tax revenue it forgoes by allowing our GET exemption. Using the projected losses of revenue that would be inflicted by imposing GET on the ship repair industry (by the loss of Pearl Harbor's Aegis Modernization projects):

- If the State were to leave the GET exemption pertaining to ship repair in place, State revenues are projected to remain relatively stable, as they stand today.
- If the State were to impose GET on ship repair:
 - GET on the \$40M projected to remain at Pearl Harbor, for surface ship repairs would yield \$1.6M annually at a 4% GET rate.

- Concurrent tax loss (projected above): \$2.664M annually
- Net effect to State of Hawaii: \$1.064M annual loss
- Net Return on Investment by maintaining GET exemption for ship repair:
 - $$\frac{\text{Tax revenues currently realized}}{\text{GET revenues projected if exemption removed}} = \frac{\$2.66\text{M}}{\$1.6\text{M}} = 1.66$$

Summarized: The State is estimated to realize \$1.66 return on each dollar forgone in potential, unrealized GET revenue (revenue which could be collected if the ship repair exemption were removed and replaced with a 4% GET – the highest GET percentage proposed in HB 799 draft).

The quantified impacts presented above take into account only the portion of Hawaii’s ship repair business represented by Navy surface ship repairs at Pearl Harbor under the MSMO contract. Additional impacts resulting from anticipated loss of other government, as well as commercial, marine repair projects would be additive.

Impacts to our employees’ jobs and the concurrent effects to the State’s income tax base are represented only at the first, direct level of impact. The compounding effects on our employees, our sub-contractors and vendors and their families – and the resultant adverse impacts to the State’s tax revenues and spending burdens (support programs) – are not included.

Finally, the magnitude of the impact to our industry would likely be such that some of our companies could no longer sustain sufficient revenue to remain in business. Reduction or loss of our skilled workforce in this island economy could be irreversible. This would be especially harmful to Hawaii’s industrial fabric, considering that most of our work is performed by skilled tradesmen and degreed engineers, cultivated very deliberately and not readily conjured up when needed. Loss of our industry’s businesses would severely impact our State’s fragile industrial base, impairing Hawaii’s self-sufficiency and forcing us to rely on mainland or foreign capabilities to service basic needs. For an island state, to be deprived of our self-enabling ship repair industry and its related capabilities would have the effect of stranding us in the middle of the Pacific Ocean.

For perspective, it might be instructive to examine the basis upon which the GET exemption for shipbuilding and ship repair was established by the State of Hawaii:

Our exemption dates from the late 1960s, when the Navy was sending ships for repair to mainland U.S. shipyards, because it was cheaper to send them there - despite the costs in both fuel and time - than it was to have the repairs performed in Hawaii, where the prevailing wages and the additional excise tax substantially increased the Navy’s cost. While nothing could be done about wages, the legislature was asked to eliminate the cost of the GET on ship repairs to federally owned vessels. The result was Act 204 of the 1971 session. The attached committee report from the State of Hawaii House and Senate Journals from 1971 explained the rationale for SB 1040:

"This exemption will enable the shipbuilding and ship repair businesses in the State to compete on an even basis with those businesses operated in other states which do not have to pay a general excise tax on their activities. The exemption should result in an expansion of the State's economy through the servicing of shipping and provide a chance to build a new industry which will create new and different tax bases."

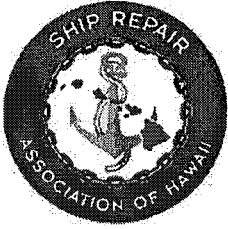
That strategy has been crucial to developing our industry's employment, technical capabilities and tax revenues in our State – growing from a barely existent industry in 1971 (less than \$5M total sales revenues), to a \$40M concern in 2000, to over \$100M today. Even so, our industry remains hard pressed to compete against off-island competition, and in some sectors (Coast Guard vessels, commercial marine...) we are barely holding steady or in fact, losing substantial work to the competition. It is imperative that the GET exemption afforded our industry remain in place, to continue to help level the playing field, to a degree sufficient to allow us to remain at least viable in a highly competitive global market.

We appreciate the support provided by members of the Committee who have taken the time and effort to examine these complexities.

We respectfully urge you to maintain the exemption presently in place, regarding GET as it pertains to shipbuilding and ship repairs in the State of Hawaii. As was remarked during a March 23 hearing before the Senate Economic Development and Technology Committee, "... all exemptions are not equal."

Member Firms

AMSEC LLC Airgas Gaspro American Industrial Insulation Anawati & Associates Arise Waco Scaffolding
BAE Hawaii Shipyards C & S Services Dresser-Rand Hawaii Marine Cleaning Honolulu Marine, LLC
HSI-Electric Boat HSI Mechanical, Inc. International Paint IMIA, LLC JCI Metal Products Jo-Kell, Inc
Kratos Defense & Security Solutions Marisco, Ltd. NSC Technologies Oceaneering
Pacific Shipyards International Phoenix International Potter Electric, Inc. Propulsion Control Engineering
Q.E.D. Systems Thyssenkrupp Safway, Inc UTS Maritime Services



Ship Repair Association of Hawaii

P.O. Box 29001, Honolulu HI 96820
Ph# (808) 848-6211 Fax# (808) 848-6279

ENCLOSURE (2) TO
TESTIMONY TO THE SENATE COMMITTEE ON WAYS AND MEANS
WEDNESDAY, APRIL 6, 2011
9:30 A.M.
Capitol Conference Auditorium
Hawaii State Capitol

Re: HB 793, PROPOSED SD1

This enclosure to testimony on behalf of the Ship Repair Association of Hawaii (SRAH), opposing House Bill 793 SD1, summarizes enclosure (1), detail regarding projected impacts in Hawaii, should GET exemptions currently pertaining to our industry be removed or suspended for any length of time.

The Ship Repair Industry in Hawaii:

- Employs approximately **750** local, technically trained, well compensated, tax paying Hawaii residents.
- Employs an additional **1800** local residents who provide sub-contracting and vendor services, materials and supplies to our industry.

Navy Ship Repair at Pearl Harbor Naval Shipyard, to 3 Aegis Cruisers (CG), 6 Aegis Destroyers (DDG) and 2 Frigates (FFG) – Multi-Ship Multi-Option (MSMO) contract:

- **\$100M** annual revenue
- 9 Aegis CG/DDG Modernization projects
 - First in progress, 2011 (USS CHOSIN) - **\$60M** (60% of annual revenue)
 - Remaining 8, one per year, commencing 2013 - **\$60M each**
- Navy estimated cost differential, to perform 8 remaining Aegis projects at mainland U.S. shipyards in lieu of Hawaii: **\$150M** (savings to Navy)
 - With 4% GET imposed on ship repair in Hawaii: **\$170M** (13% greater)

Impact of Hawaii losing 8 remaining CG/DDG Modernization projects:

- MSMO annual revenue: **Reduced from \$100M to \$40M, eight successive years**
- **Loss of 275 of 750 jobs, SRAH employees**
 - Loss of annual wages: \$21M
 - Resultant loss, income tax to State of Hawaii: **\$2.1M annual loss**
 - Reduction in Ship Repair material purchases (60% lower volume): \$12M
 - Loss, GET on mat'l (currently paid to State): **\$564K annual loss**
 - Total loss to State (Income Tax + Material GET) = **\$2.664M annually**

Projected GET (Navy ship repairs at Pearl Harbor): 4% x \$40M = **\$1.6M annually**
Net to State (by imposing GET, Ship Repair): \$1.6M - \$2.664M = **\$1.064M annual loss**

Return on Investment (by imposing GET, Ship Repair): $\frac{\$1.6M}{\$2.664M} = 0.6$

Return on Investment (by maintaining Ship Repair GET exemption): $\frac{\$2.664M}{\$1.6M} = 1.66$

Caveats:

- Projected impacts are only for portion of Hawaii ship repair business from Navy ship repairs at Pearl Harbor – impacts from other ship repairs would be additive.
 - Coast Guard and merchant vessel repairs already being lost to off-island competitors – imposing GET would exacerbate.
- Impacts to employees' jobs and income tax loss represent only first level of impact – compounding effects on employees' families, sub-contractors, vendors – and corresponding effects on income tax and support programs not included.
- Broad impacts to SRAH businesses not represented – irreparable damage to island state's industrial base and self-sufficiency.

Member Firms

AMSEC LLC Airgas Gaspro American Industrial Insulation Anawati & Associates Arise Waco Scaffolding
BAE Hawaii Shipyards C & S Services Dresser-Rand Hawaii Marine Cleaning Honolulu Marine, LLC
HSI-Electric Boat HSI Mechanical, Inc. International Paint IMIA, LLC JCI Metal Products Jo-Kell, Inc
Kratos Defense & Security Solutions Marfaco, Ltd. NSC Technologies Oceaneering
Pacific Shipyards International Phoenix International Potter Electric, Inc Propulsion Control Engineering
Q.E.D. Systems Thyssenkrupp Safway, Inc UTS Maritime Services



ALOHA SOCIETY OF ASSOCIATION EXECUTIVES
ASAE-Hawaii
P.O. Box 282
Honolulu, Hawaii 96809-0282

April 6, 2011

Testimony To: Senate Committee on Ways and Means
Senator David Y. Ige, Chair

Presented By: Tim Lyons
Legislative Chairman

Subject: H.B. 793, Proposed SD 1 – RELATING TO TAXATION

Chair Ige and Members of the Committee:

I am Tim Lyons, Legislative Chairman of the Aloha Society of Association Executives and we oppose this bill.

We understand that the state is short of money and is in a dire situation however, we do not believe that the way to make it up is by taxing the activities of non-profit organizations, particularly as it relates to the value or gross income received for conferences, trade shows or display spaces (237-A(a)(5)).

The Internal Revenue Code recognizes that in some cases, non-profit organizations might go outside of their mission and in those cases it has established UBIT or Unrelated Business Income Tax which is intended to tax non-profit organizations when they are performing activities NOT in accordance with

their "true non-profit status" and we can certainly understand those situations. This bill however, says "we don't care if you are doing what you are supposed to be doing for a tax exemption; we still want to tax those proceeds".

Non-dues income for associations typically derived from trade show or conference income are a necessary part of an association's income and revenue stream. It is at these conventions and conferences that non-profit groups actually fulfill their very purpose which is to provide education for its members and the furtherance of that profession. We believe it disingenuous to tax organizations for fulfilling the very purpose for which a tax exemption has been provided. All this does is complicate the production of that convention or trade show and the organization will have to pass that cost along. Trying to sell exhibit space now to mainland companies is an extremely difficult sell given the fact that most of them have to ship or transport products or information to Hawaii in order to display. Exhibitors from many associations oftentimes tell us that our exhibit rental space rates are high in comparison to other states.

Based on the above, we do not believe that this is a proper source of income for the State and it is based on that, that we oppose this bill.

We have attached a listing of our membership to this testimony who would agree with us that this is an improper measure.

Thank you.

Aloha Society of Association Executives – Hawaii Chapter
Membership List

AlohaCare
Building Industry Association of Hawaii
General Contractors Association of Hawaii
Hawaii Association of Independent Schools
Hawaii Association of Realtors
Hawaii Bankers Association
Hawaii Convention Center
Hawaii Credit Union League
Hawaii Food Industry Association
Hawaii Insurers Council
Hawaii Museums Association
Hawaii Optometric Association, Inc.
Hawaii Orthopedic Association
Hawaii Pacific Tennis Foundation
Hawaii Society of Certified Public Accountants
Hawaii Transportation Association
Hawaii Visitors & Convention Bureau
Hawaii Wall & Ceiling Industry Association
Honolulu Board of Realtors
Kaua'i Visitors Bureau
Legislative Information Services of Hawaii
Mid-Pacific Country Club
National Association of Insurance & Financial Advisors Hawaii
Organizations Management, LLC
Pacific Telecommunications Council
Painting & Decorating Contractors Association
Plumbing & Mechanical Contractors Association
Presentation Resources
PROcom Hawaii
Retail Merchants of Hawaii
Sand Island Business Association
Sheet Metal Contractors Association
SMEI Honolulu
Hawaii Association of Broadcasters
The Legislative Center, Inc.
Waikiki Improvement Association

HAWAII SUBSTANCE ABUSE COALITION

Topic: HB793 SD1 Relating to Taxation: Temporarily increases from October 1, 2011, to September 30, 2013 the general excise and use tax and various public service company tax rates by one per cent. Temporarily provides food and other tax credits.

To: COMMITTEE ON WAYS AND MEANS: Senator David Ige, Chair; Senator Michelle Kidani, Vice Chair

When: April 6th, 2011, Wednesday, at 9:30 am

Place: ~~Conference Room 211~~ AUDITORIUM

Aloha Chair Ige, Vice Chair Kidani and Distinguished members. My name is Alan Johnson, I am the Chairperson of the Hawaii Substance Abuse Coalition, a hui of about 20 alcohol and substance abuse treatment agencies in Hawai'i.

Various non-profits are concerned that the significant reductions in the Hawaii budget will result in community based services being radically reduced beyond already reduced levels. Many community service providers are reaching out to the community to avert disasters in basic services to the community. We appreciate that the legislature is open to community discussions in the hope that we can salvage basic services.

HSAC Supports HB793 SD1

Hawai'i is at a crisis point for services to our community. As we all know, the Council of Revenues is projecting revenue shortfalls for the next couple of years. Budget and Finance recently predicted that the potential shortfall for the last 4 months of this fiscal year could be as high as \$232 million. Despite massive reductions in spending in the prior year that were permanent as well as the recent additional 10% spending restrictions for all departments across the board and the ending of all special funds, the Budget and Finance project that the potential shortfall for the last 4 months of this fiscal year could be more than \$200 million. The budget shortfall in the next biennium could be as high as \$1.3 billion over the next two-year budget cycle. There is not enough room to reduce ourselves out of this recession. We must consider revenue enhancements, including the difficult task of considering a temporary GET increase for 2 years.

We are at the stage that further reductions would seriously dismantle programs that provide direct services for community. Systems and programs will no longer be effective for dealing with schools, health care, health compliance oversight, hospitals and other basic government services as well as programs for safety that include offenders, prisons, mentally ill, domestic violence, prenatal care, police, courts, and child welfare. Government and non-profit services will be reduced to such an extent that the community at large is at risk.

The GET tax increase is tough on us but doable. This temporary 1% increase would be partially funded by tourist activity and would be sufficient to sustain ourselves through the recession.

We appreciate the opportunity to provide information and are available for questions, if needed.



Wednesday, April 6, 2011, 9:30 AM
Auditorium, State Capitol

Testimony of the Democratic Party of Hawai'i

To the Senate Committee on Ways and Means
Senator David Y Ige, Chair
Senator Michelle Kidani, Vice-Chair

Testimony to SUPPORT HB 793 Proposed SD1, Relating to Taxation

To Chair Ige, Vice Chair Kidani, and Members of the Senate Committee Ways and Means: Thank you for this opportunity to testify on behalf of the Democratic Party of Hawai'i.

The Democratic Party of Hawai'i testifies in SUPPORT of HB 793 Proposed SD1.

We recognize the urgency to solve the budget shortfall, and the reality that past program cuts have harmed working families, students, and vital health and safety programs. We support the creative and sensitive efforts you made in the proposed package of fair tax changes. We understand it will raise needed revenues, while providing net tax savings of great benefit to middle and lower income earners in Hawaii. This gives needed relief to families and individuals who have suffered most in the recession.

It appears to be a progressive tax plan, whose overall burden is based on ability to pay. Everyone understands that cuts have gone too far in areas of education, social services, health and safety. Revenues need to be raised in the next two years to ensure needed services are spared even deeper cuts. The approach in the proposed SD 1 is fair and progressive, because lower income earners and middle class families will receive tax relief, while those with very high income levels are much more able to contribute a fair and more proportional share.

Our testimony is based on the decision of delegates at the 2010 Democratic Party of Hawai'i Convention, who adopted our Party Platform, to affirm Democrats' commitment to a progressive tax structure based on ability to pay. Economic justice in taxation and budgeting is a top legislative priority of the party in 2011. The proposed SD1 draft of HB 793 is worthy of support, and we thank you for this opportunity to testify.

Respectfully submitted,

Joy Kobashigawa Lewis & Douglas Pyle, Co-Chairs
Legislation Committee of the State Central Committee, Democratic Party of Hawai'i



**Testimony to the Senate Committee on Ways and Means
Wednesday, April 6, 2011 at 9:30 a.m.
Auditorium
Hawaii State Capitol**

RE: HOUSE BILL NO. 793 (PROPOSED SD1) RELATING TO TAXATION

Chair Ige, Vice Chair Kidani, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") opposes the section that temporarily increases the general excise tax by one percent.

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. As such it is incumbent upon the Chamber to be an active participant in State budget issues.

After several years of significant State budget cuts, the Council on Revenues at a special meeting held March 29, 2011 forecast the budget deficit at \$200 million this fiscal year and at nearly \$1.3 billion over the two-year budget cycle that begins July 1, 2011.

The Chamber believes that a general excise tax (GET) increase should not be considered until other alternatives have been fully reviewed. The Chamber also agrees with the Governor that investment in technology and savings in labor and collective bargaining are critical elements to long term efficiencies and fiscal responsibility of the state. Investment in information technology is critical but will only add expense to an already inefficient system if the system is not redesigned to reduce cost.

Every state in the nation is facing similar economic challenges. We have much to learn from creative efforts and encourage our leaders to bring those ideas to the table.

When the private sector is facing such bleak financial forecasts, it tightens its belt, offers early retirement packages, consolidates departments, focuses on core services and eliminates inefficiencies, redundant and lower priority functions and services. We respectfully ask the State government to do the same. An increase in the GET will hurt business in Hawai'i. Until and unless all of these efforts have been thoroughly exhausted, the Chamber can not support even a temporary increase in the GET.

We respectfully ask that you do not raise the GET during this tough economic climate. Thank you for the opportunity to provide testimony.



Before the Senate Committee on Ways and Means

DATE: Wednesday, April 6, 2011

TIME: 9:30 a.m.

PLACE: Auditorium

HB 793 Proposed SD1: Relating to Taxation Testimony of NFIB Hawaii

Thank you for the opportunity to testify in opposition of HB 793, Proposed SD1. NFIB Hawaii opposes this measure.

This legislation would temporarily suspend the general excise and use tax exemptions for many persons and industries and instead, require them to pay the applicable tax at a graduated rate. The measure also increases tax rates for many public service companies effective January 1, 2012-June 30, 2015.

NFIB Hawaii finds that the repeal of many of the general excise and use tax exemptions proposed by this legislation will hinder the economic growth of small business, which is a primary job provider in Hawaii. The proposed legislation will also have the unintended consequence of raising the cost of goods and services for Hawaii consumers who are already struggling with high unemployment rates and inflated costs.

The National Federation of Independent Business is the largest advocacy organization representing small and independent businesses in Washington, D.C., and all 50 state capitals. In Hawaii, NFIB represents more than 1,000 members. NFIB's purpose is to impact public policy at the state and federal level and be a key business resource for small and independent business in America. NFIB also provides timely information designed to help small businesses succeed.

THRIVENT FINANCIAL FOR LUTHERANS, WOODMEN OF THE WORLD, THE
INDEPENDENT ORDER OF FORESTERS AND KNIGHTS OF COLUMBUS

TESTIMONY IN OPPOSITION TO HB 793, PROPOSED SD 1,
RELATING TO TAXATION

April 6, 2011

Honorable Senator David Y. Ige, Chair
Committee on Ways and Means
State Senate
Hawaii State Capital, Auditorium
415 S. Beretania Street
Honolulu, Hawaii 96813

Re: HB 793, Proposed
SD 1, Relating to
Taxation

Dear Chair Ige and Members of the Committee:

Thank you for the opportunity to testify in opposition to HB 793, Proposed SD 1, Relating to Taxation.

Section 2 of HB 793, Proposed SD 1, would amend Chapter 237, relating to the State's General Excise Tax, to include a new section which would "require information reporting on all exclusions or exemptions of amounts, persons, or transactions" subject to that Chapter.

While the purpose for the Department's collection of information is not stated in the bill, the presumed purpose is to enable the Legislature to determine whether the current exclusions and exemptions from the State's General Excise Tax should be continued, amended or repealed.

The proposed collection of information to confirm whether each and every exclusion and exemption provided under current law should be continued (other than the 7 exemptions stated in the bill) is an unnecessary and wasteful expenditure of State funds. This exercise should not encompass those exclusions and exemptions that are known to be achieving their intended objectives and are consistent with public policy.

Currently, all revenues received by a fraternal benefit society are exempt from the State's general excise tax. If this exemption were repealed it would greatly reduce a society's ability to provide the kinds and level of services and programs to their members and the members of their communities in which they live.

No State in the union taxes fraternal benefit societies. Fraternal have been recognized as tax-exempt non-profit entities by the federal government and all 50 states for more than a century. Fraternal have a long tradition of supporting communities through financial

contributions and volunteer service. In 2009 alone, Fraternal Alliance members volunteered nearly 91 million hours (valued at \$1.9 billion) to community service projects and made \$400 million in direct financial contributions to support charitable, patriotic, educational, and religious activities.

The undersigned, American Fraternal Alliance, represents 71 fraternal benefit societies across the United States.

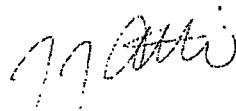
Four Fraternal Alliance members – Thrivent Financial for Lutherans, Woodmen of the World, The Independent Order of Foresters, and Knights of Columbus – have active volunteer networks in Hawaii. Combined, these societies have over 9,000 members in the state. In 2009, members of Hawaii’s fraternal benefit societies contributed more than 85,000 hours of volunteer service valued at over \$1.7 million and made direct financial contributions of over \$400,000 to schools, charities, and community service organizations in this State. and lend their financial and volunteer support to a variety of causes and organizations.

Taxing fraternal would be inconsistent with good public policy. Taxing fraternal would greatly threaten their ability to provide the volunteer service and direct financial aid they contribute to fill gaps in the social safety net and help people in Hawaii enhance their lives and their communities.

On behalf of Thrivent Financial for Lutherans, Woodmen of the World, The Independent Order of Foresters, and Knights of Columbus. we urge you to consider the value these fraternal volunteers and funds provide to Hawaii’s communities. Submitted for your consideration is representative testimony from the leaders of the Knights of Columbus and Thrivent Financial for Lutherans which they submitted to the House Finance Committee in opposition to HB 1270, a bill very similar to HB 793, Proposed SD 1. Their testimony attests to the work their societies have and will continue to do in Hawaii.

Fraternal don’t just write checks – our members are engaged in your communities, enrich the fabric of society, and get things done. We look forward to continuing to serve Hawaii communities for years to come.

Sincerely,



Joseph J. Annotti
President & CEO
American Fraternal Alliance
On behalf of Thrivent Financial for Lutherans,
Woodmen of the World, The Independent Order of
Foresters, and Knights of Columbus
1301 W 22nd St Ste 700
Oak Brook, IL 60523

AMERICAN FRATERNAL ALLIANCE
TESTIMONY IN OPPOSITION TO HB 793, PROPOSED SD 1,
RELATING TO TAXATION

April 6, 2011

Via e mail: wamtestimony@capitol.hawaii.gov
Honorable Senator David Y. Ige, Chair
Committee on Ways and Means
State Senate
Hawaii State Capital, Auditorium
415 S. Beretania Street
Honolulu, Hawaii 96813

Re: HB 793, Proposed
SD 1, Relating to
Taxation

Dear Chair Ige and Members of the Committee:

Thank you for the opportunity to testify in opposition to HB 793, Proposed SD 1, Relating to Taxation.

Our firm represents the American Fraternal Alliance (“Fraternal Alliance”), a national association whose 71 member societies operating in the United States provide financial security to nearly 10 million Americans and their families through life insurance and related products. Fraternal benefit societies utilize the proceeds from the sale of these products to make direct financial contributions to hundreds of charitable organizations across the country and, more importantly, to orchestrate and support their individual members’ community volunteer work. In 2009, Fraternal Alliance members volunteered nearly 91 million hours (valued at \$1.9 billion) to community service projects and made \$400 million in direct financial contributions to support charitable, patriotic, educational, and religious activities.

Section 2 of HB 793, Proposed SD 1, would amend Chapter 237, relating to the State’s General Excise Tax, to include a new section which would “require information reporting on all exclusions or exemptions of amounts, persons, or transactions” subject to that Chapter. Excluded are certain stated exemptions, including proceeds or payments made under a life or disability income policy or annuity contract, and “any other amounts, persons, or transactions as determined by the director to be in the best interest of tax administration and made by official pronouncement.”

Honorable Senator David Y. Ige, Chair
Committee on Ways and Means
State Senate
Re: HB 793, Proposed SD 1, Relating to Taxation
April 6, 2011
Page 2

While the purpose for the Department's collection of information is not stated in the bill, the presumed purpose is to enable the Legislature to determine whether the current exclusions and exemptions from the State's General Excise Tax should be continued, amended or repealed.

The Fraternal Alliance objects to HB 793, Proposed SD 1.

What information the Department shall require businesses and others to report is not stated in the bill. Thus, there is a potential that the required reporting of information may be burdensome and costly.

Moreover, the collection of information to confirm whether each and every exclusion and exemption provided under current law should be continued is an unnecessary and wasteful expenditure of State funds. This exercise should not encompass those exclusions and exemptions that are known to be achieving their intended objectives and are consistent with public policy. The proposed Bill recognizes this approach by carving out 7 exemptions stated in the bill. However, other exemptions are left to the Director of the Tax Department to determine. Those exemptions which are to be preserved by the Director are those the Director determines "to be in the best interest of tax administration and made by official pronouncement". The Fraternal Alliance submits that what might be in the best interest of tax administration may be vastly different than the Legislature's own pronouncement of exemptions that reflect sound tax and legislative policy.

Currently, all revenues received by a fraternal benefit society are exempt from the State's general excise tax. If this exemption were repealed it would greatly reduce a society's ability to provide the kinds and level of services and programs to their members and the members of their communities in which they live.

Four Fraternal Alliance members – Thrivent Financial for Lutherans, Woodmen of the World, The Independent Order of Foresters, and Knights of Columbus – have active volunteer networks in Hawaii. Combined, these societies have over 9,000 members in the state and lend their financial and volunteer support to a variety of causes and organizations. The following are just a few examples of how our members have helped individuals and partnered with other organizations in Hawaii:

- In Lihue, Thrivent members spent over 3,000 hours preparing and serving lunch on a weekly basis as part of an ongoing relationship with the Kokua Kitchen Community Outreach. Thrivent donated \$4,936 to cover meal costs.

Honorable Senator David Y. Ige, Chair
Committee on Ways and Means
State Senate
Re: HB 793, Proposed SD 1, Relating to Taxation
April 6, 2011
Page 3

- The Independent Order of Foresters proudly supported HUGS, a respite organization for parents of medically fragile children. Over 75 families enjoyed Lunch with Santa, ice skating, and a variety of holiday activities designed for the special needs of HUGS families.
- The Knights of Columbus support a number of programs that provide food to the needy in Hawaii. For example, Knights councils on Maui raise thousands of dollars each year for Hale Kaukau, which feeds 200-300 homeless families as well as the homebound and disabled. Every three weeks, Council 7156 on Oahu collects 2,000 pounds of food at the Navy Exchange and distributes it to food banks on the island. Councils also provide financial support for Hawaii's Catholic schools, as well as scholarships for children who attend them. Overall, Knights contributed more than 86,000 to charitable causes last year. Overall, Hawaii Knights contributed over \$86,000 to charitable causes in the state last year.
- For the past five years, Woodmen of the World members have provided over 3,000 meals, thousands of dollars in funding, and hundreds of hours in service to the homeless through partnerships with the River Life Mission in China Town and Lanakila Meals on Wheels.

No State in the union taxes fraternal benefit societies. Fraternal societies have been recognized as tax-exempt non-profit entities by the federal government and all 50 states for more than a century. In 2009, members of Hawaii's fraternal benefit societies contributed more than 85,000 hours of volunteer service valued at over \$1.7 million and made direct financial contributions of over \$400,000 to schools, charities, and community service organizations in this State.

Our estimates indicate that the state would generate less than \$380,000 in new tax revenues by applying the 4 percent general excise tax to fraternal benefit societies. These revenues would have a negligible impact on the state budget.

Taxing fraternal societies would be inconsistent with good public policy. Taxing fraternal societies would greatly threaten their ability to provide the volunteer service and direct financial aid they contribute to fill gaps in the social safety net and help people in Hawaii enhance their lives and their communities. Volunteering is the key to fraternalism – fraternal societies don't just donate money, they do the work. The economic equation simply does not add up. The people of Hawaii and the state government receive far more benefit from the fraternal tax exemption than they would if societies were subject to the general excise tax.

Honorable Senator David Y. Ige, Chair
Committee on Ways and Means
State Senate
Re: HB 793, Proposed SD 1, Relating to Taxation
April 6, 2011
Page 4

For the foregoing reasons, the Fraternal Alliance strongly opposes HB 793, Proposed SD 1, and requests that fraternal benefit societies be removed from the bill.

Again, thank you for the opportunity to testify in opposition to HB 793, Proposed SD 1.

Sincerely yours,

CHAR HAMILTON
CAMPBELL & YOSHIDA
Attorneys At Law, A Law Corporation

By: 

Oren T. Chikamoto
737 Bishop Street, Suite 2100
Honolulu, Hawaii 96813
Telephone: (808) 524-3800
Facsimile: (808) 523-1714

AMERICAN COUNCIL OF LIFE INSURERS
TESTIMONY IN OPPOSITION TO HB 793, PROPOSED SD 1,
RELATING TO TAXATION

April 6, 2011

Via e mail: wamtestimony@capitol.hawaii.gov
Honorable Senator David Y. Ige, Chair
Committee on Ways and Means
State Senate
Hawaii State Capital, Auditorium
415 S. Beretania Street
Honolulu, Hawaii 96813

Re: HB 793, Proposed
SD 1, Relating to
Taxation

Dear Chair Ige and Members of the Committee:

Thank you for the opportunity to testify in opposition to HB 793, Proposed SD 1, Relating to Taxation.

Our firm represents the American Council of Life Insurers ("ACLI"), a national trade association, who represents more than three hundred (300) legal reserve life insurer and fraternal benefit society member companies operating in the United States. These member companies account for 90% of the assets and premiums of the United States Life and annuity industry. ACLI member company assets account for 91% of legal reserve company total assets. Two hundred thirty-nine (239) ACLI member companies currently do business in the State of Hawaii; and they represent 93% of the life insurance premiums and 95% of the annuity considerations in this State.

Section 2 of HB 793, Proposed SD 1, would amend Chapter 237, relating to the State's General Excise Tax, to include a new section which would "require information reporting on all exclusions or exemptions of amounts, persons, or transactions" subject to that Chapter. Excluded are certain stated exemptions, including proceeds or payments made under a life or disability income policy or annuity contract, and "any other amounts, persons, or transactions as determined by the director to be in the best interest of tax administration and made by official pronouncement."

While the purpose for the Department's collection of information is not stated in the bill, the presumed purpose is to enable the Legislature to determine whether the current exclusions and exemptions from the State's General Excise Tax should be continued, amended or repealed.

Hon. Senator David Y. Ige, Chair
Committee on Ways and Means
State Senate
Re: HB 793, Proposed SD 1, Relating to Taxation
April 6, 2011
Page 2

ACLI objects to HB 793, Proposed SD 1.

What information the Department shall require businesses and others to report is not stated in the bill. Thus, there is a potential that the required reporting of information may be burdensome and costly.

Moreover, the collection of information to confirm whether each and every exclusion and exemption provided under current law should be continued is an unnecessary and wasteful expenditure of State funds. This exercise should not encompass those exclusions and exemptions that are known to be achieving their intended objectives and are consistent with public policy. The proposed Bill recognizes this approach by carving out 7 exemptions stated in the bill. However, other exemptions are left to the Director of the Tax Department to determine. Those exemptions which are to be preserved by the Director are those the Director determines "to be in the best interest of tax administration and made by official pronouncement". ACLI submits that what might be in the best interest of tax administration may be vastly different than the Legislature's own pronouncement of exemptions that reflect sound tax and legislative policy.

If the current general excise tax exemption granted to life insurance companies under Section 237-29.7, HRS, was repealed, insurers would be subjected to the State's 4% general excise tax in addition to the State's 2.75% premium tax.

Increasing the tax on life insurers punishes an industry that already pays its fair share of taxes.

At 2.75%, Hawaii already has one of the highest life insurance premium tax rates in the nation (the national average is 1.9%).

Unlike non-insurance corporations which are subject to a tax on their net income, life insurance companies are subject to a premium tax on their gross premiums, without any deductions for claims or expenses and which must be paid regardless of whether a life insurer is profitable.

In order to generate the \$26.7M that life insurers already pay under the 2.75% gross premium tax in 2009, life insurers would have to be taxed at a corporate net income tax rate of 13.8%, a rate much higher than the rates of almost any other business.

The Hawaii corporate tax rate for non-insurers ranges from 4.4% to 6.4% of a company's net income. For banks and financial institutions the rate is 7.92%.

Hon. Senator David Y. Ige, Chair
Committee on Ways and Means
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Re: HB 793, Proposed SD 1, Relating to Taxation
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Page 3

If a life insurer is required to pay a general excise tax of 4% on its gross income in addition to payment of the State's 2.75% gross premium tax of \$25.4M the life insurer would be subjected to a total tax burden equivalent to a staggering corporate net income tax rate of 26.4%.(13.8% + 12.6%)

Imposing a double tax only on insurers, who already pay the highest amount of tax than any other business in the State, would be patently unfair.

In addition, Hawaii's domestic insurers (that is, insurers who are domiciled in this State) are already subject to additional "retaliatory taxes" in other states because of Hawaii's high premium tax rate of 2.75% on life insurance. By imposing an added general excise tax on insurance companies, Hawaii's domestic life insurers may see a dramatic increase in the amount of retaliatory taxes they must pay to other states whose total tax and fees are less than those imposed by the State of Hawaii.

Hawaii currently has 2 domestic life insurers, the largest of which is an ACLI member company, Pacific Guardian Life Insurance Company, Ltd. ("PGL"), a Hawaii corporation. PGL does business not only in Hawaii but 20 other western states, the Territory of Guam, and the Commonwealth of the Northern Mariana Islands.

If Hawaii were to impose an additional general excise tax on life insurers doing business in this State the resulting increase in the amount of retaliatory taxes PGL would have to pay would make it difficult for PGL to remain competitive in the markets in which it serves. If PGL is unable to do so the jobs of its 140 employees in the State and its ability to contribute to Hawaii's economy may be jeopardized.

Imposing an additional tax would increase a life insurer's cost of doing business in this State.

A life insurance policy differs from a property and casualty policy in that casualty policies are typically renewed annually (which allows for their premium rates to be adjusted on a regular basis). Many life insurance policies insure at a fixed premium for extended periods of time, in the case of term life and disability income insurance policies, and may be as long as the insured's lifetime, in the case of "whole life" insurance policies. As a result, life insurers do not have the flexibility as do other businesses to adjust their premium rates to pass on an increased tax to the currently insured consumer or to take into account other changes in the cost of their insurance as a result of changed conditions and circumstances.

Adding the excise tax to an insurer's cost of doing business in this State may actually reduce tax revenues to the State of Hawaii.

Hon. Senator David Y. Ige, Chair
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Because life insurance policies have fixed premiums which continue over an extended period of time, the sale of each new insurance policy creates a new ongoing tax revenue stream to the State of Hawaii.

If the price of new policies increases and that deters new purchasers, the tax increase may actually result in a loss of new tax revenues to the State because fewer policies will be sold, thus affecting the ongoing tax revenue stream.

HB 793, Proposed SD 1, also contemplates the possible repeal of a fraternal benefit society's exemption from the State's general excise tax. Without an exemption all revenues received by a fraternal benefit society would be subject to tax. This would reduce a society's ability to provide the kinds and level of services and programs to their members and the members of their communities in which they live.

Fraternal benefit societies have been recognized as tax-exempt entities by the federal government and all 50 states for more than a century.

ACLI Fraternal member companies estimate that the state would generate less than \$380,000 in new revenue by imposing the proposed 4% GET on fraternal benefit societies. This tax revenue would have a negligible impact on the state's current budget deficit and would severely impede the ability of fraternalists to serve the needs of Hawaii communities.

The following are just a few examples of how ACLI Fraternal member companies have helped individuals and partnered with other organizations in Hawaii:

- In Lihue, Thrivent members spent over 3,000 hours preparing and serving lunch on a weekly basis as part of an ongoing relationship with the Kokua Kitchen Community Outreach. Thrivent donated \$4,936 to cover meal costs.
- The Independent Order of Foresters proudly supported HUGS, a respite organization for parents of medically fragile children. Over 75 families enjoyed Lunch with Santa, ice skating, and a variety of holiday activities designed for the special needs of HUGS families.
- The Knights of Columbus is the largest financial supporter of the Special Olympics and its members donate thousands of hours to conducting events for special needs children in Hawaii. The Knights also provide financial support for the State's Catholic schools and charities.

Hon. Senator David Y. Ige, Chair
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Taxing fraternalism would severely threaten their ability to provide the volunteer service and direct financial aid they contribute to fill gaps in the social safety net and help Hawaii's people enhance their lives and their communities every day. Volunteering is the key to fraternalism – fraternalism don't just donate money, they do the work. The economic equation simply does not add up. Hawaii's people and the State government receive far more benefits from the fraternal tax exemption than they would if societies were subject to the general excise tax.

For the foregoing reasons, ACLI strongly opposes HB 793, Proposed SD 1, and requests that life insurers and fraternal benefit societies be removed from the bill.

Again, thank you for the opportunity to testify in opposition to HB 793, Proposed SD 1.

Sincerely yours,

CHAR HAMILTON
CAMPBELL & YOSHIDA
Attorneys At Law, A Law Corporation

By: 

OREN T. CHIKAMOTO
ochikamoto@chctlaw.com
Direct: 808.524.9630



Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair
Committee on Labor & Public Employment

HEARING Wednesday, April 6, 2011
 9:30 am
 Conference Room 211
 State Capitol, Honolulu, Hawaii 96813

RE: **HB793, Proposed SD1, Relating to Taxation**

Chair Ige, Vice Chair Kidani, and Members of the Committee:

Retail Merchants of Hawaii (RMH) is a not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to the support of the retail industry and business in general in Hawaii.

RMH strongly **opposes** HB793, Proposed SD1, which suspends from January 1, 2012, to June 30, 2015, the exemptions for certain persons and certain amounts of gross income or proceeds from the general excise and use tax and requires the payment of the tax at a graduated rate. For two years: doubles the standard deduction amounts, the tax credit for household and dependent care services necessary for gainful employment, the income tax credit for low-income household renters, and the refundable food/excise tax credit; increases the capital goods excise tax credit, general excise and use tax rates, and various public service company tax rates by one per cent; appropriates funds to expedite implementation.

From a broad economic perspective, HB793, Proposed SD1, if enacted, will have a devastating effect on Hawaii's still very fragile economy. We're greatly concerned that there is no fiscal analysis detailing the revenues generated versus the economic harm to private business, our employees and our residents.

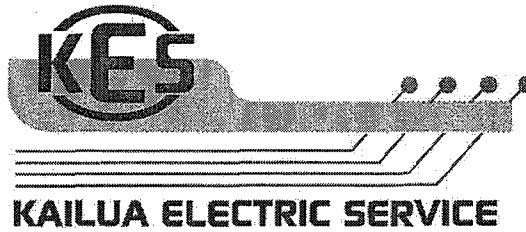
Part II: Suspending exemptions and imposing the GET at 4% will greatly increase expenses, not only for the targeted businesses, but at every level in the marketplace, and will have far reaching negative consequences for Hawaii's struggling economy. Planned expansion will be cancelled; more jobs will be lost. According to "Hawaii Labor Market Dynamics," a report from DLIR dated July 2010, page 10: "The largest over-the-year job loss was in the retail trade, transportation and utilities industry." Next were construction, hospitality and business services. Total jobs lost – 24, 050. Interestingly enough, over the same period, job gains were reported in government. Further job losses in the private sector are not acceptable.

Part VIII, Section 12 through Section 22: Increasing the GET / USE TAX from 4% to 5% effectively raises operating costs for business and the cost of living for consumers. Hawaii's residents will be forced into even further cut-backs in their already strained budgets. A tax increase in a recession is just not good economic policy.

We you to hold HB793, Proposed SD1. Thank you for your consideration and for the opportunity to testify on this measure.

Carol Pregill, President

RETAIL MERCHANTS OF HAWAII
1240 Ala Moana Boulevard, Suite 215
Honolulu, HI 96814
ph: 808-592-4200 / fax: 808-592-4202



April 5, 2011

RE: HB793

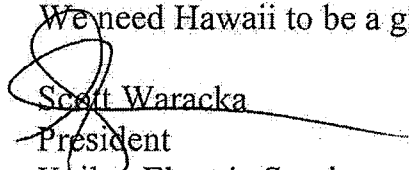
Honorable Sirs/Madam,

I am writing this testimony in opposition to this bill. I am a small businessman and employ 25 employees, and the last few years we have had to tighten our belts and work on keeping all employed and trying to put in full weeks, we have already cut back on all large expenditures, and this increase will just push us over the edge.

Imposing a 1% (really 25-22%) on an already overtaxed society will do nothing to help the economy but to push more people to refrain from spending, although it might help bring in additional monies we need the government to also tighten their belts and become more efficient in providing their services. We in the private sector see it all the time, 5 people doing the job where we would use 2, and then the 2 are even more efficient than the 5 or 6. I do feel that if we could downsize our government 20% and not lose all the services that we now receive.

Take a look at DOE for example! they furlough the teachers similar to what Sears did 20 years ago, when they removed most of the sales people from the sales floor! Whereby they almost went broke, it was only after they got rid of upper management did they recover and again are a strong company.

The DOE and for that matter the State Government need to do the same, review all positions make the necessary cuts, and forget about the UNIONS. We need Hawaii to be a great state and not be the laughing stock of America


Scott Waracka
President
Kailua Electric Service

GOODSILL ANDERSON QUINN & STIFEL

A LIMITED LIABILITY LAW PARTNERSHIP LLP

GOVERNMENT RELATIONS TEAM:
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ANNE T. HORIUCHI
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TO: Senator David Y. Ige
Chair, Committee on Ways and Means
Hawaii State Capitol, Room 215
Via Email: WAMTestimony@Capitol.hawaii.gov

FROM: Gary M. Slovin

DATE: April 5, 2011

RE: H.B. 793, Proposed S.D. 1 – Relating to Taxation
Decision Making: Wednesday, April 6, 2011 at 9:30 a.m.

Dear Chair Ige and Members of the Committee on Ways and Means:

I am Gary Slovin, submitting comments on behalf of PVT Land Company (“PVT”), the owner and operator of the PVT Construction and Demolition Landfill (“Landfill”) in Nanakuli. The Landfill is the only landfill on Oahu licensed and authorized to accept construction and demolition debris.

PVT respectfully **opposes** H.B. 793, Proposed S.D. 1, insofar as it temporarily suspends exemptions for: 1) amounts received by qualified businesses and contractors as part of enterprise zones and 2) amounts received by contractors.

PVT joins in the opposition testimony that has been presented on this issue by Honua Power, LLC, who will take construction and demolition waste feedstock from PVT and generate renewable energy for Hawaiian Electric Company. At the current rate of use, the Landfill will reach capacity in 6 to 10 years, not taking into consideration the impact of construction and demolition debris from the rail project. Given the City and County of Honolulu’s current estimate that the process of permitting a new landfill will take 7 to 9 years, it is apparent that Oahu’s solid waste management crisis extends beyond the handling of municipal solid waste at Waimanalo Gulch, the permit for which expires in 2012. It is also an immediate and critical issue with respect to the future handling and disposal of construction and demolition debris.

April 3, 2011
Page 2

In addition to the other important benefits from Honua's facility outlined in Honua's testimony, the recycling of construction and demolition debris from the Landfill in the form of feedstock will materially help to prolong the life of the Landfill and help to offset the additional demands likely to be placed upon the Landfill by the rail project. This would also undermine PVT's plans to focus on recycling and renewable energy, including the hiring of additional employees for this purpose. Ultimately, by imposing a tax on companies like Honua, whose activities should be encouraged, this bill will increase the cost of waste reduction, recycling and renewable energy facilities.

PVT is also concerned that eliminating the exemption for contractors will further harm the construction industry, at a time when a tremendous impact has already been felt from the economic downturn. This will raise the cost of all construction projects, such as rail, transit-oriented development, shipyard maintenance, as well as commercial and residential building and renovation. It would directly impede the critically important recovery of Oahu's construction industry.

For the above reasons, PVT opposes the suspension and taxing of these exemptions, and respectfully requests that they be removed.

Thank you very much for the opportunity to submit comments on H.B. 793, Proposed S.D. 1.

PLUMBING & MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII



TELEPHONE: (808) 597-1216
FAX: (808) 597-1409
1314 S. King Street, Suite 961
Honolulu, Hawaii 96814

GREGG S. SERIKAKU
EXECUTIVE DIRECTOR

Via Email

April 5, 2011

Senator David Y. Ige
Committee on Ways and Means
The Senate
The Twenty-Sixth Legislature, Regular Session of 2011
State Capitol

Chair Ige, Vice Chair Kidani, and Members of the Committee:

SUBJECT: HB793 Proposed SD1

My name is Gregg Serikaku. I am the Executive Director of the Plumbing and Mechanical Contractors Association of Hawaii. The Association for which I speak is strongly opposed to HB793 Proposed SD1, particularly the section which suspends the amounts deducted from the gross income received by contractors.

If allowed to pass, this bill will create a tax upon tax scenario that will lead to higher costs for consumers and will inevitably discourage developers from undertaking new construction projects in Hawaii.

Many people mistakenly believe that the current law exempts construction contractors from paying the general excise tax on proceeds received on a construction project, however, this is incorrect! The current law only allows a general contractor to deduct from income the amounts payable to subcontractors, and this deduction only applies if the subcontractor agrees to pay the general excise tax on his/her share of the income received. If the subcontractor does not agree to pay the GE tax on his/her portion, then the general contractor is not allowed the deduction and must pay GE tax on the entire amount of the proceeds.

For example, on a \$100K job, if the subcontractors portion of work is \$30K, the prime contractor may deduct this \$30K from the \$100K, and pay the GET on the net balance of \$70K. The subcontractor would then be responsible to pay the GET on the \$30K. This results in GET being paid on a total of \$100K which is correct. If this proposed SD1 is passed, the prime contractor would pay GET on the entire \$100K (because he would no longer be able to deduct the amount he pays to the subcontractor), then the subcontractor would also pay GET on the \$30K he receives. This is classic double taxation! Inevitably, this increased tax would be passed on to the owner or developer, which in turn increases prices for consumers.

We respectfully urge the committee to hold the proposed SD1 to HB793.

Thank you very much for this opportunity to testify.

Respectfully yours,

Gregg S. Serikaku
Executive Director

GOODSILL ANDERSON QUINN & STIFEL

A LIMITED LIABILITY LAW PARTNERSHIP LLP

GOVERNMENT RELATIONS TEAM:
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TO: Senator David Y. Ige
Chair, Committee on Ways and Means
Hawaii State Capitol, Room 215
Via Email: WAMTestimony@Capitol.hawaii.gov

FROM: Gary M. Slovin

DATE: April 5, 2011

RE: H.B. 793, Proposed S.D. 1 – Relating to Taxation
Decision Making: Wednesday, April 6, 2011 at 9:30 a.m.

Dear Chair Ige and Members of the Committee on Ways and Means:

I am Gary Slovin, testifying on behalf of Covanta Energy Corporation, the operator of the HPOWER waste-to-energy facility at Campbell Industry Park. The construction of the third boiler is well underway, providing many good-paying construction jobs.

Covanta respectfully **opposes** pg. 5, lines 11-15 as well as pg. 10 lines 17-19 of H.B. 793, Proposed S.D. 1. These provisions would suspend the general excise and use tax exemptions that apply to the operations of the HPower waste-to-energy plant in Campbell Industrial Park. The tax that would be imposed through the suspension of these sections would be borne by taxpayers of the City and County of Honolulu. Accordingly, the suspension of the exemptions would not increase the funds available to reduce the deficits being faced by both State and County governments.

Therefore, we oppose the suspension of these sections.

Thank you very much for the opportunity to submit comments on H.B. 793, Proposed S. D. 1.

MOSS Engineering, Inc.

1357 Kapiolani Blvd., Suite 830

Electrical / Lighting Engineers
Honolulu, Hawaii 96814

Richard M. Moss, P.E., LEED® AP

HB-793

April 4, 2011

Hawaii State Legislature


Dear House Members,

I strongly oppose House Bill HB-793 for the following reasons:

1. The Hawaii General Excise Tax is the most regressive tax of all tax systems in the nation.
2. Hawaii's GET rate of 4.5% equates to a Sales Tax Rate of 19.7% again, the highest in the nation
3. Currently, the national trend is to :
 - a. cut public expenditures
 - b. reduce the size of government
 - c. promote private investment in private enterprise to create private sector jobs
4. It is proven:
 - a. High taxes impede private investment
 - b. High taxes slow growth in the private market
 - c. High taxes transfer private wealth to government with no or very little return on investment to the citizens
 - d. Special funds are continuously raided to subsidize other projects without public approval (or knowledge)
5. The people do not serve the government, the government serves the people
 - a. The Private sector can no longer support expensive government programs, salaries, benefits and golden retirement packages
 - b. The private sector has become lean and proficient, while government has become large, lethargic and ineffective.
6. Hawaii faces huge unfunded obligations.
 - a. Rail \$5.6 billion - (funding is not on target, Federal government has not committed to their share, \$5.6 billion excludes maintenance, salaries, benefits, and retirement packages)
 - b. \$300-\$400 million that will be taken from The Bus to subsidize Rail
 - c. EPA mandate for secondary treatment \$4-5 billion
 - d. Government workers pension & retirement \$6.2 billion
 - e. Other
 - i. University of Hawaii infrastructure - \$400-500 million
 - ii. Public Schools backlog of repairs- \$400-500 million
 - iii. Public Schools backlog to air condition the hottest schools - \$600 million (plus)
 - iv. Federal mandate to treat Pacific Islanders due to nuclear testing
 - v. Roads are in disrepair
 - vi. Sewers and water lines are in disrepair
 - vii. Interest on bond obligations
 - viii. \$40 million investment abandoned by the Super Ferry
 - f. This short list of expenditures is over \$17 billion or \$14,000 for every man, woman and child in the state of Hawaii. Or, \$42,000 for the "average household".
 - g. When government transfers \$17 billion out of the private markets, the private sector loses \$17 billion dollars. The private sector is denied the opportunity to invest in their wealth and to increase their standard of living.
7. Government must find balance
 - a. Limited government is achievable and necessary
 - b. Government ***must never*** over shadow the private sector
 - c. The bigger the government, the smaller the citizen.

I trust collective wisdom will prevail, for Hawaii's economic engine is very fragile. It is government's duty to promote private enterprise, preserve private wealth, and to serve the tax payer.

Very truly yours,
MOSS Engineering, Inc.



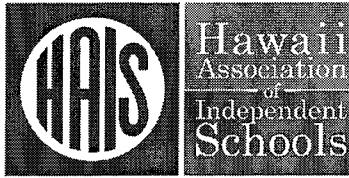
Richard M. Moss, P.E., LEED® AP
President

Supporting AutoCAD and Revit Platforms

TEL: (808) 951-6632

mail@moss-engineering.net

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Wednesday, April 6, 2011

9:30 a.m.

Auditorium

TESTIMONY TO
THE SENATE COMMITTEE ON WAYS AND MEANS

RE: HB 793, Proposed SD 1 – Relating to Taxation

Chair Ige, Vice Chair Kidani, and Members of the Committee,

My name is Robert Witt and I am executive director of the Hawaii Association of Independent Schools (HAIS), which represents 99 private and independent schools in Hawaii and educates over 33,000 elementary and secondary students statewide.

The Association would like to provide comments on HB 793, Proposed SD 1 – Relating to Taxation, which would suspend the general excise tax exemption for Hawaii nonprofit organizations and impose a four-percent tax on all gross revenue from conventions and conferences.

In challenging economic times, such as these, the social and economic value of nonprofits is all the more apparent. By serving the general population in ways the State cannot and via the support of private dollars, nonprofits, and the programs and services they provide to our communities, are more critical than ever.

With respect to the suspension of the existing general excise tax exemption on the value or gross income received by nonprofit organizations from certain conventions, conferences, trade shows, or display spaces, our association, along with our affiliate nonprofit, the Hawaiian Educational Council (HEC), produces income from professional development, leadership development, and school governance conferences. This income supports the operations of both of our non-profits and represents a significant part of our operating budgets. Income from HAIS programs supports the work we do generally with private schools, while income from HEC supports the work we do generally with public education, and most specifically this year, the work we are doing to assist charter schools.

Mahalo for the opportunity to comment on this measure.



HAWAII FOOD INDUSTRY ASSOCIATION (HFIA)
1050 Bishop St. Box 235
Honolulu, HI 96813
Fax : 808-791-0702
Telephone : 808-533-1292

DATE: Wednesday, April 6, 2011 TIME: 9:30 a.m. PLACE: Auditorium

FROM: Hawaii Food Industry Association

TO: COMMITTEE ON WAYS AND MEANS

Senator David Y. Ige, Chair

Senator Michelle Kidani, Vice Chair

RE: HB 793 Proposed SD1:Temporarily suspends from January 1, 2012, to June 30, 2015, the exemptions for certain persons and certain amounts of gross income or proceeds from the general excise and use tax and requires the payment of the tax. HFIA strongly opposes this bill. Temporarily increases from October 1, 2011, to September 30, 2013 the general excise and use tax and various public service company tax rates by one per cent. Temporarily provides food and other tax credits. Effective July 1, 2011; repealed June 30, 2015.

The HFIA opposes a GET increase. Everyone is hurting due to increasing shipping costs, healthcare costs, administrative costs and a bad economy. Increasing taxes at this time will only serve to lower consumption, reduce sales, force layoffs, increase the load on our welfare system and worsen the recession.

Please consider other measures besides a GET increase, such as cutting spending and reducing entitlements, to address the States 1.3 billion dollar shortfall over two years.

Thank you for the opportunity to provide this testimony.

AIA Hawaii State Council

A Council of The American Institute of Architects

April 5, 2011



The Honorable David Ige, Chair
The Honorable Michelle Kidani, Vice Chair
Members of the Ways and Means Committee
Hawaii State Senate
State Capitol
Honolulu, HI 96813

WAM Hearing Date: April 6, 2011, 9:30 am State Capitol Auditorium

Subject: OPPOSE as written, House Bill 793 SD1 Relating to Taxation; Section 3

Amending Chapter 237, Hawaii Revised Statutes to temporarily suspend exemption from January 1, 2012 through June 30, 2015 for 1) Amounts deducted from the gross income received by contractors as described under section 237-13 (3) (B)

On behalf of the more than 800 architect members and other allied design professionals of The American Institute of Architects (AIA), AIA Hawaii State Council, I am writing to **STRONGLY OPPOSE HB 793 SD1 on Taxation** whose provisions aim to suspend key exemptions currently afforded to significant design and construction efforts in Hawaii, among other key business areas across the state. AIA Hawaii previously opposed similar provisions contained in then HB 799 HD1 for similar reasons.

The provision within HB 793 SD1 to remove the exemption currently afforded to "contractors" as defined in the Hawaii Revised Statutes (Section 237-13 (03) (B) (i) will specifically cause an adverse effect on our members, allied engineers and Hawaii construction firms, a majority of whom are small businesses in Hawaii. This measure will have a significantly broad and negative effect on our State's overall economy as we all know the importance of design and construction in stimulating economic growth and creating needed jobs.

While this measure is proposed to extract additional revenues to address the state's fiscal crisis, it is especially key to note that elimination of this specific exemption and others would come at a bad time as Hawaii's economy struggles to come back from the devastation of economic recession. Eliminating the general excise exemptions for temporary gain may have a significantly dire consequence over the long term.

Moreover, the overall impact on the design and construction industry would be very large, because of the well documented "pyramid effect." A gross receipts tax, without key exemptions in place, has a well known escalating effect that creates an extra layer of taxation at each stage of the product and service life cycle. For the design and construction industry this leads to dramatically higher costs for housing, commercial and industrial structures built for Hawaii businesses, state and city governments and residential homeowners. Hawaii citizens already struggle with one of the highest costs for construction and housing in the nation.

We encourage you to seek more economically neutral ways of taxing businesses, and urge you to look deeper at long-term solutions for creating greater efficiencies within the government. This bill has the serious potential of reducing business in a time when Hawaii business needs stimulation. We urge opposition as currently written.

Sincerely,

A handwritten signature in cursive script that reads "Amy Blagriff".

Amy Blagriff, Honorary AIA Honolulu, Executive Vice President on behalf of AIA Hawaii

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Honolulu, Hawaii 96813-4452
Phone: 808.545.4242
Fax: 808.545.4243
Website: www.aiahonolulu.org



April 4, 2011

Chair David Ige
Committee on Ways and Means
Hawaii State Senate
State Capitol, Auditorium
Honolulu, HI 96813

RE: HB 793, Proposed SD 1, Relating to Taxation

Dear Chair Ige and members of the Senate WAM Committee:

The Hawai'i Alliance of Nonprofit Organizations is a statewide, sector-wide professional association for nonprofits. HANO member nonprofits provide essential services to every community in the state. Our mission is to unite and strengthen the nonprofit sector as a collective force to improve the quality of life in Hawai'i.

We have some concerns about the SD 1 version of this bill which will temporarily remove the tax exemption on the gross income from conferences, conventions, trade exhibits and display areas that charitable groups organize. We echo the testimony being submitted by the Hawaii State Bar Association that requests clarification on the intent of that language as it relates to HRS 237-16.8, which makes reference to income from "exhibits or display spaces AT conventions, conferences or tradeshow."

Removal of the tax exemption on gross income from trade exhibits or display areas impacts largely the professional and trade associations like HANO that put on annual conferences to convene their members. Also impacted are those organizations that hold educational conferences to share information with their constituency. For some, the tax might result in several thousands of dollars in extra costs. Smaller organizations will most certainly not be able to bear this additional cost. Organizations would likely have to recoup this expense by raising their event fees and passing the expense on to their attendees, making the event less attractive to attend.

Taxation on gross receipts presents a scenario where a nonprofit organization may hold a large convening, bring in revenue, but also incur heavy expenses to match, such that there is no profit on the event. In this case, the nonprofit will still be required to pay the tax on the total revenue, running the organization into further deficit.

We also are very concerned about the component of the proposed HD 1 version which stipulates a **5% tax on the gross income from theaters**. Hawaii's theaters are nonprofit entities that operate on slim budgets. We strongly oppose this portion of the bill.

**HANO Testimony
HB 793, Proposed SD 1
Senate WAM Committee hearing
Wednesday, April 6, 2011
Page Two**

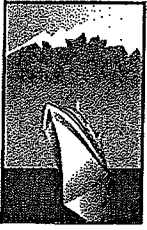
It is worth noting that nonprofits already contribute to the state coffers through GE tax on fundraising income and on unrelated business income (UBIT). Many organizations that contract with the state have already made their sacrifice in continuing to deliver the same or larger scope of contract services but for less compensation and with many delays in payments, which are tantamount to interest free loans to the state.

We understand the challenge you face to identify revenue sources to balance the budget and know there is an expectation that every sector needs to sacrifice to get through this challenging economic period. We wonder whether these proposed initiatives to raise revenue off the backs of the nonprofit sector will yield significant dollars. Will it be enough to justify the increased financial burden for nonprofit organizations and increased policing that will be required of the Department of Taxation?

We worry that even the slightest form of taxation erodes the very exemptions that fundamentally and historically define our sector of community and public service. We reiterate that we are a partner with government. Taxation of any sort hinders our ability to deliver on the government's goals and objectives.

Thank you for the opportunity to provide comment.

Lisa Maruyama
President and CEO



NORTH WEST &
CANADA CRUISE
ASSOCIATION

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April 6, 2011

Testimony to the Senate Committee on Ways & Means
in OPPOSITION to
HB 793 SD 1 (Proposed), "Relating to Taxation."

Aloha Chair Ige, Vice Chair Kidani, and members of the Committee.

Thank you for this opportunity to testify on HB 793 SD 1 (Proposed), "Relating to Taxation."

I am Greg Wirtz, President of the North West and Canada Cruise Association (NWCCA), a trade association of eleven major cruise lines operating in Hawaii, the Pacific Northwest, Canada and Alaska. Our member lines include the following companies: Carnival Cruise Lines, Celebrity Cruises, Crystal Cruises, Disney Cruises, Holland America Line, Norwegian Cruise Line (incl. NCL-America), Oceania Cruises, Princess Cruises, Regent Seven Seas Cruises, Royal Caribbean International, and Silversea Cruises.

Our member lines bring hundreds of thousands of cruise visitors to Hawaii every year, support thousands of local jobs, and contribute an estimated \$475 million annually to the state's economy.

Today we are here to provide testimony in opposition to HB 793 SD 1 (Proposed), which would temporarily suspend the GET exemptions for a multitude of industries and services and impose a 4% tax from Jan. 1, 2012 thru June 30, 2015.

We are specifically concerned with the following language of Part II, Section 3, which would repeal:

(9) Amounts received or accrued from the loading or unloading of cargo as described under section 237-24.3(4)(A);

(10) Amounts received or accrued from tugboat and towage services as described under section 237-24.3(4)(B);

NWCCA Members Lines:

Carnival Cruise Lines ♦ Celebrity Cruises ♦ Crystal Cruises ♦ Disney Cruise Line ♦ Holland America Line ♦ Norwegian Cruise Line ♦ Oceania Cruises ♦ Princess Cruises ♦ Regent Seven Seas Cruises ♦ Royal Caribbean International ♦ Silversea Cruises

(11) Amounts received or accrued from the transportation of pilots or government officials and other maritime-related services as described under section 237-24.3(4)(C);

19) Gross proceeds received from shipbuilding and ship repairs as described under section 237-28.1

For the cruise industry, this would dramatically increase the cost for items such as pilotage, tugboat services, line handling, and ship repairs. We are very concerned as to the impact these additional costs may have on cruise tourism in Hawaii.

Our major concerns are as follows:

1. Like other segments of the travel and tourism industry, the cruise sector is extremely price sensitive.

To a degree never seen before, consumers are considering the total cost of a vacation when making their travel decisions including not only the cost of the cruise, but other costs such as transportation to embarkation ports, shore tours and government taxes and fees.

It has been illustrated in other markets that fee increases can have an impact on cruise traffic. For example, another long-distance destination, Alaska, was dramatically impacted by the introduction of new fees and taxes imposed by the state. Traffic there over the past two seasons (2009/2010) has declined by 15%.

Given these difficult economic times and the importance of tourism to Hawaii, now is not the time to levy taxes and increase costs.

2. Our industry has already been assessed large fee increases by the Dept. of Transportation for projects that will be of no direct benefit to us, and more increases are forthcoming.

Last year, our DOT harbor fees were increased across the board in order to help finance the Harbors Modernization Plan (HMP). None of the HMP projects are of direct benefit to the cruise industry in the form of new piers, passenger facilities, or even repairs on existing cruise facilities. Our passenger fees will increase dramatically this July and go up annually thru 2016. For NCL-America, the primary cruise operator in the state, the first increase will be on the order of 140% of the current fee structure.

3. Our member lines may now have to reconsider dry-docking their vessels here and may instead choose to do so on the West Coast or in other countries.

NCLA's Pride of America has dry-docked in Honolulu for years, and Princess Cruises dry docked two of their vessels in Honolulu a few years ago. Dry dock costs can range up to \$5

NWCCA Members Lines:

Carnival Cruise Lines ♦ Celebrity Cruises ♦ Crystal Cruises ♦ Disney Cruise Line ♦ Holland America Line ♦ Norwegian Cruise Line ♦ Oceania Cruises ♦ Princess Cruises ♦ Regent Seven Seas Cruises ♦ Royal Caribbean International ♦ Silversea Cruises

million per vessel in any given year and employs hundreds of shipyard workers for several days on average. It would be very unfortunate if NCLA or any other lines were to instead spend millions of dollars in maintenance funds at ports outside of Hawaii.

4. The repeal of the tax exemptions are being proposed without first studying the impacts of doing so.

HB 1270 proposed that the State first review the economic impacts of the existing tax exemptions and credits and present the results to the Legislature prior to the beginning of the 2012 session. This is a reasonable approach that we recommend be incorporated into HB 793 SD 1 (Proposed) prior to repealing any of the existing exemptions.

What should also be kept in mind is that Hawaii is a very small piece of the global cruise market, barely 1.5% in terms of passenger count. NCLA has the only large US-flagged cruise ship in the country and has to deal with the associated costs. With respect to international ships, a voyage from the west coast and back requires nine days at sea for four days in the state. These are niche cruises that appeal to a very small segment of the cruising population.

With fuel costs rising again and state passenger fees about to rise significantly this summer, we are very concerned that further taxes on our industry could result in Hawaii becoming a less attractive cruise destination and lose market share to other destinations that offer shorter, less expensive itineraries and are more easily accessible.

Thank you for this opportunity to present testimony before your committee.

Regards,



Greg Wirtz,
President

NWCCA Members Lines:

Carnival Cruise Lines ♦ Celebrity Cruises ♦ Crystal Cruises ♦ Disney Cruise Line ♦ Holland America Line ♦ Norwegian Cruise Line ♦ Oceania Cruises ♦ Princess Cruises ♦ Regent Seven Seas Cruises ♦ Royal Caribbean International ♦ Silversea Cruises



Hawaii Harbors Users Group

Gary North
Executive Director

Mar Labrador
Horizon-Lines, LLC
Board Chairman

Vic Angoco
Matson Navigation Company, Inc.
Board Vice Chair

Douglas Won
Sause Bros., Inc.
Board Vice Chair

Glenn Hong
Young Brothers, Ltd./Hawaiian Tug
and Barge
Secretary/Treasurer

Sandi Weir
NCL America, Inc.

Richard Maxwell
Aloha Cargo Transport,
Division of Northland Services, Inc.

Michael Caswell
Pasha Hawaii Transport Lines

Kraig Kennedy
McCabe, Hamilton & Renny Co., Ltd.

Philip MacDougall
Hawaii Stevedores, Inc.

Lance Tanaka
Tesoro Hawaii Corporation

Stephanie Ackerman
The Gas Company

Eric Yoshizawa
Ameron Hawaii

Nate Lopez
Hawaiian Cement

Scott Vuillemot
American Marine

Robert Alm
Hawaiian Electric Company, Inc.

Steve Kelly
Kapolei Property Development

Captain Steve Baker
Hawaii Pilots
Associate Member

Kim Beasley
Clean Islands Council
Associate Member

**HB793 SD1 PROPOSED
RELATING TO TAXATION**

**MAR LABRADOR
CHAIR
HAWAII HARBORS USERS GROUP**

APRIL 6, 2011

Chair David Ige, Vice Chair Michelle Kidani, and Members of the
Senate Committee on Ways and Means:

I am Mar Labrador, testifying on behalf of the Hawaii
Harbors Users Group (HHUG), on HB 793 SD1 PROPOSED, "A
BILL FOR AN ACT RELATING TO TAXATION."

The Hawaii Harbor Users Group (HHUG) is a non-profit
maritime transportation industry group comprised of the following
key harbor users: Matson Navigation Company, Horizon Lines,
LLC, Young Brothers/Hawaii Tug & Barge, Norwegian Cruse Line,
Sause Brothers Inc., Aloha Cargo Transport (ACT), Pasha Hawaii
Transport Lines, Hawaii Stevedores, McCabe Hamilton & Renny
Stevedores, Hawaiian Electric Company, Tesoro Hawaii
Corporation, The Gas Company, Ameron Hawaii, Hawaiian
Cement, American Marine, Kapolei Property Development, the
Hawaii Pilots Association, and Clean Islands Council.

This bill suspends, from January 1, 2012 to June 30, 2015, various general excise and use tax exemptions and implements a tax on these items and services. While HHUG recognizes the need for the State of Hawaii to obtain additional income, the removal of the exemptions in the maritime area will markedly impact the cost of goods in the state.

HHUG is very concerned about the suspension of the exemptions for amounts received or accrued from the loading or unloading of cargo (stevedoring services) in Section 3, subsection (a) (9); from tugboat and towage services in Section 3, subsection (a) (10); and from the transportation of pilots or governmental officials and other maritime-related services in Section 3, subsection (a) (11). Because of the complicated array of providers of maritime goods and services, the impact of the removal of these exemptions would be compounded.

The bill similarly proposes to suspend the exemptions that currently exist for amounts received from the loading, transportation and unloading of agricultural commodities shipped interisland in Section 3, subsection (a) (7). The impact of the suspension of these exemptions may be compounded by multiple instances of taxation and, in addition, this new tax burden would be disproportionately borne by groups, i.e., neighbor island farmers and residents that may already face the most difficult climbs out of the present recession.

The bill also proposes to suspend the exemption that applies to the gross proceeds arising from shipbuilding and ship repairs in Section 3, subsection (a) (19). The suspension of this exemption would increase the cost

of obtaining these services in Hawaii, which could result in a decrease in the demand for such work to be performed in Hawaii.

With these additional taxes, tariffs would increase and as a result the cost of all goods purchased by consumers would increase to cover this expense. With approximately 98% of Hawaii's imported goods passing through our harbors including commercial goods, motor vehicles, construction materials, and fuel, we anticipate that this bill will result in a significant increase in cost to Hawaii's residents and businesses. If this bill proceeds, HHUG urges that the bill be amended to preserve the current exemptions in the maritime area for stevedoring services; tugboat and towage services; pilot transportation; loading, transportation and unloading of agricultural commodities; and shipbuilding and ship repair services.

Thank you for this opportunity to testify.



THE LIMTIACO CONSULTING GROUP
CIVIL ENGINEERING AND ENVIRONMENTAL CONSULTANTS

April 5, 2011

Senate Committee on Ways and Means
Hearing Date: Wednesday, April 6, 9:30 a.m., Auditorium

Honorable Senators David Ige, Chair; Michelle Kidani, Vice Chair; and Members of the Senate Committee on Ways and Means

Subject: **HB 793, Proposed SD1, Relating to Taxation**
TESTIMONY IN OPPOSITION

Dear Chair Ige, Vice Chair Kidani, and Committee Members:

Our company strongly opposes HB 793, Proposed SD1, Relating to Taxation, as described below.

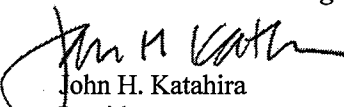
The bill proposes temporary suspension of certain general excise tax "exemptions" under HAR §18-237. Part II, Section 3 includes "amounts deducted from the amounts deducted from the gross income received by contractors as described under HAR §18-237-13(3)(B). Under §18-237-13(3), providers of professional engineering and architectural services are included under their definition of "contractor".

In this time of economic stress for all involved in the construction business, the proposed bill will only further burden struggling design professionals and contractors. In addition to forcing these businesses to pay tax on moneys they don't receive, the proposal has a number of other far-reaching implications:

1. Large out-of-state businesses that bid on Hawaii projects may be less likely to utilize small business from Hawaii, so they can avoid this duplication of taxes.
2. Prime Architect-Engineering firms assist their clients by subcontracting specialty services, such as geotechnical, environmental, landscape architecture, surveying, etc. If the prime contractor is forced to pay double taxes on those services, they may request the client to contract those specialty services directly, increasing the administrative burden and risk exposure for the client, and inhibiting the benefits of having the design team collaborate under one contract.
3. Taxes are one of the expenses contractors pass on to their clients. This measure would add to the cost of building and construction for the owners of these projects, including State projects.

Due to the many negative outcomes described above, we urge you to hold this bill, or to remove Part II, Section 3 relating to gross income received by contractors from the bill.

Best always,
The Limtiaco Consulting Group, Inc.


John H. Katahira
President

**Testimony to the Senate Committee on Ways and Means
Wednesday, April 6, 2011; 9:30 a.m.
Conference Room 211**

RE: Opposition to HB793, SD1 as it relates to an increase in the general excise tax

Aloha Chair Ige, Vice Chair Kidani and Members of this Committee,

My name is **Vivian Landrum** and I am the President/CEO of the Kona-Kohala Chamber of Commerce (KKCC). KKCC represents over 550 business members and is the leading business advocacy organization on the west side of Hawai'i Island. KKCC also actively works to enhance the environment, unique lifestyle and quality of life in West Hawai'i for both residents and visitors alike.

KKCC understands the difficult position the State faces in addressing the projected revenue shortfall for fiscal years 2011 – 2013. However, increasing the general excise tax forces the burden onto private business and they are not in a position to bear the weight.

KKCC surveyed its members on whether they would support or oppose an increase in the GET and how an increase would affect them. 79% opposed an increase. Here is a sampling of the 140 responses received:

"There continues to be too much waste in government."

"Raising taxes puts more of a burden on the general public and does not address the problem of the fiscal responsibility of our elected officials to cut spending."

"The people cannot afford this. We are suffering and struggling enough without having to pay more tax."

"Further taxation stifles business."

"Would support raising the GET within acceptable limits (1/2%)."

"A raise in the GET will have a negative impact on our real estate industry."

"Small businesses are challenged in this economic time to meet expenses and payrolls. It is unrealistic for decision makers to expect that small business owners would be able to afford a tax hike at this time."

"If this increase is approved, congratulations Hawaii on (helping me) make the decision to move our business to the mainland."

"The State needs to find other ways to balance the budget like no pay raises, cutting back on employee benefits and non-essential spending."

"Think like a small business. Continue furlough days and look at other measures to stop waste."

"Everyone had to make difficult and hard choices in cutting our personal expenses, government should do the same."

"Only a slight increase."

"Address collective bargaining and overpayment of state workers."

"Cut programs like all of us in the real business world have had to do. Every employee at my store is doing more work for less pay. Let' see our government workers do the same."

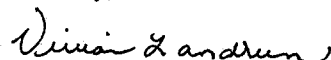
"Increasing the GET may solve the budget crisis temporarily but it will not eliminate the problem of overspending.restructuring government programs to make them efficient will be Hawaii's only chance to keep things going in the long term."

"Are they crazy?" (Submitted by six different respondents.)

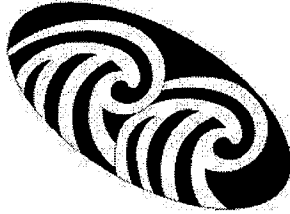
We strongly urge the Legislature to further review all options for spending cuts within the government to further long-term efficiency and fiscal responsibility. The private industry has had to face these challenges. Has the government done the same to right size their industry? We urge the continued exploration of alternative opportunities before a GET increase.

Mahalo for the opportunity to submit our testimony.

Sincerely,



Vivian Landrum
President/CEO



PPDG

PREMIER PACIFIC DESIGN GROUP

SHANE KITCHENS, AIA ARCHITECT

The Honorable David Ige, Chair
The Honorable Michelle Kidani, Vice Chair
Members of the Ways and Means Committee
Hawaii State Senate
State Capitol
Honolulu, HI 96813

RE: WAM Hearing Date: April 6, 2011, 9:30am State Capitol Auditorium
Subject: **OPPOSE** as written, House Bill 793 SD1 - Relating to Taxation; Section 3
Amending Chapter 237, Hawaii Revised Statutes to temporarily suspend exemption from
January 1, 2012 through June 30, 2015 for Amounts deducted from the gross income received by contractors
as described under section 237-13 (3) (B)

I once again find myself compelled to write to **OPPOSE** the consideration you are giving in a temporary suspension of the GET 'contractor' exemption, this time under; **House Bill 793 SD1**.

The provision within HB 793 SD1 to remove the exemption currently afforded to a 'contractor' as defined under the HRS will specifically cause an adverse effect on every Professionally Licensed Architect & Engineer & Licensed Construction firm within the State of Hawaii.

You will certainly hear from many others defined as 'contractors', but in my specific case, the removal of the exemption will have dire consequences this local - minority owned small business. The ultimate double taxation on 'gross receipts' you are considering will have a crippling effect by tying my hands to where I must now ultimately pass along to additional costs to those Hawaii citizens whom already struggle in this economy... simply to cover an additional layer of taxation collected from services performed by other 'contractors' for which already would have paid the appropriate tax. Simply stated HB 793 SD1 will either hurt the consumer or kill the small business Owner's ability to stay in business, and quite possibly both.

I deeply implore you to also **OPPOSE HB 793 SD1** and look for other solutions to bring relief to the State's Budget Crisis.

Respectfully,

Shane Kitchens, AIA



5 April 2011

The Honorable David Ige, Chair
The Honorable Michelle Kidani, Vice Chair
Members of the Ways and Means Committee
Hawaii State Senate
State Capitol
Honolulu, HI 96813

WAM Hearing Date: April 6, 2011, 9:30 am State Capitol Auditorium

Subject: **OPPOSE as written, House Bill 793 SD1 Relating to Taxation;
Section 3**

Amending Chapter 237, Hawaii Revised Statutes to temporarily suspend exemption from January 1, 2012 through June 30, 2015 for 1) Amounts deducted from the gross income received by contractors as described under section 237-13 (3) (B)

I am writing to OPPOSE HB 793 SD1 on Taxation whose provisions aim to suspend key exemptions currently afforded to significant design and construction efforts in Hawaii, among other key business areas across the state.

The provision within HB 793 SD1 to remove the exemption currently afforded to "contractors" as defined in the Hawaii Revised Statutes (Section 237-13 (03) (B) (i)) will specifically cause an adverse effect on design professionals such as architects and engineers and Hawaii construction firms, a majority of whom are small businesses in Hawaii. This measure will have a significantly broad and negative effect on our State's overall economy as we all know the importance of design and construction in stimulating economic growth and creating needed jobs.

While this measure is proposed to extract additional revenues to address the state's fiscal crisis, it is especially key to note that elimination of this specific exemption and others would come at a bad time as Hawaii's economy struggles to come back from the devastation of economic recession.

Eliminating the general excise exemptions for temporary gain may have a significantly dire consequence over the long term.

Moreover, the overall impact on the design and construction industry would be very large, because of the well documented "pyramid effect." A gross receipts tax, without key exemptions in place, has a well known escalating effect that creates an extra layer of taxation at each stage of the product and service life cycle. For the design and construction industry this leads to dramatically higher costs for housing, commercial and industrial structures built for Hawaii businesses, state and city governments and residential homeowners. Hawaii citizens already struggle with one of the highest costs for construction and housing in the nation.

I encourage you to seek more economically neutral ways of taxing businesses, and urge you to look deeper at long-term solutions for creating greater efficiencies within the government. This bill has the serious potential of reducing business in a time when Hawaii business needs stimulation. I urge opposition as currently written.

Sincerely,

A handwritten signature in black ink that reads 'Robin K. Inaba'.

Robin K. Inaba, AIA

Phone: 808.885.4116
Fax: 808.885.7893
Email: iallc@hawaii.rr.com

P.O. Box 7133
Kamuela, Hawaii 96743



NEXT DESIGN

April 5, 2011

The Honorable David Ige, Chair
The Honorable Michelle Kidani, Vice Chair
Members of the Ways and Means Committee
Hawaii State Senate
State Capitol
Honolulu, HI 96813

WAM Hearing Date: April 6, 2011, 9:30 am State Capitol Auditorium

Subject: OPPOSE as written, House Bill 793 SD1 Relating to Taxation; Section 3
Amending Chapter 237, Hawaii Revised Statutes to temporarily suspend exemption from January 1, 2012 through June 30, 2015 for 1) Amounts deducted from the gross income received by contractors as described under section 237-13 (3) (B)

I am writing to **OPPOSE HB 793 SD1 on Taxation** whose provisions aim to suspend key exemptions currently afforded to significant design and construction efforts in Hawaii, among other key business areas across the state.

This measure will have a significantly broad and negative effect on our Industry as well as the State's overall economy. As we all know the importance of design and construction in stimulating economic growth and creating needed jobs.

While this measure is proposed to extract additional revenues to address the state's fiscal crisis, it is especially key to note that elimination of this specific exemption and others would come at a bad time as Hawaii's economy struggles to come back from the devastation of economic recession. Eliminating the general excise exemptions for temporary gain may have a significantly dire consequence over the long term.

I encourage you to seek other means to generate revenue and to reduce costs.

Sincerely,
NEXT DESIGN LLC

Stanford C. Lee, AIA
Principal/Manager



Working Together for Hawaii

RETIREES UNIT

888 Mililani Street, Suite 601
Honolulu, Hawaii 96813-2991
www.hgea.org

Telephone: 808.543.0054
Facsimile: 808.550.8814

Hawaii Government Employees Association
AFSCME Local 152, AFL-CIO

April 6, 2011

Senator David Y. Ige, Chair
and Members of the Ways and Means Committee
Hawaii State Capitol
415 South Beretania Street, Room 211
Honolulu, Hawaii 96813

Dear Chair Ige:

Re: HB 793 Relating to Taxation

The Retirees Unit Board of Directors of the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, at their meeting on March 8, 2011, voted to support a temporary increase to the general excise and use tax (GET). We all realize the legislature has an enormous task dealing with the State's budget shortfall. Raising the general excise and use tax would give an immediate infusion of tax revenues and the legislature will not have to do a 'nickel and dime' approach to find money. In this way, the programs and services of the State and county government will be preserved.

The following are the Retirees Unit State Board of Directors:

Frances Kagawa, President
Paul Matsuo, Vice President/Oahu Chapter President
Betty Tsukiyama, Secretary
Richard Fujimoto, Treasurer
Ruth Walker, Hawaii Chapter President
Aileen Lum, Hawaii Director
Takashi Sasaki, Hawaii Director
Betty Matsumura, Kauai Chapter President
Timothy Albao, Kauai Director
Richard Higashi, Maui Chapter President
Ricardo Medina, Maui Director
Lois Kobashigawa, Oahu Director
Elmer Yuen, Oahu Director

Thank you for your time and consideration in **support** of HB 793, SD1.

With Warmest Aloha,

Susan Goya, Executive Secretary
Retirees Unit

**HB 793 SD1 (PROPOSED)
RELATING TO TAXATION**

PAUL T. OSHIRO
MANAGER – GOVERNMENT RELATIONS
ALEXANDER & BALDWIN, INC.

APRIL 6, 2011

Chair Ige and Members of the Senate Committee on Ways & Means:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) on HB 793 SD1 (PROPOSED), "A BILL FOR AN ACT RELATING TO TAXATION."

A&B acknowledges and understands the fiscal challenges that the Legislature and the State are faced with and the need to identify and implement appropriate measures to balance the State Budget. We also understand that this bill is one of the more significant revenue generating proposals under consideration.

This bill temporarily increases the general excise tax, and temporarily suspends certain general excise and use tax exemptions and implements a new tax on these presently exempt items and services. In addition, this bill also increases the standard deduction along with various income tax credits for residents and businesses. In contrast to HB 799 HD1, this bill would immediately impose a 4% rate on previously exempt services on January 1, 2012, rather than phasing in the tax. As a result there are concerns that the overall impact on the cost of goods and services that may result from the suspension of certain general excise tax exemptions such as stevedoring would be more pronounced. If this route of revenue augmentation is selected, we would urge the adoption of a more gradual increase in rates. We also respectfully recommend

that the Committee reconsider the proposed increase to the overall general excise tax rate. Given the pervasiveness and recognized pyramiding effect of the tax, we believe that an increase in the general excise tax rate may negatively impact the overall recovery of the state's economy.

In addition, we want to focus our testimony on another issue relating to the suspension of the general excise tax exemptions. The imposition of the general excise tax on presently exempt items and services also includes the assessment of the general excise tax on inter-company services that are provided between a company and its wholly owned subsidiary. We understand that companies may have been internally organized or structured with wholly owned subsidiaries to realize inherent operating, accounting, and other business efficiencies. We believe that inter-company charges between a company and its wholly owned subsidiary should be regarded as though the inter-company charges are made within divisions of a single company. In that inter-company transactions between a company and its wholly owned subsidiary have no external economic effect, we also believe that amounts received or charged between these wholly owned entities should not be subject to the general excise tax.

Should your Committee decide to pass this bill with provisions to suspend certain general excise tax exemptions, we respectfully request your consideration to incorporate amendments to Section 3, 237-___ to exclude from the tax on general excise tax exemptions, services furnished to a company by its wholly owned subsidiary. We have attached proposed amended language for your consideration (proposed amendments highlighted):

§237- Temporary suspension of exemption of certain

amounts; levy of tax. (a) Notwithstanding any other law to the contrary, the exemption of the following amounts from taxation under this chapter shall be suspended from January 1, 2012, through June 30, 2015:

(1) Amounts deducted from the gross income received by contractors as described under section 237-13(3)(B);

(2) Reimbursements received by federal cost-plus contractors for the costs of purchased materials, plant, and equipment as described under section 237-13(3)(C);

(3) Gross receipts of home service providers acting as service carriers providing mobile telecommunications services to other home service providers as described under section 237-13(6)(D);

(4) Amounts deducted from the gross income of real property lessees because of receipt from sublessees as described under section 237-16.5;

(5) The value or gross income received by nonprofit organizations from certain conventions, conferences, trade shows, or display spaces as described under section 237-16.8;

(6) Amounts received by sugarcane producers as described under section 237-24(14);

(7) Amounts received from the loading, transportation, and unloading of agricultural commodities shipped interisland as described under section 237-24.3(1);

(8) Amounts received from the sale of intoxicating liquor, cigarettes and tobacco products, and agricultural, meat, or fish products to persons or common carriers engaged in interstate or foreign commerce as described under section 237-24.3(2);

(9) Amounts received or accrued from the loading or unloading of cargo as described under section 237-24.3(4)(A);

(10) Amounts received or accrued from tugboat and towage services as described under section 237-24.3(4)(B);

(11) Amounts received or accrued from the transportation of pilots or government officials and other maritime-related

services as described under section 237-24.3(4)(C);

(12) Amounts received by labor organizations for real property leases as described under section 237-24.3(10);

(13) Amounts received as rent for aircraft or aircraft engines used for interstate air transportation as described under section 237-24.3(12);

(14) Amounts received by exchanges and exchange members as described under section 237-24.5;

(15) Amounts received as high technology development grants under section 206M-15 as described under section 237-24.7(10);

(16) Amounts received from the servicing and maintenance of aircraft or construction of aircraft service and maintenance facilities as described under section 237-24.9;

(17) Amounts received by petroleum product refiners from other refiners for further refining of petroleum products as described under section 237-27;

(18) Gross proceeds received from the construction, reconstruction, erection, operation, use, maintenance, or furnishing of air pollution control facilities, as described under section 237-27.5, that do not have valid certificates of exemption on January 1, 2012;

(19) Gross proceeds received from shipbuilding and ship repairs as described under section 237-28.1;

(20) Amounts received by telecommunications common carriers from call center operators for interstate or foreign telecommunications services as described under section 237-29.8;

(21) Gross proceeds received by qualified businesses in enterprise zones, as described under section 209E-11, that do not have valid certificates of qualification from the department of business, economic development, and tourism on January 1, 2012; and

(22) Gross proceeds received by contractors licensed under chapter 444 for construction within enterprise zones performed for qualified businesses within the enterprise zones or

businesses approved by the department of business, economic development, and tourism to enroll into the enterprise zone program, as described under section 209E-11.

(b) Except as otherwise provided under subsection (f), ~~(g)~~, or (h) there is levied, assessed, and collected annually against the persons under subsection (a), a tax at the rate of four per cent on the previously exempt gross income or gross proceeds of sale derived from January 1, 2012, to June 30, 2015.

(c) As used in this section, "previously exempt gross income or gross proceeds of sale" means the amount of the gross income or gross proceeds of sale, the exemption for which is suspended under subsection (a). The term also includes the value received by a nonprofit organization from conventions, conferences, trade show exhibits, and display spaces, the exemption for which is suspended under subsection (a)(5).

(d) The persons exempted under subsection (a), against whom the tax is levied and assessed under this section, shall be responsible for payment of the tax to the director of taxation.

(e) Notwithstanding section 237-8.6, no county surcharge shall be levied, assessed, or collected on any previously exempt gross income or gross proceeds of sale that is subject to taxation under subsection (b).

(f) This section shall not apply to gross income or gross proceeds from binding written contracts entered into prior to July 1, 2011, that do not permit the passing on of increased rates of taxes.

~~(g) This section shall not apply to gross income or gross proceeds from services furnished to a company by its wholly owned subsidiary.~~

~~(g)~~ (h) The tax imposed under subsection (b) shall not apply to any gross income or gross proceeds of sale that cannot legally be so taxed under the Constitution or laws of the United States, but only so long as, and only to the extent to which the State is without power to impose the tax.

To the extent that any exemption, exclusion, or apportionment is necessary to comply with the preceding sentence, the director of taxation shall:

(1) Exempt or exclude the gross income or gross proceeds of sale from the tax under subsection (b); or

(2) Apportion the gross income or gross proceeds of sale derived within the State by persons engaged in business both within and without the State to determine the gross income or gross proceeds of sale that are subject to taxation under this chapter for the purposes of section 237-21.

~~[(h)]~~ (i) This chapter shall apply to the payment, collection, enforcement, and appeal of the tax levied under this section.

The director of taxation may establish additional requirements, procedures, and forms pursuant to rules adopted under chapter 91, to effectuate this section.

Thank you for the opportunity to testify.

SMCA *Sheet Metal Contractors Association*

905 Umi Street, Suite 305, Honolulu, HI 96819-2377, Ph (808) 845-9393, Fax (808) 845-9395 email: info@smcahi.com
NEAL K. ARITA
Executive Director

TESTIMONY TO THE COMMITTEE ON WAYS AND MEANS

Senator David Y. Ige, Chair

Senator Michelle Kidani, Vice Chair

Wednesday, April 6, 2011

9:30 a.m.

Auditorium

State Capitol

415 South Beretania Street

Re: HB793, SD1 Relating to Taxation

Honorable Senator David Y. Ige, Chair
and members of the Ways and Means Committee

The Sheet Metal Contractors Association, representing 25 Member Sheet Metal Contractors, appreciate the opportunity to share our concerns. It is with a sense of humility and urgency that we communicate our perceived consequences for an increased tax that affects the contracting industry in Hawaii; and specifically the Sheet Metal Industry.

We **OPPOSE the proposed HB793, SD1**

With our twenty five member companies employing approximately 650 Sheet Metal Union workers and an estimated equal number of administrative, clerical and managerial workers (including business owners), the proposed tax increases to contracts (via suspending exemptions) will have a substantial negative effect on our already fragile economy.

Speaking to the double tax on revenue: Although the proposed HB799 (and now proposed HB793 SD1), in "theory" would generate revenue for the State, it would also encourage consumers to defer construction work and/or encouraged use of unlicensed contract work to get work done in a cost-effective manner. The assumption that construction revenues will continue at the same pace (with increased taxes) is flawed!

An increased tax to sub-contractors would be passed on to the General Contractors, who would, in turn, add fees to the consumer. In a down-turned economy, most consumers are looking for ways to cut cost; contractors are already bidding projects at marginal profits and the government requires working capital. The potential effect is putting licensed contractors out of business, a substantial DECREASE in taxable revenues to the State and a collapsed economy.

Regarding an increased GE tax: The formulas and tables represented in the REV-Fact Sheet are theoretical and are also flawed. It misrepresents the potential increased "pocket monies" consumers will have; those with fixed incomes are finding it more and more difficult to make ends meet (utilities, taxes, etc..) because of the many hidden tax increases (1) that have been added to their finances, there is no increased disposable income.

The net effect of tax credits is that there is additional funds for the families to pay for the increased taxes (it is a circular formula; not a solution). IT IS NOT A SOLUTION TO STIMULATE THE ECONOMY.

Because a solution of fiscal responsibility through reduced government spending is not part of this scenario, increased tax is the only solution. The choice between the two scenarios is not a fair one. It certainly places the burden back on the general public, while government continues without change.

We know great minds have pondered these problems for solutions - there is no easy answer.

Again, it is appreciated that you have heard our voice.

We hope our input is valued and considered.

Sincerely,

Neal Arita

Executive Director

Note:

(1) Hidden tax increases are those including (vehicle)fuel, tobacco, vehicle weight, communication, liquor, etc...

April 5, 2011

The Honorable David Ige, Chair
The Honorable Michelle Kidani, Vice Chair
Members of the Ways and Means Committee
Hawaii State Senate
State Capitol
Honolulu, HI 96813

WAM Hearing Date: April 6, 2011, 9:30 am State Capitol Auditorium

Subject: **OPPOSE** as written, House Bill 793 SD1 Relating to Taxation; Section 3

Amending Chapter 237, Hawaii Revised Statutes to temporarily suspend exemption from January 1, 2012 through June 30, 2015 for 1) Amounts deducted from the gross income received by contractors as described under section 237-13 (3) (B)

On behalf of the more than 800 architect members and other allied design professionals of The American Institute of Architects (AIA), AIA Hawaii State Council, I am writing to OPPOSE HB 793 SD1 on Taxation whose provisions aim to suspend key exemptions currently afforded to significant design and construction efforts in Hawaii, among other key business areas across the state. AIA Hawaii previously opposed similar provisions contained in then HB 799 HD1 for similar reasons.

The provision within HB 793 SD1 to remove the exemption currently afforded to "contractors" as defined in the Hawaii Revised Statutes (Section 237-13 (03) (B) (i) will specifically cause an adverse effect on our members, allied engineers and Hawaii construction firms, a majority of whom are small businesses in Hawaii. This measure will have a significantly broad and negative effect on our State's overall economy as we all know the importance of design and construction in stimulating economic growth and creating needed jobs.

While this measure is proposed to extract additional revenues to address the state's fiscal crisis, it is especially key to note that elimination of this specific exemption and others would come at a bad time as Hawaii's economy struggles to come back from the devastation of economic recession. Eliminating the general excise exemptions for temporary gain may have a significantly dire consequence over the long term.

Moreover, the overall impact on the design and construction industry would be very large, because of the well documented "pyramid effect." A gross receipts tax, without key exemptions in place, has a well-known escalating effect that creates an extra layer of taxation at each stage of the product and service life cycle. For the design and construction industry this leads to dramatically higher costs for housing, commercial and industrial structures built for Hawaii businesses, state and city governments and residential homeowners. Hawaii citizens already struggle with one of the highest costs for construction and housing in the nation.

We encourage you to seek more economically neutral ways of taxing businesses, and urge you to look deeper at long-term solutions for creating greater efficiencies within the government. This bill has the serious potential of reducing business in a time when Hawaii business needs stimulation. We urge opposition as currently written.

Sincerely,

WISS, JANNEY, ELSTNER ASSOCIATES, INC.



Bernhard Wonneberger, AIA, NCARB
Unit Manager & Principal

Headquarters & Laboratories—Northbrook, Illinois

Atlanta | Austin | Boston | Chicago | Cleveland | Dallas | Denver | Detroit | Honolulu | Houston
Los Angeles | Minneapolis | New Haven | New York | Princeton | San Francisco | Seattle | Washington, DC



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April 6, 2011

Senator David Ige, Chair
Committee on Ways and Means
State Capitol Auditorium
Honolulu, Hawaii 96813

RE: HB793, Proposed SD1 Relating to Taxation

Dear Chair Ige and Members of the Committee on Ways and Means:

I am Greg Thielen, President and RME of Complete Construction Services. I am a Small Business Owner and have over 20 years experience in the Construction Industry.

I am writing to voice my strong opposition to this bill. There is a common misconception that Contractors enjoy an exemption from the GE Tax and this is totally false. Our Subcontractors pay the GE Tax and we are allowed to deduct their cost from our income calculation to avoid charging consumers the Tax twice. In order to claim this deduction we have to provide our Subcontractors License number and GE Tax ID number. If you revoke this deduction you will be doing a severe injustice to the consumers of our services and the Construction Industry in general. Consumers of Construction will be unfairly targeted with a higher GE Tax rate due to the pyramiding effect. Consumers will either be less likely to do work or turn to the ever present and growing pool of individuals engaging in unlicensed activity. Either situation damages our industry and costs people their jobs.

Thank you for the opportunity to provide this testimony.

Sincerely,

Greg Thielen
President/RME



ARCHITECTURE
RESTORATION
RENOVATION
RESEARCH

Mason Architects

April 5, 2011

The Honorable David Ige, Chair
The Honorable Michelle Kidani, Vice Chair
Members of the Ways and Means Committee
Hawai'i State Senate
State Capitol
Honolulu, HI 96813

WAM Hearing Date: April 6, 2011, 9:30 am State Capitol Auditorium

Subject: OPPOSE as written, House Bill 793 SD1 Relating to Taxation; Section 3
Amending Chapter 237, Hawai'i Revised Statutes to temporarily suspend exemption from January 1, 2012 through June 30, 2015 for 1) Amounts deducted from the gross income received by contractors as described under section 237-13 (3) (B)

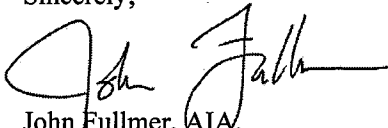
Mason Architects is a 23 person firm. We have managed to weather the recession without having to let employees go but bills like this one tend to make me think our record may come to an end. We understand the State needs to raise additional revenues as well as to continue to cut cost to balance its budget but this bill will be counter-productive. It will substantially increase the cost of design and construction in the state and kill off much needed work for the construction industry when it needs it most.

The overall impact on the design and construction industry would be very large, because of the well documented "pyramid effect." A gross receipts tax, without key exemptions in place, has a well known escalating effect that creates an extra layer of taxation at each stage of the product and service life cycle. For the design and construction industry this leads to dramatically higher costs.

More savvy owner/developers will work around the pyramiding effect by hiring subcontractors and engineers directly rather than entering into traditional sole source contracts with general contractors and architects. The net effect is more administrative expenses for the owner/developer, greater coordination delays for all involved, greater insurance risk, and no increased tax revenue for the state. Less savvy owners will either pay the significant higher cost or choose not to move forward with a project if they can wait for the law to expire—eliminating potential work for an industry starved of it.

We encourage you to seek more equitable and effective means of raising revenue in lieu of removing this critical exemption.

Sincerely,



John Fullmer, AIA,
Vice President

AIRLINES COMMITTEE OF HAWAII



Honolulu International Airport
300 Rodgers Blvd., #62
Honolulu, Hawaii 96819-1832
Phone (808) 838-0011
Fax (808) 838-0231

April 6, 2011

Honorable David Ige, Chair
Honorable Michelle Kidani, Vice Chair
Senate Committee on Ways and Means

RE: HB 793 (Proposed SD1) – Relating to Taxation - Oppose
Senate Ways and Means Committee – Auditorium, 9:30 AM

Aloha Chair Ige, Vice Chair Kidani and Members of the Committee:

The Airlines Committee of Hawaii* (ACH), which is made up of 21 signatory air carriers that underwrite the State Airport System strongly opposes the Proposed SD1 to HB 793, Relating to Taxation.

Specifically, we oppose the suspension of exemptions covered under the following provisions in Part II of the Proposed Senate Draft which would temporarily repeal and levy a GET from of 4% from January 1, 2012 through June 30, 2015:

- Amounts received as rent for aircraft or aircraft engines used for interstate air transportation; and
- Amounts received from the servicing and maintenance of aircrafts or construction of aircraft service and maintenance facilities.

We respectfully object to this proposed change for the following reasons:

1. There are public benefits for providing incentives for servicing and maintaining aircraft, construction of aircraft service and maintenance facilities.

Primarily the #1 benefit is job creation and retention. Other benefits include expanding the state's tax base and attracting out-of-state investment. For example in 1997, Continental Airlines began looking for a base between Guam, Saipan and Honolulu to build a \$25 million aircraft maintenance facility. Then Governor Cayetano administration backed Continental's plans because it would create about 110 high-paying aviation mechanics jobs and some 400 jobs in the construction of the facility. Continental chose Hawaii because of the tax incentives it received to build this facility which has a 30-year lease at Honolulu International Airport.

These exemptions provide a significant number of high-skilled, high-paying unionized jobs in Hawaii. Having two aircraft maintenance facilities operating in Honolulu provides more than 450 aviation mechanic and aircraft maintenance jobs.

These jobs further stimulate the economy by generating more revenues for the GET, State Income Tax, county property taxes and so forth.

Leveling the playing field for a highly skilled and highly paid work force. Since most other states do not impose a tax on maintenance activities, airlines can choose to base their aircraft maintenance in another state where there is no tax. States that do not tax maintenance activities are, not surprisingly, the states where airlines locate maintenance facilities.

Removing these exemptions will adversely affect on Hawaii-based carriers the most because most airlines operations are based out of state. Hawaiian Airlines operates a maintenance facility and is investing in new long-range fleet to expand tourism in the state. These exemptions were intended to help level the playing field for carriers locally based in Hawaii, which employs more than 2,000 local workers. With these exemptions, income and taxes generated through these jobs and these tax revenues stay in the state.

2. There are federal issues involved that could prohibit or limit the state's ability to tax the leasing of aircraft or aircraft engines used for interstate commerce. No other state apportions taxes on the leasing of aircraft or aircraft engines.

3. There is misinformation that airlines are not paying a "fair share" in General Excise Tax. Federal law prohibits states from taxing air transportation. This is prohibited under 49 USC 40116, which provides:

(b) Prohibitions. - Except as provided in subsection (c) of this section and section 40117 of this title, a State, a political subdivision of a State, and any person that has purchased or leased an airport under section 47134 of this title may not levy or collect a tax, fee, head charge, or other charge on -

- (1) an individual traveling in air commerce;
- (2) the transportation of an individual traveling in air commerce;
- (3) the sale of air transportation; or
- (4) the gross receipts from that air commerce or transportation.

States can impose on airlines reasonable rates and charges to help run the state airport system. To that end airlines are remitting significantly more in rates and chargers to the state. In spite of the Great Recession, the ACH has stood by it's commitment to the state to underwrite funding for the state's Airport Modernization Program. In recent years, signatory air carriers significantly increased its share to the Airport Special Fund. In 2011, \$142 million will be collected for the fund, a \$60 million dollar increase over a few years go. Further, the airlines' payments will be increasing up to \$200 million/year through fiscal year 2016.

Airlines by no means are "under taxed." The following table illustrates the application of government-imposed taxes and fees on a hypothetical domestic itinerary. Taxes shown do not include those levied directly on the airline (e.g., state rates and charges, income, property, franchise, sales/use, payroll, fuel).

Source www.airlines.org; accessed on April 5, 2011:

Sample Round-Trip Itinerary: Peoria, IL (PIA) - Raleigh/Durham, NC (RDU) via Chicago O'Hare (ORD)	
Base Airline Fare	\$300.00
: Federal Ticket (Excise) Tax (7.5%)	22.50
: Passenger Facility Charge (PIA)	4.50
: Federal Flight Segment Tax (PIA-ORD)	3.70
: Federal Security Surcharge (PIA-ORD)	2.50
: Passenger Facility Charge (ORD)	4.50
: Federal Flight Segment Tax (ORD-RDU)	3.70
: Federal Security Surcharge (ORD-RDU)	2.50
: Passenger Facility Charge (RDU)	4.50
: Federal Flight Segment Tax (RDU-ORD)	3.70
: Federal Security Surcharge (RDU-ORD)	2.50
: Passenger Facility Charge (ORD)	4.50
: Federal Flight Segment Tax (ORD-PIA)	3.70
: Federal Security Surcharge (ORD-PIA)	2.50
Total Taxes and Fees	\$63.50
Taxes as % of Fare	21.8%
Taxes as % of Ticket	17.9

For these reasons, we respectfully urge your committee to keep these critical tax exemptions in place. As always, we are grateful for the opportunity to provide input on this matter.

Sincerely,

Lori Peters
ACH Co-chair

Blaine Miyasato
ACH Co-chair

**ACH members are Air Canada, Air New Zealand, Air Pacific, Alaska Airlines, All Nippon Airways, American Airlines, China Airlines, Continental Airlines, Continental Micronesia, Delta Air Lines, Federal Express, go! Mokulele, Hawaiian Airlines, Japan Airlines, Korean Air, Philippine Airlines, Qantas Airways, United Airlines, United Parcel Service, US Airways, and Westjet.*

AIA Honolulu

A Chapter of The American Institute of Architects

April 5, 2011



The Honorable David Ige, WAM Chair
Members of the (WAM) Ways and Means Committee
Hawaii State Senate, State Capitol
Honolulu, HI 96813

WAM Hearing Date: April 6, 2011, 9:30 am State Capitol Auditorium
Subject: OPPOSE House Bill 793 SD1 Relating to Taxation; Section 3

Amending Chapter 237, Hawaii Revised Statutes to temporarily suspend exemption from January 1, 2012 through June 30, 2015 for 1) Amounts deducted from the gross income received by contractors as described under section 237-13 (3) (B)

On behalf of the more than 700 architect members and other allied design professionals of the American Institute of Architects, AIA Honolulu, I am writing to OPPOSE HB 793 SD1 on Taxation whose provisions aim to suspend key exemptions currently afforded to significant design and construction efforts in Hawaii, among other key business areas across the state. AIA Honolulu, representing members on Oahu, Maui, Kauai and the Island of Hawaii, previously opposed similar provisions contained in HB 799 HD1 for similar reasons.

The provision within HB 793 SD1 to remove the exemption currently afforded to "contractors" as defined in the Hawaii Revised Statutes (Section 237-13 (03) (B) (i) will specifically cause an adverse effect on our members, allied engineers and Hawaii construction firms, a majority of whom are small businesses in Hawaii. This measure will have a significantly broad and negative effect on our State's overall economy as we all know the importance of design and construction in stimulating economic growth and creating needed jobs.

While this measure is proposed to extract additional revenues to address the state's fiscal crisis, it is especially key to note that elimination of this specific exemption and others would come at a bad time as Hawaii's economy struggles to come back from the devastation of economic recession. Eliminating the general excise exemptions for temporary gain may have a significantly dire consequence over the long term.

Moreover, the overall impact on the design and construction industry would be very large, because of the well documented "pyramid effect." A gross receipts tax, with out key exemptions in place, has a well known escalating effect that creates an extra layer of taxation at each stage of the product and service life cycle. For the design and construction industry this leads to dramatically higher costs for housing, commercial and industrial structures built for Hawaii businesses, state and city governments and residential homeowners. Hawaii citizens already struggle with one of the highest costs for construction and housing in the nation.

We encourage you to seek more economically neutral ways of taxing businesses, and urge you to look deeper at long-term solutions for creating greater efficiencies within the government. This bill has the serious potential of reducing business in a time when Hawaii business needs stimulation. We urge opposition as currently written.

Sincerely,

A handwritten signature in black ink that reads "Spencer Leineweber".

Spencer Leineweber, FAIA, 2011 AIA Honolulu President

AIA Honolulu
119 Merchant Street, Suite 402
Honolulu, Hawaii 96813-4452
Phone: 808.545.4242
Fax: 808.545.4243
Website: www.aiahonolulu.org

THE GENTRY COMPANIES



April 5, 2011

The Honorable David Y. Ige, Chair, and Members
Senate Committee on Ways and Means
State Capitol, Room 215
Honolulu, HI 96813

Dear Chair Ige and Members:

SUBJECT: H.B. 793, S.D. 1 (Proposed) RELATING TO TAXATION

My name is Debbie Luning and I am testifying on behalf of Gentry Homes and Gentry Builders in **strong opposition** to H.B. 793, S.D. 1 (Proposed), Relating to Taxation.

One of the purposes of this bill is to temporarily suspend the general excise tax exemption for amounts deducted from the gross income received by contractors pursuant to section 237-13(3)(B), HRS. The bill would also require contractors to pay the GET at an increased rate of five percent from July 1, 2012 to June 30, 2015. These provisions would have a devastating effect on the construction industry, the cost of building new homes, and Hawaii's economy as a whole.

Building a residential home involves many different components and levels of expertise, ranging from site work contractors, masons, carpenters, plumbers, roofers, electricians, drywallers, cabinet installers, carpet layers, glaziers, and more -- all working together to get a finished product on the market. General contractors usually hire subcontractors to help get the job done, and those subs pay the State whatever GET is owed. The GET exemption currently provided to contractors in Section 237-13(3)(B), HRS, is not really an "exemption", per se; rather, it is intended to avoid tax pyramiding or imposing the same tax a multiple of times on general contractors.

We ask that you please delete these provisions from the bill. Thank you for the opportunity to share our concerns.

Sincerely,

GENTRY HOMES, LTD.

Debra M. A. Luning
Director of Governmental Affairs and
Community Relations

ACEC

AMERICAN COUNCIL OF ENGINEERING COMPANIES
of Hawaii

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Senate Committee on Ways and Means

Hearing Date: Wednesday, April 6, 9:30 a.m., Auditorium

Honorable Senators David Ige, Chair; Michelle Kidani, Vice Chair; and Members of the Senate Committee on Ways and Means

**Subject: HB 793, Proposed SD1, Relating to Taxation
TESTIMONY IN OPPOSITION**

Dear Chair Ige, Vice Chair Kidani, and Committee Members:

The American Council of Engineering Companies of Hawaii (ACECH) strongly opposes HB 793, Proposed SD1, Relating to Taxation, as described below. ACECH represents 67 member firms with over 1,300 employees throughout Hawaii, most of which are small businesses. We are comprised of the most highly qualified engineers, land surveyors, scientists, and other specialists.

The bill proposes temporary suspension of certain general excise tax "exemptions" under HAR §18-237. Part II, Section 3 includes "amounts deducted from the amounts deducted from the gross income received by contractors as described under HAR §18-237-13(3)(B). Under §18-237-13(3), providers of professional engineering and architectural services are included under their definition of "contractor".

The bill implies that prime contractors have been receiving an "exemption" from some portion of their income. This is not the case. HAR §18-237-13-03 simply ensures that the prime contractor is not taxed on money they do not receive. HAR §18-237-13-0 allows that if a prime contractor hires a subcontractor, and the subcontractor pays the GET, then the prime contractor does not pay GET on the money that goes to the subcontractor. In this time of economic stress for all involved in the construction business, the proposed bill will only further burden struggling design professionals and contractors. In addition to forcing these businesses to pay tax on moneys they don't receive, the proposal has a number of other far-reaching implications:

1. Large out-of-state businesses that bid on Hawaii projects may be less likely to utilize small business from Hawaii, so they can avoid this duplication of taxes.
2. Prime Architect-Engineering firms assist their clients by subcontracting specialty services, such as geotechnical, environmental, landscape architecture, surveying, etc. If the prime contractor is forced to pay double taxes on those services, they may request the client to contract those specialty services directly, increasing the administrative burden and risk exposure for the client, and inhibiting the benefits of having the design team collaborate under one contract.
3. Taxes are one of the expenses contractors pass on to their clients. This measure would add to the cost of building and construction for the owners of these projects, including State projects.

Due to the many negative outcomes described above, we urge you to hold this bill, or to remove Part II, Section 3 relating to gross income received by contractors from the bill.

Thank you for the opportunity to provide testimony regarding this measure. Please contact us if you have any questions regarding our testimony.

Respectfully submitted,

ACEC Hawaii

Signature, TITLE



The REALTOR® Building
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Honolulu, Hawaii 96816

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Neighbor Islands: (888) 737-9070
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April 6, 2011

The Honorable David Y. Ige, Chair
Senate Committee on Ways and Means
State Capitol, Room 211
Honolulu, Hawaii 96813

RE: H.B. 793, Proposed S.D.1, Relating To Taxation

HEARING: Wednesday, April 6, 2011, at 9:30 a.m.

Aloha Chair Ige, Vice Chair Kidani and Members of the Committee:

I am Brian Benton, Chair of the Government Affairs Committee, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,500 members. **HAR strongly opposes those parts of H.B. 793, Proposed S.D.1, that increase the Hawai'i General Excise and Use Tax ("GET") rates from 4% to 5%, an increase of 25%.** HAR does not strongly oppose Part II of H.B. 793, Proposed S.D.1, that temporarily suspends from January 1, 2012, to June 30, 2015, the exemptions for certain persons and certain amounts of gross income or proceeds from the General Excise and Use Tax, but would prefer the phase-in under H.B. 799, H.D.1, as passed by the House of Representatives.

Given the budget problems that our State is facing, H.B. 793, Proposed S.D.1, proposes to add a whole percentage point to the GET and Use Tax rates. Please note that this is a 25% increase. With a rate of "only four percent," some people say Hawai'i is well below most other states in terms of a sales tax. That comparison is misleading, however, because the GET is very different from the typical sales tax found in other states. In fact, if the GET was a sales tax it would be approximately 11%. Also, an increase of the GET from 4% to 5% would be equivalent to a 12-13% sales tax.

In most states, the sales tax covers only the final retail sale of goods. However, unlike the typical mainland sales tax, our GET does apply at the wholesale level, does apply to services, and does apply to rents, interest, commissions, and other forms of income.

Our 4% (4.5% on O'ahu) rate may appear low, but a big chunk of the tax burden is hidden in the prices of goods and services. For example, if a person buys a loaf of bread for \$3.00, the store adds a 4% tax and charges that person \$3.12, so the "visible" tax is twelve cents. In reality, however, the \$3.00 price has to cover the store's costs, which include the GET added on by the bakery when the store bought the bread at wholesale, by the landlord when store paid its rent, added on the seller when the store bought its shelves and display cases, and by service providers when the store pays them for services ranging from repair and building maintenance to accounting services. When it is added all up, the cost is a lot more than twelve cents out of the \$3.12 paid to the store.

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In addition, the GET is regressive, with a proportionately higher burden on lower-income individuals and families. When a family spends all of its income to pay rent or buy necessities such as food and clothing, the GET applies to all of that spending. Thus, lower-income families pay a larger percentage of their total income in GET than more affluent families do. Increasing the tax would magnify this effect.

Finally, raising taxes would hurt our extremely fragile economic recovery and may result in the loss of private sector jobs. Increasing the GET is particularly dangerous, because it is a tax on gross receipts, not net income. A business that is making little or no profit pays little or no income tax. In contrast, the GET is imposed on every dollar that the business takes in, even if there is no net profit after expenses are paid. Therefore, if we increase the GET, even businesses that are losing money, and struggling to keep their doors open, would have to pay substantially higher taxes. Businesses that are barely surviving now -- and there are a lot of them in Hawai'i -- may have to close their doors.

HAR also opposes H.B. 793, Proposed S.D.1, because it does not spread the burden of the GET and Use Tax rate increases fairly or equitably among different businesses, and should be closely reviewed.

Mahalo for the opportunity to submit testimony.





46-063 Emepele Pl. #U101 Kaneohe, HI 96744 · (808) 679-7454 · Kris Coffield · Co-founder/Legislative Director

TESTIMONY ON HOUSE BILL 793, SENATE DRAFT 1, RELATING TO TAXATION

Senate Committee on Ways and Means

Hon. David Y. Ige, Chair

Hon. Michelle Kidani, Vice Chair

Wednesday, April 6, 2011, 9:30 AM

State Capitol, Auditorium

Honorable Chair Ige and committee members:

I am Kris Coffield, representing the IMU Alliance, a nonpartisan political advocacy organization that currently boasts over 60 local members. On behalf of our members, we offer this testimony in strong support of the proposed draft of HB793, SD1, relating to taxation, with suggestions for amendments.

Last month, the House Committee on Finance passed an approximately \$22.7 billion biennium budget. Unfortunately, the budget draft was vetted just prior to the recent tsunami event and subsequent projection revisions issued by the Council on Revenues, which downgraded the state's financial forecast to an estimated \$200 million deficit for the current fiscal year, couched within an overall biennium shortfall of \$1.3 billion. Yesterday, in the Senate's own budget draft, your committee trimmed 3.5 percent of proposed spending from the House plan, passing a budget that reflects over \$650 million in reductions, or about half of the current shortage. Yet, another half remains, and many key economic indicators—such as the potential loss of funds from Japanese tourists—remain ambiguous. To address the depth and fluidity of the ongoing economic crisis, then, local lawmakers should pass the single largest revenue generating measure currently available: A bill to raise the state's general excise tax.

According to Department of Taxation estimates, increasing the GET by 1 percent is likely to spawn over \$500 million per year, totaling more than \$1 billion during the two-year period for which the escalation will be effective. The monetary haul will be diminished by the doubling of the standard deduction amounts, tax credit for household and dependent care services, income tax credit for low-income renters, and refundable food credit, as well as an accompanying hike in the capital goods tax credit. Such measures are necessary to mitigate the regressive nature of an excise tax boost, however, ensuring that the financially disadvantaged, who already bear the brunt of the recession, are not adversely impacted in their efforts to meet basic needs. Philosophically, raising the excise tax is the most functionally equivalent revenue generating measure, as it encumbers all stakeholders and participants in the local economy alike, from residents to part-time residents to tourists to corporations.

The IMUAlliance also supports part two of the proposed draft, which suspends myriad GET exemptions from January 1, 2012 until June 30, 2015. Under a gross receipts tax system, exemptions are supposed to be limited in order to equalize the fiscal playing field for all businesses. Regrettably, that precept has not been followed as rigorously in Hawaii as it should have been, with lost revenue from general excise tax exemptions spiraling into the hundreds of millions of dollars. A classic example of GET exemption profligacy is the exclusion granted to Hawaiian Airlines, which receives an exemption on gross receipts from the rental or leasing of aircraft or aircraft engines, and on amounts received for service and maintenance. Originally, Hawaiian Airlines' exemptions were extended, in 2001, under §237-24.3(12) and §237-24.9 (the "Continental credit") to bolster the company's competitive advantage with regard to interstate travel, specifically by making the purchase of quieter, efficient engines more affordable. Continuation of these exemptions will cost the state approximately \$73 million through 2015, though, according to the company's own estimates, at a time when Hawaiian Airlines has obtained a veritable monopoly over local air travel and now bills itself as an international carrier. Proponents of this exemption have argued that a related provision, §238-1, may violate the commerce clause of the United States Constitution by attempting to regulate commerce between the states, but the intent of the repeal can be clearly enumerated within the controversial statute by replacing the phrase "engaged in" with the word "for," to read "...by a lessee or renter ~~engaged in~~ for interstate air transportation." Making this change will comport §238-(a)(1) with the language contained in previous provisions relating to aircraft, such as §237-(a)(13).

Imposing the GET at a 4 percent rate at the outset, rather than a graduated rate beginning at 2 percent and escalating to 4 percent, may have unintended consequences regarding the feasibility of implementation for affected businesses and their burgeoning recovery, as well as the fragile revival of the state economy. Therefore, we urge the committee to amend §237-(b) of this measure by adding language from HB 799 (or the proposed draft of SB 754, SD1, HD1) consonant with the imposition of an escalating tax, to read: Except as otherwise provided under subsection (f) or (g), there is levied, assessed, and collected annually against a person receiving or deriving previously exempt gross income or gross proceeds of sale, a tax at the rate of: (1) Two per cent on the previously exempt gross income or gross proceeds of sale received or derived by the person from January 1, 2012, to December 31, 2012; (2) Three per cent on the previously exempt gross income or gross proceeds of sale received or derived by the person from January 1, 2013, to December 31, 2013; and (3) Four per cent on the previously exempt gross income or gross proceeds of sale received or derived by the person from January 1, 2014, to June 30, 2015. Corresponding language should also be added to 238-(b), stating: Except as otherwise provided under subsection (f) or (g), there is levied, assessed and collected annually against a person who imports or purchases previously exempt property, services, or contracting for use in this State, a tax at the rate of: (1) Two per cent on the value of previously exempt property, services, or contracting for use that becomes subject to the State's taxing jurisdiction from January 1, 2012, to December 31, 2012; (2) Three per cent on the value of previously exempt property, services, or contracting for use that becomes subject to the State's taxing jurisdiction from January 1, 2013, to December 31, 2013; and (3) Four per cent on the value of previously exempt property, services, or contracting for use that becomes subject to the State's taxing jurisdiction from January 1, 2014, to June 30, 2015. Lifting the exemptions outlined in this bill at a *graduated* rate of 2, 3, and 4 percent over the next few years is expected to generate nearly \$606.5 million between FY2012 and FY2015—including \$219.6 million over the coming biennium—in revenue that the state simply cannot afford to sacrifice during a time of crisis,

especially if basic services are to be sustained. By comparison, estimated revenue gain from the application of a 4 percent rate over the same period totals \$733.7 million when behavioral changes are taken into account, according to the Department of Taxation, a difference of only \$127.2 million for the four-year cycle. To be clear, we do not support a contraction of the fiscal period covered by this bill from four to two years, with the GET being imposed at a 4 percent rate for each year of the coming biennium. Using the Department of Taxation's own figures, this gesture would produce \$346.8 million. When coupled with the tax credit and standard deduction increases put forward in this bill, along with the likelihood (and need) for a portion of generated gains to be steered toward salary and benefit enhancements for state employees as called for by some members of the House, we have serious questions about the overall impact of a two-year repeal upon both short- and long-term fiscal projections, as well as the effect of an immediate imposition of a 4 percent tax upon the durable recovery of the state and private sector, especially the small business community.

Additionally, the IMUAlliance requests the removal of §237-(a)(18), which repeals the GET exemption for air pollution control facilities (§237-27.5), like the City and County of Honolulu's H-Power plant, that do not have valid certificates of exemption on January 1, 2012. Today, H-Power is the chief waste disposal system for Honolulu, an operation that will be heightened when the installation of a new boiler is completed, in 2012. Moreover, H-Power serves two functions: 1) Relieving the amount of waste added to a overpacked landfills (particularly Waimanalo Gulch Landfill), and 2) providing energy to the Hawaiian Electric Company through the recycling of municipal solid waste. For these reasons, the procedures undertaken at the H-Power plant are generally considered air pollution control measures and are, thus, subject to a general excise and use tax exemption. As city officials have argued at previous hearings, repeal of this exemption was not figured into existing contracts with Covanta Energy for ongoing upgrades at the plant and, additionally, would encumber future improvements to the plant's own air pollution control facility. Roughly 2,000 tons of refuse are processed into fuel each day at the plant, with an additional 600 tons of garbage that cannot be turned into fuel processed each week. Because expansion of these efforts is crucial to the city's ability to maintain efficient waste processing infrastructure, we, again, urge the committee to amend this draft by deleting §237-(a)(18), as well as the accompanying provision of §238-(a)(6). Retracting the former item, §237-27.5 (GET exemption for the construction of, or income derived from the operation of, an air pollution control facility), will cause little injury to the proposal's goal of stemming the state's budget shortfall, causing a cumulative loss of only \$1,521,321 in revenue generation from FY2012-FY2015, or \$565,035 for the biennium, according to Department of Taxation figures. Furthermore, we entreat the committee to consider removing §237-24.3(4), the GET exemption for gross income obtained from stevedoring—specifically, the loading and unloading of ships or aircraft, as outlined in §237-24.3(4)(a)—which would levy additional costs on activities touching the nearly 95 percent of products consumed in Hawaii that are shipped via air or water. Eliminating this item from the list of repealed exemptions would scarcely lessen the impact of the bill, as deleting §237-24.3(4) reduces gains by only \$9,311,974 (\$3,458,566 for the biennium).

Mahalo for the opportunity to testify in strong support of this bill.

Sincerely,
Kris Coffield
Legislative Director
IMUAlliance



April 5, 2011

Testimony to the
Senate Committee on Economic Development and Technology
in Opposition to HB 793 SD1, "Relating to Taxation"

Chair Ige, Vice Chair Kidani, and Members of the Senate Committee on Ways and Means:

I am Sandra Weir, Director, Hawaii Operations for NCL America LLC (NCL), I appreciate the opportunity to provide NCL's testimony on HB 793 SD1 (Proposed) "RELATING TO TAXATION"

NCL began cruising in the Hawaiian Islands in 2002 and has made a year round commitment to this market utilizing US Flagged cruise ships. NCL operates in a very competitive, price sensitive market. Over the past few years we have seen many price increases affect our business here in Hawaii, we have absorbed the increases and continued to bring economic benefit to the state. As a domestic flag vessel NCL continues to pay taxes and fees to the state and county including general excise, payroll and fuel taxes, adding to the overall cost structure.

While NCL recognizes the need for the State of Hawaii to obtain additional income, the removal of exemptions in the maritime area will further burden the cost of operations for a US Flagged ship if the stevedoring and tug expenses tax exemption is removed and a tax is levied. NCL, in the past, has also engaged in dry dock repairs at Pearl Harbor, instead of sailing to the West Coast to have the work contracted on the mainland. We have continued to support the Hawaii maritime industry by contracting with local companies to perform the large-scale repairs and upgrades completed during dry docks. Removing the exemption on ship repairs would unduly burden the company and could make it cost prohibitive to continue to contract the work locally.

The committee should also consider the levels of taxation that are assessed at each level in the process of purchasing goods locally, transporting them to the harbor, then securing them on the vessel. This can easily result in GET taxation being assessed multiple times on the same service. The current exemption limits this from happening today in, but its removal could result in multiple levels of taxation on the same products.

NCL remains committed to building a strong US flag cruise business home ported in Hawaii, however we cannot continue to absorb additional costs and remain viable. Consumers have become very

discriminating when booking their travel and there are many alternatives; the proposed tax coupled with the high cost of airfare to the islands, will give other destinations a competitive advantage and place additional burdens on the industry.

Thank you for the opportunity to present testimony in opposition of HB 793 SD1 (Proposed) before your committee. If this bill proceeds we urge you to maintain the current exemptions for stevedoring services (loading and unloading of cargo); tugboat and towage services; loading, transportation and unloading of agricultural commodities; and shipbuilding and ship repair services.

April 4, 2011

The Honorable David Ige
Chair, Committee on Ways and Means
415 S. Beretania Street
Honolulu, HI 96813

Dear Chair Ige, Vice Chair Kidani & Members of the WAM Committee:

Re: House Bill 793 Relating to Taxation
In Strong Opposition to Proposed SD 1

The Honolulu Japanese Chamber of Commerce (HJCC) understands the tremendous challenge your committee is facing in balancing the state budget. However, we must strongly oppose the proposed 1% increase in the General Excise Tax (GET).

The HJCC was founded in 1900 and represents the interests of its membership consisting of over 600 business professionals. Many of our member businesses are facing similar financial challenges as revenues have dropped during this economic downturn while many costs such as fuel and unemployment insurance continue to rise. We can ill afford to have the burden of another tax increase raised on our member companies.

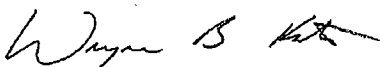
Annually, HJCC conducts a membership survey on key legislative issues. The results of our most recent survey in November indicated that 83% of the respondents favored additional curtailment of government programs and services rather than further increases in the GET.

We believe that job creation by both large and small businesses is the only real solution to economic growth. This will only be achieved if consumers begin to spend more at local establishments. Unfortunately, a GET increase would be counter-productive towards achieving this goal. In some instances, it could even lead to further staff reductions by our member businesses.

This is why we urge the State Legislature to continue to focus on capital improvement spending, shortened processing times for permits, and other initiatives that would stimulate business and consequently, put more people to work.

Thank you for this opportunity to share our views.

Warm regards,



Wayne Kato
Chairman of the Board



Wayne Ishihara
President

2454 South Beretania Street, Suite 201
Honolulu, Hawaii 96826

Tel: [808] 949-5531
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Web: www.honolulu-japanese-chamber.org

Hawai'i Alliance for Retired Americans

An affiliate of the Alliance for Retired Americans
c/o AFSCME · 888 Mililani Street, Suite 101 · Honolulu, Hawaii 96813

*AFT Hawaii Retirees
HGEA Retirees
HSTA – Retired
ILWU Retirees
Kokua Council
Machinists Union Retirees
UPW Retirees
ADA/Hawaii
Hawaii Family Caregivers Coalition
Kupuna Education Center*

(Submitted by email to: WAMTestimony@capitol.hawaii.gov April 5, 2011)

Statement of **Al Hamai**, President, on HB793, Proposed SD1, Relating to
Taxation

Hearing Senate Ways and Means Committee

April 6, 2011, 9:30 a.m. Capitol Auditorium

Chair David Y. Ige, Vice Chair Michelle Kidani and Members of the
Committee on Ways and Means,

HB793, proposed SD1, among other provisions, proposes to temporarily suspend the exemption from paying the general excise tax (GET) by certain persons and entities and also to provide a temporary increase in the GET by 1%, while providing tax credits for food purchases. HARA supports these provisions as a way to help resolve the state deficit, with shared sacrifices by all.

The Hawaii Alliance for Retired Americans (HARA) is mindful of the dire fiscal situation that the State currently faces with a projected \$1 billion deficit. Due to the down turn in our economy this Legislature has cut and cut its state budget over the past few years by an estimated \$3 billion, or about 1/3 of the state budget. We have a bare bones state budget with dwindling staff to carry out the important work and services of our state. Yet, we want to preserve our safety net services and address the needs of the poor and disadvantaged.

We recognize that shared sacrifice will be required and agree that retirees must also contribute to keep our State solvent. The affiliates of HARA have thus taken the following position to:

1. **Support a temporary increase in the general excise tax (GET).** We recognize that the GET is regressive and will impact the poor and senior citizens living on fixed incomes disproportionately more than it would others. However, if the increase is temporary, the State should be able to generate sufficient income to see us through this fiscal crisis, with even our tourists contributing. We see better days ahead.
2. **Support a tax on pension income that exceeds a specified threshold.** For most retirees, especially those with low and middle incomes, their pension income should not be taxed. Taxing them would place an extraordinarily huge burden on these pensioners, many who are barely making it, and we strongly oppose taxing their pensions. However, we are willing to support a tax on pension income, especially for those with the highest income, that exceeds a specified threshold. While taxing only pension amounts above a specified threshold may not generate a huge amount, it will capture revenue from wealthier retirees and, coupled with an increase in the GET, should make a substantial dent in the deficit.

Helping to resolve the state deficit, while taking care of the important programs and activities of all citizens—children, working people, retirees and seniors, et al—is everybody’s business, including seniors and retirees. By taking the positions of supporting a temporary increase in the GET and of supporting a tax on pension income that exceeds a specified threshold, HARA wants to be a part of this important public decision making process.

Thank you for this opportunity to testify on this proposed SD 1.

HARA is a strong voice for Hawaii’s retirees and seniors; a diverse community-based organization with national roots; a grassroots organizer, educator, and communicator; and a trusted source of information for decision-makers.

www.rskarchitects.com

05 April 2011

The Honorable David Ige, Chair
The Honorable Michelle Kidani, Vice Chair
Members of the Ways and Means Committee
Hawaii State Senate
State Capitol
Honolulu, HI 96813

WAM Hearing Date: April 6, 2011, 9:30 am State Capitol Auditorium

Subject: **OPPOSE as written, House Bill 793 SD1 Relating to Taxation; Section 3**
Amending Chapter 237, Hawaii Revised Statutes to temporarily suspend exemption from January 1, 2012 through June 30, 2015 for 1) Amounts deducted from the gross income received by contractors as described under section 237-13 (3) (B)

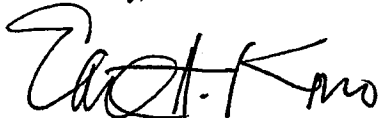
The provision within HB 793 SD1 to remove the exemption currently afforded to "contractors" as defined in the Hawaii Revised Statutes (Section 237-13 (03) (B) (i) will specifically cause an adverse effect on architects, engineers and Hawaii construction firms, a majority of whom are small businesses in Hawaii. This measure will have a significantly broad and negative effect on our State's overall economy as we all know the importance of design and construction in stimulating economic growth and creating needed jobs.

While this measure is proposed to extract additional revenues to address the state's fiscal crisis, it is especially key to note that elimination of this specific exemption and others would come at a bad time as Hawaii's economy struggles to come back from the devastation of economic recession. Eliminating the general excise exemptions for temporary gain may have a significantly dire consequence over the long term.

Moreover, the overall impact on the design and construction industry would be very large, because of the well documented "pyramid effect." A gross receipts tax, without key exemptions in place, has a well known escalating effect that creates an extra layer of taxation at each stage of the product and service life cycle. For the design and construction industry this leads to dramatically higher costs for housing, commercial and industrial structures built for Hawaii businesses, state and city governments and residential homeowners. Hawaii citizens already struggle with one of the highest costs for construction and housing in the nation.

We encourage you to seek more economically neutral ways of taxing businesses, and urge you to look deeper at long-term solutions for creating greater efficiencies within the government. This bill has the serious potential of reducing business in a time when Hawaii business needs stimulation. We urge opposition as currently written.

Sincerely,



Earl H. Kono, AIA

Principal

Riecke Sunnland Kono Architects, Ltd.

Kahului, Maui



Air Transport Association

April 3, 2011

Via Email: WAMTestimony@Capitol.hawaii.gov

Senator David Y. Ige
Chair, Committee on Ways and Means
Hawaii State Capitol, Room 215

**Re: H.B. 793, Proposed S.D. 1 – Relating to Taxation
Decision Making: Wednesday, April 6, 2011 at 9:30 a.m.**

Dear Chair Ige and Members of the Committee on Ways and Means:

I am **Gary Slovin**, submitting this testimony on behalf of the Air Transport Association (“ATA”), the nation's oldest and largest airline trade association. ATA members include all of the major U.S. passenger and cargo airlines,¹ which together carry more than 90% of domestic passenger and cargo traffic. ATA’s fundamental purpose is to foster a business and regulatory environment that ensures safe and secure air transportation and enables U.S. airlines to flourish, stimulating economic growth locally, nationally and internationally. ATA has also been committed to being a partner with the State of Hawaii, and its members have contributed several hundred million investment dollars into airport modernization for the State.

ATA **strongly opposes** Sections 3 and 4 of H.B. 793, Proposed S.D. 1 insofar as they suspend the following general excise and use tax exemptions:

- Amounts received as rent for aircraft or aircraft engines used for interstate air transportation as described under section 237-24.3(12) and section 238-1; and

¹ ATA’s Airline Members include the following: ABX Air, Inc., AirTran Airways, Alaska Airlines Inc., American Airlines, Inc., ASTAR Air Cargo Inc., Atlas Air, Inc., Continental Airlines, Inc., Delta Air Lines, Inc., Evergreen International Airlines, Inc., Federal Express Corporation, Hawaiian Airlines, JetBlue Airways Corp., Southwest Airlines Co., United Airlines, Inc., UPS Airlines, US Airways, Inc.

- Amounts received from the servicing and maintenance of aircraft or construction of aircraft service and maintenance facilities as described under section 237-24.9 and section 238-1.

The aviation industry is vital to Hawaii, and any cost increases can significantly impact airline decisions on service to its customers as well as the overall economy.

With respect to the GET exemption for maintenance facilities, airlines have a choice as to where they establish maintenance facilities. They elect to locate their maintenance facilities or use outside providers in states where there is favorable tax treatment. Currently, two major carriers have maintenance facilities located in Hawaii – Continental Airlines and Hawaiian Airlines. Increasing the costs on these existing maintenance facilities by removing the GET exemption and imposing a tax on the facilities would increase costs. Ultimately, this could cause a relocation of the facilities to other states where tax treatment is more favorable. This would also result in the potential loss of several hundred high-skilled, high-paying union jobs and a significant amount of tax revenue to the state.

Regarding aircraft leases, airlines do not pay excise or use taxes on aircraft or aircraft leases in any other state. This provision would have a significant impact on carriers that hold aircraft leases in Hawaii, particularly the local carriers. There may also be questions as to whether taxing aircraft used in interstate transportation would raise constitutionality concerns based upon the Commerce Clause of the U.S. Constitution.

The above exemptions serve an important purpose for the industry, and allow a vital part of the airline industry to remain in Hawaii. Eliminating these exemptions would have a very significant financial impact on the industry as a whole, and in particular on local carriers, including Hawaiian Airlines.

While some may believe that the airline industry has been profitable in the down economy, that is simply untrue. In fact, the airlines have experienced a decade of overall losses, which have only recently been countered with a couple of fiscal quarters of recent stability in the 2nd and 3rd quarters of 2010. This more stable period does not take into account the likely impacts from the tremendous rise in fuel costs caused by recent turmoil or the tsunami in Japan, all of which will have a tremendous impact on the economy and on air travel to and from Hawaii.

In 2011, airlines have been contending with rapidly climbing jet-fuel prices that have outpaced crude-oil prices to reach their highest level since September 2008. As of March 4, U.S. Gulf Coast jet fuel sold for \$3.20 per gallon. Excluding hedge gains or losses, if U.S. airlines had to contend with \$3 per gallon jet-fuel prices for all of 2011, their fuel bill would increase \$15 billion, from \$39 billion in 2010 to an estimated \$54 billion in 2011. The cost of jet fuel is typically an airline's largest cost center. Annually, a

1 cent increase in a gallon costs U.S. airlines \$175 million; a \$1 increase in a barrel costs them \$415 million. To put this into some context, in 2010, U.S. airlines posted an estimated net profit of \$3 billion with a meager 2 percent margin, one of only three profitable years in the entire decade. From 2001-2010, U.S. airlines had a cumulative net loss of approximately \$54 billion.

While ATA understands that the State is faced with very difficult budget decisions, ATA believes that this proposal could have serious economic consequences both for the airline industry and the State.

We therefore oppose the suspension of these sections, and respectfully request that they be removed from the bill. Thank you very much for the opportunity to submit testimony.

The Honorable David Ige, Chair
The Honorable Michelle Kidani, Vice Chair
Members of the Ways and Means Committee
Hawaii State Senate
State Capitol
Honolulu, HI 96813

WAM Hearing Date: April 6, 2011, 9:30 am State Capitol Auditorium

Subject: OPPOSE as written, House Bill 793 SD1 Relating to Taxation; Section 3

Amending Chapter 237, Hawaii Revised Statutes to temporarily suspend exemption from January 1, 2012 through June 30, 2015 for 1) Amounts deducted from the gross income received by contractors as described under section 237-13 (3) (B)

On behalf of the more than 800 architect members and other allied design professionals of The American Institute of Architects (AIA), AIA Hawaii State Council, I am writing to OPPOSE HB 793 SD1 on Taxation whose provisions aim to suspend key exemptions currently afforded to significant design and construction efforts in Hawaii, among other key business areas across the state. AIA Hawaii previously opposed similar provisions contained in then HB 799 HD1 for similar reasons.

The provision within HB 793 SD1 to remove the exemption currently afforded to "contractors" as defined in the Hawaii Revised Statutes (Section 237-13 (03) (B) (i)) will specifically cause an adverse effect on our members, allied engineers and Hawaii construction firms, a majority of whom are small businesses in Hawaii. This measure will have a significantly broad and negative effect on our State's overall economy as we all know the importance of design and construction in stimulating economic growth and creating needed jobs.

While this measure is proposed to extract additional revenues to address the state's fiscal crisis, it is especially key to note that elimination of this specific exemption and others would come at a bad time as Hawaii's economy struggles to come back from the devastation of economic recession. Eliminating the general excise exemptions for temporary gain may have a significantly dire consequence over the long term.

Moreover, the overall impact on the design and construction industry would be very large, because of the well documented "pyramid effect." A gross receipts tax, without key exemptions in place, has a well known escalating effect that creates an extra layer of taxation at each stage of the product and service life cycle. For the design and construction industry this leads to dramatically higher costs for housing, commercial and industrial structures built for Hawaii businesses, state and city governments and residential homeowners. Hawaii citizens already struggle with one of the highest costs for construction and housing in the nation.

We encourage you to seek more economically neutral ways of taxing businesses, and urge you to look deeper at long-term solutions for creating greater efficiencies within the government. This bill has the serious potential of reducing business in a time when Hawaii business needs stimulation. We urge opposition as currently written.

Sincerely,

Darren Hand AIA, LEED-AP

April 5, 2011

To Whom It May Concern,

I am writing in **opposition** to the proposed amendments included in HB793. I am specifically opposed to raising the HI GET tax rate an additional one percent (1%). The Polynesian Cultural Center is heavily dependent upon Oahu visitors to support its operations. By raising the HI GET we are making it more cost prohibitive for tourists to come to this great state. If the increase in HI GET does become effective, we are providing reasons that will discourage them from making Hawaii a travel destination. As the PCC is heavily dependent on the number of tourists that visit Oahu, any decrease in tourism as a result of increased taxes will have a direct impact on our revenue base.

The Center is also limited in its capability to pass along these increases to our guests. Many of our guests are referred to the PCC through the relationships that have been developed with professional travel agents. Also, most of our guests from foreign lands arrive in tour groups or have purchased packages that have been previously arranged by these agents. Marketing commitments require that pricing decisions are made several months in advance. Any change in taxes would not be able to "flow down" to the travel agent and finally the guest as these pricing decisions are firm fixed price arrangements. As a result, the increased taxes will have a direct negative impact on our net revenues available to support our cultural and educational programs.

Sincerely,

David Ralph

Vice President Finance

Testimony before the
Senate Committee on
Ways and Means

H. B. 793, Proposed S.D. 1 - Relating to Taxation
Wednesday April 6, 2011
9:30 a.m., Capital Auditorium

By Patsy Nanbu, Controller
Hawaiian Electric Company, Inc.

Chair Ige, Vice Chair Kidani, and Members of the Committee:

My name is Patsy Nanbu and I am testifying on behalf of Hawaiian Electric Company, Inc., and its subsidiaries, Maui Electric Company and Hawaii Electric Light Company, Inc. (collectively referred to as "Hawaiian Electric Companies")

HB 793 Proposed S.D. 1 proposes, in part (Sections 12 and 18), to increase the general excise ("GE") and public service company ("PSC") tax rates by one percent from October 1, 2011 to September 30, 2013. The Hawaiian Electric Companies respectfully oppose these increases.

Hawaiian Electric Companies currently pay a public service company tax at a combined rate of 5.885%, of which 1.885% is the respective counties' portion. In addition to these revenue taxes, the Hawaiian Electric Companies pay a 2.5% county franchise royalty tax and a 0.5% PUC fee on utility revenues, and the general excise tax (4% or 4.5%) on fuel oil purchases. The utilities already collect over \$244 million in total state and county taxes for these items (for 2010). If these tax rate increases had been applicable in 2010, the amount of taxes would have increased by an estimated \$31 million. Electricity is a necessity of modern living, and an increase in fees imbedded in our cost, hurts the lower income consumer the most.

If the proposed PSC tax increase in this bill should be approved, the Hawaiian Electric Companies propose to include language in Section 18 of the bill similar to Hawaii Revised Statute Chapter 269-30(c), which allows a public utility to recover the additional taxes resulting from a change in rate, through a surcharge imposed by a utility in the interim period before its next rate case. (see attachment). This language was used when the public utility fee was increased from 0.25% to 0.5%.

For the foregoing reasons, the Hawaiian Electric Companies oppose HB 793 Proposed S.D. 1, Sections 12 and 18.

Thank you for this opportunity to testify.

Proposed Amendment to HB 793, Proposed SD 1 - Section 18

Each public utility paying the tax under this subsection may impose a surcharge to recover the increase in the rate of tax upon the gross income of the public utility. The surcharge imposed shall not be subject to the notice, hearing, and approval requirements of chapter 269; provided that the surcharge may be imposed by the utility only after thirty days' notice to the public utilities commission. Unless ordered otherwise by the public utilities commission, the surcharge shall be terminated when the public utility recovers the increase through its rates or another rate recovery mechanism; provided that the surcharge shall be subject to refund with interest at the public utility's authorized rate of return on rate base if the utility collects more money from the surcharge than actually paid due to the increase in the tax.

The Twenty-Sixth Legislature
Regular Session of 2011

THE SENATE
Committee on Ways and Means
Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair

State Capitol, Auditorium
Wednesday, April 6, 2011; 9:30 a.m.

**STATEMENT OF ILWU LOCAL 142 ON H.B. 793, PROPOSED SD1
RELATING TO TAXATION**

The ILWU Local 142 respectfully opposes H.B. 793, proposed SD1, which would temporarily suspend certain general excise and use tax exemptions and impose a 4% tax, increase the general excise tax by 1%, and provide food and other tax credits.

While we are very aware of the severe budget deficit exceeding \$1 billion facing the State, we are also deeply concerned about the effect that the temporary suspension and taxation in Part II of the bill would have on certain businesses and organizations. Inevitably, those businesses who can will pass on the tax to their customers or, worse yet, decide to do business in another state willing to provide tax exemptions to entice their business to move or even shut down altogether. Hawaii cannot afford to lose more jobs that either leave the state or are lost forever.

One tax exemption that affects the ILWU specifically is that for labor organizations that lease real property to other labor organizations. The ILWU Memorial Association (M.A.) is a separate nonprofit labor organization that leases all properties it owns to the ILWU Local 142. The M.A. was established to support and provide for the welfare of Local 142 and is similar to a nonprofit foundation that supports a nonprofit organization. The M.A. cannot pass on the tax to the renter, which is a nonprofit whose only revenues are dues from members for services to those members and the negotiation and enforcement of collective bargaining agreements. That will mean fewer resources for both organizations to do its job of providing for the membership.

However, the ILWU does support Part III of the bill that calls for doubling the standard deduction amounts, doubling the tax credit for household and dependent care services, doubling the income tax credit for low-income household renters, doubling the refundable food/excise tax credit, increasing the capital goods excise tax credit, raising the general excise and use tax rates, and raising various public service company tax rates. These changes will be for a two-year period.

The proposed general excise tax increase will allow for an across-the-board tax increase of 1% for a temporary period that will likely generate probably half the amount needed to close the budget deficit while the proposed tax credits will help to mitigate the regressive nature of the tax for low- to moderate-income individuals and families. We think this is as fair as we can hope for.

While we can support a general excise tax increase with the proposed tax credits, we remain respectfully opposed to Part II of H.B. 793. Thank you for considering our testimony.



FC Hawaii CM, LLC



April 6, 2011

TO: THE HONORABLE SENATOR DAVID Y. IGE, CHAIR AND MEMBERS OF THE
COMMITTEE ON WAYS AND MEANS

SUBJECT: H.B. 793, HD1 PROPOSED SD1 RELATING TO TAXATION.

NOTICE OF HEARING

DATE: Wednesday, April 6, 2011

TIME: 9:30 a.m.

PLACE: Auditorium

Dear Chair Ige and Members of the Committee:

Forest City Hawaii **strongly opposes** the passage of H.B.793, HD 1 Proposed SD1.

The provision to suspend the exemption for contractors in incremental steps from January 1, 2012 to June 15, 2015, is unfair as it will result in a general contractor paying state general excise taxes (GET) on taxes paid by subcontractors and subcontractors paying GET on taxes paid by its sub-subcontractors and so on. This exemption was in place to avoid this pyramiding effect of the GET. Eliminating this exemption will have devastating effects on the construction industry and result in higher cost to the public since the added cost will be tacked on to the cost of the project. I believe that at a time when construction activity in the State of Hawaii has stagnated leaving many construction workers unemployed, we should be avoiding, not adding costs that dampen construction activity.

While we understand that the state is faced with a large budget deficit and must find ways to balance the budget for the coming biennium we do not believe that eliminating the tax exemption currently available to general contractors is prudent or wise planning. For public works projects, the added cost to contractors will simply be passed on to the State. The added revenue collected from eliminating or reducing the exemption would simply pay for the added cost of the project, which makes little sense.

For private projects, removing this exemption for contractors will increase project costs, potentially shelving otherwise viable construction projects. Construction, one of the recognized key economic drivers of growth, would then be stymied at a time when the State could least afford it.

Should it be absolutely necessary to suspend the exemption, we agree that the tax should not apply to signed contracts that cannot pass on the increased tax, however we recommend that the implementation date be changed to "**contracts entered into after December 31, 2011**" to give contractors sufficient time to modify any bids submitted prior to the effective date of the bill that have not yet matured into contracts.

I believe that the alternative to increase the GET is also inadvisable. An increase in the general excise tax will have to be passed on to the consumer in the form of a price increase. Although the proposed HB793 provides for increases in items like the standard deductions on Hawaii income taxes, these deductions only apply to individual tax returns and not business tax returns. We urge the committee to seek other avenues to balance the State budget.

Thank you for the opportunity to comment on this measure.

From: Adrienne King [adrienne@kingandking.com]
Sent: Tuesday, April 05, 2011 5:00 PM
To: WAM Testimony
Subject: HB973

I am testifying against any increase in the GET tax. There are several proposals, from The Tax Foundation and the GOP caucus that provides ways to balance the budget without raising taxes. Why raising taxes is always the 1st thing the legislature thinks of as the solution is not fiscally responsible. You are very very close to the tipping point on what individuals and small business can handle. The leg constantly pushes, more and more, thinking that somehow the money will magically appear.

I have never experienced anything like this economic downturn in my entire life. With the mismanaged handling of the special funds and deliberately underfunding pensions, the legislature has put the entire fiscal future of the state at risk... the tipping point is not too far away, if we have not already topped it, and any more tax increases of any kind will drive away any business from this state and it will take decades for this state to recover. Our pension system is one of the most underfunded in the country and there has been no talk about how to deal with that. CUT THE SPENDING.

Adrienne King



April 6, 2011

TO: THE HONORABLE SENATOR DAVID Y. IGE, CHAIR AND MEMBERS OF THE
COMMITTEE ON WAYS AND MEANS

SUBJECT: H.B. 793, HD1 PROPOSED SD1 RELATING TO TAXATION.

NOTICE OF HEARING

DATE: Wednesday, April 6, 2011
TIME: 9:30 a.m.
PLACE: Auditorium

Dear Chair Ige and Members of the Committee:

LYZ, Inc. **strongly opposes** the passage of H.B.793, HD 1 Proposed SD1.

The provision to suspend the exemption for contractors in incremental steps from January 1, 2012 to June 15, 2015, is unfair as it will result in a general contractor paying state general excise taxes (GET) on taxes paid by subcontractors and subcontractors paying GET on taxes paid by its lower tier-subcontractors and so on. This exemption was in place to avoid this pyramiding effect of the GET. Eliminating this exemption will have devastating effects on the construction industry and result in higher cost to the public since the added cost will be tacked on to the cost of the project. I believe that at a time when construction activity in the State of Hawaii has stagnated leaving many construction workers unemployed, we should be avoiding, not adding costs that dampen construction activity.

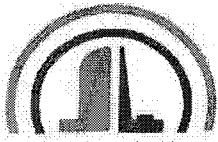
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For private projects, removing this exemption for contractors will increase project costs, potentially shelving otherwise viable construction projects. Construction, one of the recognized key economic drivers of growth, would then be stymied at a time when the State could least afford it.

Should it be absolutely necessary to suspend the exemption, we agree that the tax should not apply to signed contracts that cannot pass on the increased tax, however we recommend that the implementation date be changed to "**contracts entered into after December 31, 2011**" to give contractors sufficient time to modify any bids submitted prior to the effective date of the bill that have not yet matured into contracts.

I believe that the alternative to increase the GET is also inadvisable. An increase in the general excise tax will have to be passed on to the consumer in the form of a price increase. Although the proposed HB793 provides for increases in items like the standard deductions on Hawaii income taxes, these deductions only apply to individual tax returns and not business tax returns. We urge the committee to seek other avenues to balance the State budget.

Thank you for the opportunity to comment on this measure.



**AMERICAN
PIPING & BOILER CO.**

April 5, 2011

TO: THE HONORABLE SENATOR DAVID Y. IGE, CHAIR AND MEMBERS OF THE
COMMITTEE ON WAYS AND MEANS

SUBJECT: H.B. 793, HDI PROPOSED SDI RELATING TO TAXATION.

NOTICE OF HEARING

DATE: Wednesday, April 6, 2011

TIME: 9:30 a.m.

PLACE: Auditorium

Dear Chair Ige and Members of the Committee:

American Piping & Boiler Co. **strongly opposes** the passage of H.B. 793, HD 1 Proposed SDI.

The provision to suspend the exemption for contractors in incremental steps from January 1, 2012 to June 15, 2015, is unfair as it will result in a general contractor paying state general excise taxes (GET) on taxes paid by subcontractors and subcontractors paying GET on taxes paid by its sub-subcontractors and so on. This exemption was in place to avoid this pyramiding effect of the GET. Eliminating this exemption will have devastating effects on the construction industry and result in higher cost to the public since the added cost will be tacked on to the cost of the project. I believe that at a time when construction activity in the State of Hawaii has stagnated leaving many construction workers unemployed, we should be avoiding, not adding costs that dampen construction activity.

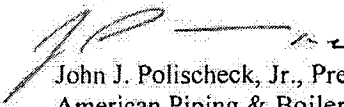
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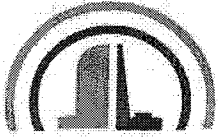
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Thank you for the opportunity to comment on this measure.

Respectfully,


John J. Polischek, Jr., President
American Piping & Boiler Co.



**AMERICAN
PIPING & BOILER CO.**

April 5, 2011

TO: THE HONORABLE SENATOR DAVID Y. IGE, CHAIR AND MEMBERS OF THE
COMMITTEE ON WAYS AND MEANS

SUBJECT: H.B. 793, HD1 PROPOSED SDI RELATING TO TAXATION.

NOTICE OF HEARING

DATE: Wednesday, April 6, 2011
TIME: 9:30 a.m.
PLACE: Auditorium

Dear Chair Ige and Members of the Committee:

American Piping & Boiler Co. **strongly opposes** the passage of H.B. 793, HD 1 Proposed SDI.

The provision to suspend the exemption for contractors in incremental steps from January 1, 2012 to June 15, 2015, is unfair as it will result in a general contractor paying state general excise taxes (GET) on taxes paid by subcontractors and subcontractors paying GET on taxes paid by its sub-subcontractors and so on. This exemption was in place to avoid this pyramiding effect of the GET. Eliminating this exemption will have devastating effects on the construction industry and result in higher cost to the public since the added cost will be tacked on to the cost of the project. I believe that at a time when construction activity in the State of Hawaii has stagnated leaving many construction workers unemployed, we should be avoiding, not adding costs that dampen construction activity.

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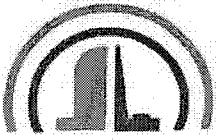
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Thank you for the opportunity to comment on this measure.

Respectfully,

Kathryn Yamate, Accounting Manager
American Piping & Boiler Co.



**AMERICAN
PIPING & BOILER CO.**

April 5, 2011

TO: THE HONORABLE SENATOR DAVID Y. IGE, CHAIR AND MEMBERS OF THE
COMMITTEE ON WAYS AND MEANS

SUBJECT: H.B. 793, HD1 PROPOSED SD1 RELATING TO TAXATION.

NOTICE OF HEARING

DATE: Wednesday, April 6, 2011
TIME: 9:30 a.m.
PLACE: Auditorium

Dear Chair Ige and Members of the Committee:

American Piping & Boiler Co. **strongly opposes** the passage of H.B.793, HD 1 Proposed SD1.

The provision to suspend the exemption for contractors in incremental steps from January 1, 2012 to June 15, 2015, is unfair as it will result in a general contractor paying state general excise taxes (GET) on taxes paid by subcontractors and subcontractors paying GET on taxes paid by its sub-subcontractors and so on. This exemption was in place to avoid this pyramiding effect of the GET. Eliminating this exemption will have devastating effects on the construction industry and result in higher cost to the public since the added cost will be tacked on to the cost of the project. I believe that at a time when construction activity in the State of Hawaii has stagnated leaving many construction workers unemployed, we should be avoiding, not adding costs that dampen construction activity.

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Thank you for the opportunity to comment on this measure.

Respectfully,

Reyna Hashimoto, Assistant Controller
American Piping & Boiler Co.

INDUSTRIAL GROUP

68-1875 Malina Place – Waikoloa, HI. 96738
Phone: (808) 883-9983 – Fax: (808) 883-9985 – License #CT-21057
Email: john@g-hawaii.com

April 6, 2011

TO: THE HONORABLE SENATOR DAVID Y. IGE, CHAIR AND MEMBERS OF THE
COMMITTEE ON WAYS AND MEANS

SUBJECT: H.B. 793, HD1 PROPOSED SD1 RELATING TO TAXATION.

NOTICE OF HEARING

DATE: Wednesday, April 6, 2011
TIME: 9:30 a.m.
PLACE: Auditorium

Dear Chair Ige and Members of the Committee:

Industrial Group, LLC **strongly opposes** the passage of H.B.793, HD 1 Proposed SD1.

The provision to suspend the exemption for contractors in incremental steps from January 1, 2012 to June 15, 2015, is unfair as it will result in a general contractor paying state general excise taxes (GET) on taxes paid by subcontractors and subcontractors paying GET on taxes paid by its sub-subcontractors and so on. This exemption was in place to avoid this pyramiding effect of the GET. Eliminating this exemption will have devastating effects on the construction industry and result in higher cost to the public since the added cost will be tacked on to the cost of the project. I believe that at a time when construction activity in the State of Hawaii has stagnated leaving many construction workers unemployed, we should be avoiding, not adding costs that dampen construction activity.

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Should it be absolutely necessary to suspend the exemption, we agree that the tax should not apply to signed contracts that cannot pass on the increased tax, however we recommend that the implementation date be changed to "**contracts entered into after December 31, 2011**" to give contractors sufficient time to modify any bids submitted prior to the effective date of the bill that have not yet matured into contracts.

I believe that the alternative to increase the GET is also inadvisable. An increase in the general excise tax will have to be passed on to the consumer in the form of a price increase. Although the proposed HB793 provides for increases in items like the standard deductions on Hawaii income taxes, these deductions only

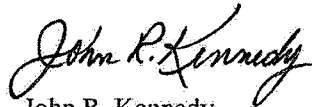
INDUSTRIAL GROUP

68-1875 Malina Place – Waikoloa, HI. 96738
Phone: (808) 883-9983 – Fax: (808) 883-9985 – License #CT-21057
Email: john@ig-hawaii.com

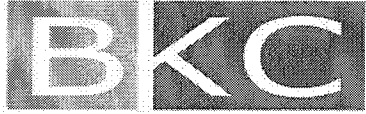
apply to individual tax returns and not business tax returns. We urge the committee to seek other avenues to balance the State budget.

Thank you for the opportunity to comment on this measure

Respectfully,



John R. Kennedy
Managing Member



Barker Kappelle
Construction, LLC

Dear Senator Ige and Members of the Ways and Means Committee:

My name is Brett Kappelle and I am the CFO for Barker Kappelle Construction, LLC.

I am opposed to HB793, Proposed SD1 that seeks to suspend subcontractor deductions. Please note that the subcontractor deduction is not an exemption and that general or prime contractors can deduct the taxes already paid by their subcontractors and sub-subs from their General Excise Tax Liability. This provision is in the tax code to prevent the pyramiding that was unfair to everyone, especially to the general contractors who paid taxes on taxes. In the case of home building, the ultimate consumer or home owner would be faced with the increased costs of pyramiding. Please allow the subcontractor deduction to remain.

The proposal for an increase in the General Excise Tax is also objectionable. If you remove the subcontractor deduction and you impose an increase in the General Excise Tax, it would be extremely difficult to maintain my business.

Thank you for the opportunity to share my views with you.

Sincerely,

Brett Kappelle

Barker Kappelle Construction, LLC

(808) 664-9212



Ledcor Construction Hawaii LLC
1003 Bishop Street, Suite 1250
Honolulu, HI
96813
Phone: 808.540.0777
Fax: 808.524.6803

April 6, 2011

TO: THE HONORABLE SENATOR DAVID Y. IGE, CHAIR AND MEMBERS OF THE COMMITTEE ON WAYS AND MEANS

SUBJECT: H.B. 793, HD 1 PROPOSED SDI RELATING TO TAXATION.

NOTICE OF HEARING

DATE: Wednesday, April 6, 2011
TIME: 9:30 a.m.
PLACE: Auditorium

Dear Chair Ige and Members of the Committee:

Ledcor Construction Hawaii LLC strongly opposes the passage of H.B.793, HD 1 Proposed SDI.

The provision to suspend the exemption for contractors in incremental steps from January 1, 2012 to June 15, 2015, is unfair as it will result in a general contractor paying state general excise taxes (GET) on taxes paid by subcontractors and subcontractors paying GET on taxes paid by its sub-subcontractors and so on. This exemption was in place to avoid this pyramiding effect of the GET. Eliminating this exemption will have devastating effects on the construction industry and result in higher cost to the public since the added cost will be tacked on to the cost of the project. I believe that at a time when construction activity in the State of Hawaii has stagnated leaving many construction workers unemployed, we should be avoiding, not adding costs that dampen construction activity.

While we understand that the state is faced with a large budget deficit and must find ways to balance the budget for the coming biennium we do not believe that eliminating the tax exemption currently available to general contractors is prudent or wise planning. For public works projects, the added cost to contractors will simply be passed on to the State. The added revenue collected from eliminating or reducing the exemption would simply pay for the added cost of the project, which makes little sense.

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I believe that the alternative to increase the GET is also inadvisable. An increase in the general excise tax will have to be passed on to the consumer in the form of a price increase. Although the proposed HB793 provides for increases in items like the standard deductions on Hawaii income taxes, these deductions only apply to individual tax returns and not business tax returns. We urge the committee to seek other avenues to balance the State budget.

Thank you for the opportunity to comment on this measure.

Sincerely,
Ledcor Construction Hawaii LLC


Jeff Thompson
Vice President and Branch Manager



S & M SAKAMOTO, INC.
GENERAL CONTRACTORS

April 6, 2011

TO: THE HONORABLE SENATOR DAVID Y. IGE, CHAIR AND MEMBERS OF THE
COMMITTEE ON WAYS AND MEANS

SUBJECT: H.B. 793, HD1 PROPOSED SD1 RELATING TO TAXATION.

NOTICE OF HEARING

DATE: Wednesday, April 6, 2011
TIME: 9:30 a.m.
PLACE: Auditorium

Dear Chair Ige and Members of the Committee:

S & M Sakamoto, Inc. strongly opposes the passage of H.B.793, HD 1 Proposed SD1.

The provision to suspend the exemption for contractors in incremental steps from January 1, 2012 to June 15, 2015, is unfair as it will result in a general contractor paying state general excise taxes (GET) on taxes paid by subcontractors and subcontractors paying GET on taxes paid by its sub-subcontractors and so on. This exemption was in place to avoid this pyramiding effect of the GET. Eliminating this exemption will have devastating effects on the construction industry and result in higher cost to the public since the added cost will be tacked on to the cost of the project. I believe that at a time when construction activity in the State of Hawaii has stagnated leaving many construction workers unemployed, we should be avoiding, not adding costs that dampen construction activity.

While we understand that the state is faced with a large budget deficit and must find ways to balance the budget for the coming biennium we do not believe that eliminating the tax exemption currently available to general contractors is prudent or wise planning. For public works projects, the added cost to contractors will simply be passed on to the State. The added revenue collected from eliminating or reducing the exemption would simply pay for the added cost of the project, which makes little sense.

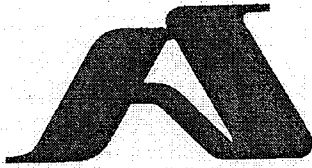
For private projects, removing this exemption for contractors will increase project costs, potentially shelving otherwise viable construction projects. Construction, one of the recognized key economic drivers of growth, would then be stymied at a time when the State could least afford it.

Should it be absolutely necessary to suspend the exemption, we agree that the tax should not apply to signed contracts that cannot pass on the increased tax, however we recommend that the implementation date be changed to "contracts entered into after December 31, 2011" to give contractors sufficient time to modify any bids submitted prior to the effective date of the bill that have not yet matured into contracts.

I believe that the alternative to increase the GET is also inadvisable. An increase in the general excise tax will have to be passed on to the consumer in the form of a price increase. Although the proposed HB793 provides for increases in items like the standard deductions on Hawaii income taxes, these deductions only apply to individual tax returns and not business tax returns. We urge the committee to seek other avenues to balance the State budget.

Thank you for the opportunity to comment on this measure.

Dennis M. Ideta, Senior Vice President



Alan Shintani INC.
GENERAL CONTRACTOR BC 13068

TO: Senator Ige and Members of the Ways and Means Committee

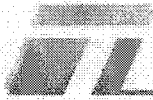
SUBJECT: Testimony on HB793, Proposed SD1 Relating to Taxation

Alan Shintani, Inc. is opposed to HB793, Proposed SD1 that seeks to suspend subcontractor deductions. Please note that the subcontractor deduction is not an exemption and that general or prime contractors can deduct the taxes already paid by their subcontractors and sub-subs from their General Excise Tax Liability. This provision is in the tax code to prevent the pyramiding that was unfair to everyone, especially to the general contractors who paid taxes on taxes. In the case of home building, the ultimate consumer or home owner would be faced with the increased costs of pyramiding. Please allow the subcontractor deduction to remain.

The proposal for an increase in the General Excise Tax is also objectionable. If you remove the subcontractor deduction and you impose an increase in the General Excise Tax, it would be extremely difficult to maintain my business.

Thank you for the opportunity to share my views with you.

President
Alan Shintani, Inc.



TOMCO CORP.

General Contractors

April 6, 2011

TO: THE HONORABLE SENATOR DAVID Y. IGE, CHAIR AND MEMBERS OF THE
COMMITTEE ON WAYS AND MEANS

SUBJECT: H.B. 793, HD1 PROPOSED SD1 RELATING TO TAXATION.

Dear Chair Ige and Members of the Committee:

Tomco Corp. **strongly opposes** the passage of H.B.793, HD 1 Proposed SD1.

The provision to suspend the exemption for contractors in incremental steps from January 1, 2012 to June 15, 2015, is unfair as it will result in a general contractor paying state general excise taxes (GET) on taxes paid by subcontractors and subcontractors paying GET on taxes paid by its sub-subcontractors and so on. This exemption was in place to avoid this pyramiding effect of the GET. Eliminating this exemption will have devastating effects on the construction industry and result in higher cost to the public since the added cost will be tacked on to the cost of the project. I believe that at a time when construction activity in the State of Hawaii has stagnated leaving many construction workers unemployed, we should be avoiding, not adding costs that dampen construction activity.

While we understand that the state is faced with a large budget deficit and must find ways to balance the budget for the coming biennium we do not believe that eliminating the tax exemption currently available to general contractors is prudent or wise planning. For public works projects, the added cost to contractors will simply be passed on to the State. The added revenue collected from eliminating or reducing the exemption would simply pay for the added cost of the project, which makes little sense.

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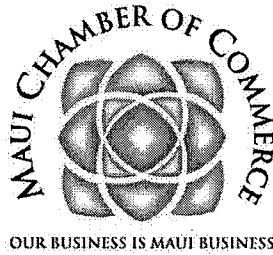
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I believe that the alternative to increase the GET is also inadvisable. An increase in the general excise tax will have to be passed on to the consumer in the form of a price increase. Although the proposed HB793 provides for increases in items like the standard deductions on Hawaii income taxes, these deductions only apply to individual tax returns and not business tax returns. We urge the committee to seek other avenues to balance the State budget.

Thank you for the opportunity to comment on this measure.

Glenn Ushio,
President,
Tomco Corp.

500 Alakawa Street #100A, Honolulu, Hawaii 96817
Ph. (808) 845-0755 Fax (808) 845-1021
License # ABC 16941



Testimony in OPPOSITION of HB793SD1
to the Senate Committee on Ways & Means
Wednesday, April 6, 2011, at 9:30 a.m.
State Capitol, Auditorium

Dear Chair Ige, Vice Chair Kidani & Members of the Committee

I am writing on behalf of the Maui Chamber of Commerce to OPPOSE HB793SD1 and all measures that include a General Excise Tax increase as this is not the time to increase taxes and further hit businesses and residents, especially when government has not done the necessary work to reduce costs and fix broken systems.

At the beginning of this legislative session we distributed a Legislative Report on behalf of our members, small business across the island of Maui, 88% of which have fewer than 25 employees, who represent over 18,000 employees. In that report entitled "What You Can Do To Help Maui Businesses", the top priority for both the administration and law makers was "Reduce the tax burden; no tax increase." Today, businesses are still struggling to recover; watching costs rise and margins decline, working day and night, doing more with less, and seeing no relief in sight. To hit businesses further with a tax increase, which will not only raise their costs exponentially and force them to pass those costs on to consumers who are also grappling with reduced incomes and higher expenses, is unconscionable.

On April 4, 2011 at approximately 2pm we launched a survey entitled "Opposing A General Excise Tax Increase." Within an hour over 50 businesses responded. In 24 hours, 125 businesses responded. As of this submission 137 businesses completed the survey. Here is what they have to say thus far:

- 94% OPPOSE A GET INCREASE
- 4% Support it
- 2% Are Undecided

In terms of the ways government can reduce the budget, by percentage of those that rang in, they supported:

- Cut the size of government, reducing positions – 88%
- Pare back to core government functions & essential services – 69%
- Renegotiate and reduce government employee benefits packages – 75%
- Audit the Department of Education – 79%
- Privatize services – 66%

OPPOSTION OF HB793SD1 & ANY PROPOSED
MEASURES TO INCREASE THE GET

For April 6, 2011

Page 2.

When asked "Do you feel the general public understands that a 1% General Excise Tax (GET) increase on a 4% tax equates to a 25% increase and that GET is a tax that gets multiplied many times over?," 84% said "No."

We like our sister Chambers agree that when the private sector is facing such bleak financial forecasts, tightens its belt, offers early retirement packages, consolidates departments, focuses on core services and eliminates inefficiencies, redundant and lower priority functions and services; our State government should do the same. An increase in the GET will hurt business in Hawai'i. Until and unless all of these efforts have been thoroughly exhausted, we cannot support even a temporary increase in the GET.

Therefore, we ask that you OPPOSE HB793SD1 and all measures that include a General Excise Tax increase.

Thank you for the opportunity to provide testimony.

Sincerely,

Pamela Tumpap
President



JAS. W. GLOVER, LTD.

GENERAL CONTRACTORS

License No. ABC-3

April 6, 2011

TO: THE HONORABLE SENATOR DAVID Y. IGE, CHAIR AND MEMBERS OF THE
COMMITTEE ON WAYS AND MEANS

SUBJECT: H.B. 793, HD1 PROPOSED SD1 RELATING TO TAXATION.

NOTICE OF HEARING

DATE: Wednesday, April 6, 2011

TIME: 9:30 a.m.

PLACE: Auditorium

Dear Chair Ige and Members of the Committee:

Jas. W. Glover, Ltd. **strongly opposes** the passage of H.B.793, HD 1 Proposed SD1.

The provision to suspend the exemption for contractors in incremental steps from January 1, 2012 to June 15, 2015, is unfair as it will result in a general contractor paying state general excise taxes (GET) on taxes paid by subcontractors and subcontractors paying GET on taxes paid by its sub-subcontractors and so on. This exemption was in place to avoid this pyramiding effect of the GET. Eliminating this exemption will have devastating effects on the construction industry and result in higher cost to the public since the added cost will be tacked on to the cost of the project. I believe that at a time when construction activity in the State of Hawaii has stagnated leaving many construction workers unemployed, we should be avoiding, not adding costs that dampen construction activity.

While we understand that the state is faced with a large budget deficit and must find ways to balance the budget for the coming biennium we do not believe that eliminating the tax exemption currently available to general contractors is prudent or wise planning. For public works projects, the added cost to contractors will simply be passed on to the State. The added revenue collected from eliminating or reducing the exemption would simply pay for the added cost of the project, which makes little sense.

For private projects, removing this exemption for contractors will increase project costs, potentially shelving otherwise viable construction projects. Construction, one of the recognized key economic drivers of growth, would then be stymied at a time when the State could least afford it.

Should it be absolutely necessary to suspend the exemption, we agree that the tax should not apply to signed contracts that cannot pass on the increased tax, however we recommend that the implementation date be changed to "**contracts entered into after December 31, 2011**" to give contractors sufficient time to modify any bids submitted prior to the effective date of the bill that have not yet matured into contracts.

Honolulu

P.O. Box 579 • Honolulu, HI 96809
tel: (808) 591-8977 • fax: (808) 591-9174

Hilo

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Kona

P.O. Box 4116 • Kailua-Kona, HI 96745
tel: (808) 329-4113 • fax: (808) 326-6017

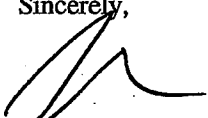
Lihue

P.O. Box 1929 • Lihue, HI 96766
tel: (808) 245-3609 • fax: (808) 246-6209

I believe that the alternative to increase the GET is also inadvisable. An increase in the general excise tax will have to be passed on to the consumer in the form of a price increase. Although the proposed HB793 provides for increases in items like the standard deductions on Hawaii income taxes, these deductions only apply to individual tax returns and not business tax returns. We urge the committee to seek other avenues to balance the State budget.

Thank you for the opportunity to comment on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Romanowski', with a stylized flourish at the end.

John Romanowski
Vice President



DM PACIFIC, INC.

April 6, 2011

TO: THE HONORABLE SENATOR DAVID Y. IGE, CHAIR AND MEMBERS OF
THE COMMITTEE ON WAYS AND MEANS

SUBJECT: H.B. 793, HD1 PROPOSED SD1 RELATING TO TAXATION.

NOTICE OF HEARING

DATE: Wednesday, April 6, 2011
TIME: 9:30 a.m.
PLACE: Auditorium

Dear Chair Ige and Members of the Committee:

DM Pacific, Inc. **strongly opposes** the passage of H.B.793, HD 1 Proposed SD1.

The provision to suspend the exemption for contractors in incremental steps from January 1, 2012 to June 15, 2015, is unfair as it will result in a general contractor paying state general excise taxes (GET) on taxes paid by subcontractors and subcontractors paying GET on taxes paid by its sub-subcontractors and so on. This exemption was in place to avoid this pyramiding effect of the GET. Eliminating this exemption will have devastating effects on the construction industry and result in higher cost to the public since the added cost will be tacked on to the cost of the project. I believe that at a time when construction activity in the State of Hawaii has stagnated leaving many construction workers unemployed, we should be avoiding, not adding costs that dampen construction activity.

While we understand that the state is faced with a large budget deficit and must find ways to balance the budget for the coming biennium we do not believe that eliminating the tax exemption currently available to general contractors is prudent or wise planning. For public works projects, the added cost to contractors will simply be passed on to the State. The added revenue collected from eliminating or reducing the exemption would simply pay for the added cost of the project, which makes little sense.

For private projects, removing this exemption for contractors will increase project costs, potentially shelving otherwise viable construction projects. Construction, one of the recognized key economic drivers of growth, would then be stymied at a time when the State could least afford it.

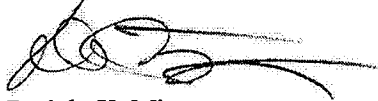
Should it be absolutely necessary to suspend the exemption, we agree that the tax should not apply to signed contracts that cannot pass on the increased tax, however we recommend that the implementation date be changed to "**contracts entered into after December 31, 2011**" to give contractors sufficient time to modify any bids submitted prior to the effective date of the bill that have not yet matured into contracts.

I believe that the alternative to increase the GET is also inadvisable. An increase in the general excise tax will have to be passed on to the consumer in the form of a price increase. Although the proposed HB793 provides for increases in items like the standard deductions on Hawaii income taxes, these deductions only apply to individual tax returns and not business tax returns. We urge the committee to seek other avenues to balance the State budget.

Thank you for the opportunity to comment on this measure.

Sincerely

DM Pacific, Inc.

A handwritten signature in black ink, appearing to read 'D. Mitsunaga', with a long, sweeping horizontal flourish extending to the right.

Dwight K. Mitsunaga
President



RALPH S. INOUE CO LTD
GENERAL CONTRACTOR

2831 Awaawaloa Street
Honolulu, Hawaii 96819

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F: 808.833.5971

License No. ABC-457
Founded in 1962

April 6, 2011

TO: THE HONORABLE SENATOR DAVID Y. IGE, CHAIR AND MEMBERS OF THE
COMMITTEE ON WAYS AND MEANS

SUBJECT: H.B. 793, HD1 PROPOSED SD1 RELATING TO TAXATION.

NOTICE OF HEARING

DATE: Wednesday, April 6, 2011
TIME: 9:30 a.m.
PLACE: Auditorium

Dear Chair Ige and Members of the Committee:

Ralph S. Inouye Co., Ltd. (RSI), a Hawaii General Contractor since 1962 and member of the General Contractors Association of Hawaii (GCA) **strongly opposes** the passage of H.B.793, HD 1 Proposed SD1.

The provision to suspend the exemption for contractors in incremental steps from January 1, 2012 to June 15, 2015, is unfair as it will result in a general contractor paying state general excise taxes (GET) on taxes paid by subcontractors and subcontractors paying GET on taxes paid by its sub-subcontractors and so on. This exemption was in place to avoid this pyramiding effect of the GET. Suspending this exemption will have devastating effects on the construction industry and result in higher cost to the public since the added cost will be tacked on to the cost of the project. The GCA believes that at a time when construction activity in the State of Hawaii has stagnated leaving many construction workers unemployed, we should be avoiding, not adding costs that dampen construction activity.

While RSI understands that the state is faced with a large budget deficit and must find ways to balance the budget for the coming biennium we do not believe that suspending the tax exemption currently available to general contractors is prudent or wise planning. For public works projects, the added cost to contractors will simply be passed on to the State. The added revenue collected from eliminating or reducing the exemption would simply pay for the added cost of the project, which makes little sense.

For private projects, removing this exemption for contractors will increase project costs, potentially shelving otherwise viable construction projects. Construction, one of the recognized key economic drivers of growth, would then be stymied at a time when the State could least afford it.

Should it be absolutely necessary to suspend the exemption, we agree that the tax should not apply to signed contracts that cannot pass on the increased tax, however we recommend that the implementation date be changed to "contracts entered into after December 31, 2011" to give contractors sufficient time to modify any bids submitted prior to the effective date of the bill that have not yet matured into contracts.

Thank you for the opportunity to comment on this measure.

Very truly yours,

RALPH S. INOUE CO., LTD.

Lance M. Inouye
President & CEO

LMI:ma

Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair
Committee on Labor & Public Employment

HEARING Wednesday, April 6, 2011
 9:30 am
 Conference Room 211
 State Capitol, Honolulu, Hawaii 96813

RE: HB793, Proposed SD1, Relating to Taxation

Chair Ige, Vice Chair Kidani, and Members of the Committee:

I am Robert Taylor, President & CEO of Maui Divers of Hawaii. We are Hawaii's largest jewelry retailer and manufacturer and we presently have 530 employees. We operate over 50 retail locations on all four major islands.

Maui Divers of Hawaii strongly opposes the Proposed SD1 to HB793, which suspends from January 1, 2012, to June 30, 2015, the exemptions for certain persons and certain amounts of gross income or proceeds from the general excise and use tax and requires the payment of the tax at a graduated rate. For two years: doubles the standard deduction amounts, the tax credit for household and dependent care services necessary for gainful employment, the income tax credit for low-income household renters, and the refundable food/excise tax credit; increases the capital goods excise tax credit, general excise and use tax rates, and various public service company tax rates by one per cent; appropriates funds to expedite implementation.

Particularly onerous are:

Part II, Suspends exemptions and imposes the GET at 4%. The impact will be increased ocean and air transportation, fuel, and construction costs for my company, and will result in job losses in these affected industries.

Part VIII, Section 12: Increases the GET from 4% to 5%. This increase will raise operating costs for business and the cost of living for my employees and my consumers.

We estimate a 1% increase in the GET will increase the net amount we pay in GE taxes by \$150,000 per year and causes to eliminate approximately five jobs.

Considering the fragile state of Hawaii's economy, increasing business costs will impede any planned expansion and job creation. A tax increase in a recession is just not good economic sense.

We urge you NOT to pass HB793, Proposed SD1. Thank you for your consideration and for the opportunity to comment on this measure.



Robert M. Taylor
President & CEO

**HB 793
(Proposed SD1)
RELATING TO TAXATION**

**KEN HIRAKI
VICE PRESIDENT – GOVERNMENT & COMMUNITY AFFAIRS
HAWAIIAN TELCOM**

APRIL 6, 2011

Chair Ige and Members of the Ways and Means Committee:

I am Ken Hiraki, testifying on behalf of Hawaiian Telcom on HB 793, "Relating to Taxation." Hawaiian Telcom opposes this measure.

HB 793 (proposed SD1) will among other things increase the Public Service Company (PSC) tax on public utilities by one percent beginning on July 1, 2011 with a scheduled repeal date of June 30, 2015. While recognizing the Legislature's need to address the state's current budget shortfall, Hawaiian Telcom opposes this measure because an increase in the PSC tax will have a negative financial impact on our company. As you know, Hawaiian Telcom recently emerged from Chapter 11 bankruptcy. While our company looks forward to a successful future, we believe it is reasonable to allow Hawaiian Telcom some additional time to strengthen and grow our business before being asked to absorb any new financial liability.

Unlike other regulated public utilities included under this measure, Hawaiian Telcom is no longer a telecommunications business monopoly and therefore does not have the ability to pass on additional taxes and other regulatory costs to customers. Telecommunications in Hawaii is a highly competitive industry where consumers have the freedom to choose from a wide array of other telecommunication providers (wireless, VoIP etc.) besides a Hawaiian Telcom land line. A rise in the PSC tax will increase the cost of our products and services and place us at a competitive disadvantage in relation to some of our competitors. Other telecommunication companies (Vonage, Skype etc.) offer similar services as Hawaiian Telcom but do not pay PSC taxes in Hawaii and therefore are not be burdened by these additional costs.

Based on the aforementioned, we respectfully request that HB 793, proposed SD 1 be held in your committee.

Thank you for the opportunity to testify on this measure.



HB 793 SD1: Relating to Taxation

DATE: Wednesday, April 6, 2011

TIME: 9:30 a.m.

Place: Auditorium

State Capitol

415 South Beretania Street

Committee: WAM

Testimony from:

Dale Evans

Charley's Taxi and Limousine

Dear Members of the Senate Ways and Means Committee,

Thank you for the chance to testify in opposition of House Bill 793 Proposed SD1. At a time when the economic outlook for many of Hawaii's businesses is already looking down due to the tragic earthquake and tsunami that struck Japan, legislation that will further hurt both us and our customers could not come at a much worse time. We need support from you, our political leaders, as we face the rocky future ahead, not increased obstacles in our path.

Mahalo,
Dale Evans

COALITION OF HAWAII ENGINEERING AND ARCHITECTURAL PROFESSIONALS

April 5, 2011

EMAILED TESTIMONY TO: WAMTestimony@Capitol.hawaii.gov

Senate Committee on Ways and Means
Hearing Date: Wednesday, April 6, 9:30 a.m., Auditorium

Honorable Senators David Ige, Chair; Michelle Kidani, Vice Chair; and Members of the Senate Committee on Ways and Means

Subject: **HB 793, Proposed SD1, Relating to Taxation**

The Coalition of Hawaii Engineering & Architectural Professionals represents several professional Engineering and Architectural organizations including American Council of Engineering Companies Hawaii; Hawaii Chapter of the American Society of Civil Engineers; American Public Works Association Hawaii Chapter; Structural Engineering Association of Hawaii; and the Hawaii Society of Professional Engineers.

We are OPPOSED to HB 793, S D1 that proposes to suspend temporarily the exemption for the amounts deducted from gross income relating to the Construction and Design Professional Industry (**Section 237-13 (3) (B)**). Our Construction Industry is suffering in this down economy. The elimination of the current "Contractor" tax exemption will bring back the pyramiding effect of the State GET. This will adversely affect the Construction Industry and will force project costs higher to cover these duplicative taxes on our services. Many of the local small business professional and construction businesses already pay State GET taxes for their services. The elimination of the current exemption will force the prime consultant to pay additional State GET for the same service again. This added tax will be added to the projects and will compound the cost of the overall project.

We urge you to Oppose the Pyramiding effect of HB 793, SD1 - Relating to Taxation.

Sincerely,
Coalition of Hawaii Engineering & Architectural Professionals
Lester H. Fukuda, P.E., FACEC

Lester Fukuda

TO : COMMITTEE ON WAYS AND MEANS
Senator David Y. Ige, Chair

FROM: Eldon L. Wegner, Ph.D.
POLICY ADVISORY BOARD FOR ELDER AFFAIRS (PABEA)

HEARING: 9:30 am Friday April 6, 2011
Hawaii State Capitol Auditorium

SUBJECT: HB 793 Proposed SD 1 Relating to Taxation

POSITION: The Policy Advisory Board for Elder Affairs, **strongly supports** the proposed SD1 of HB 793 which would eliminate certain exemptions from payment of the GE tax and temporarily increase the GE tax by 1% for two years.

RATIONALE:

The Policy Board for Elder Affairs has a statutory obligation to advocate on behalf of the senior citizens of Hawaii. While we advise the Executive Office on Aging, we do not speak on behalf of the Executive Office of Aging.

- During the past two years, cuts in the state budget amount to almost 1/3 of the budget. We believe the state is currently falling short of meeting basic services required by our community and further reductions would be very damaging and lead to increases in costly health and social problems.
- We need to restructure our tax system in order to restore important public programs and to assure sustainability in the future. We need more than a band-aid solution.
- Exemptions from payment of the excise tax is inequitable. In many cases, these are profitable businesses and industries and there is no reason they should be exempt from the tax which other businesses must pay. We especially cannot afford such privileges in the current fiscal crisis.
- An increase in the GE tax appears to be the only viable tax to raise enough revenue to meet the current budget crisis. This tax is a broad-based tax and therefore spreads the burden of paying for our state services across everyone, including the tourists who visit our state. We strongly support this measure.
- Everyone has a reason why they should not pay more taxes and someone else should bear the cost of government. However, the truth is that everyone is obligated to pay their fair share, and by spreading the burden across everyone we can meet the current challenge and also begin to move Hawaii in a positive direction.

Thank you.

- The current Kupuna Care services fall short of meeting the critical need, and the demand for these services will continue to grow. There are wait lists for most services, although they are urgently needed. The state is falling far short of providing for its most vulnerable citizens who are in critical need.
- Based on EOA recommendations, we suggest amending the amount for Kupuna for Care downward to \$2.88 million but increasing the amounts from the Rainy Day Fund for the Aging and Disability Resource Centers and the Healthy Aging Programs
- These critical services have major impacts on the quality of life of frail elders and their caregivers and the cost of the services is relatively low compared to other expenditures of the state. Thus, PABEA strongly recommends support for the requested funding in order to meet our moral obligations to those in greatest need.



The REALTOR® Building
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Neighbor Islands: (888) 737-9070
Email: har@hawaiiirealtors.com

April 6, 2011

The Honorable David Y. Ige, Chair
Senate Committee on Ways and Means
State Capitol, Room 211
Honolulu, Hawaii 96813

RE: H.B. 793, Proposed S.D.1, Relating To Taxation

HEARING: Wednesday, April 6, 2011, at 9:30 a.m.

Aloha Chair Ige, Vice Chair Kidani and Members of the Committee:

I am Brian Benton, Chair of the Government Affairs Committee, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,500 members. **HAR strongly opposes those parts of H.B. 793, Proposed S.D.1, that increase the Hawai'i General Excise and Use Tax ("GET") rates from 4% to 5%, an increase of 25%.** HAR does not strongly oppose Part II of H.B. 793, Proposed S.D.1, that temporarily suspends from January 1, 2012, to June 30, 2015, the exemptions for certain persons and certain amounts of gross income or proceeds from the General Excise and Use Tax, but would prefer the phase-in under H.B. 799, H.D.1, as passed by the House of Representatives.

Given the budget problems that our State is facing, H.B. 793, Proposed S.D.1, proposes to add a whole percentage point to the GET and Use Tax rates. Please note that this is a 25% increase. With a rate of "only four percent," some people say Hawai'i is well below most other states in terms of a sales tax. That comparison is misleading, however, because the GET is very different from the typical sales tax found in other states. In fact, if the GET was a sales tax it would be approximately 11%. Also, an increase of the GET from 4% to 5% would be equivalent to a 12-13% sales tax.

In most states, the sales tax covers only the final retail sale of goods. However, unlike the typical mainland sales tax, our GET does apply at the wholesale level, does apply to services, and does apply to rents, interest, commissions, and other forms of income.

Our 4% (4.5% on O'ahu) rate may appear low, but a big chunk of the tax burden is hidden in the prices of goods and services. For example, if a person buys a loaf of bread for \$3.00, the store adds a 4% tax and charges that person \$3.12, so the "visible" tax is twelve cents. In reality, however, the \$3.00 price has to cover the store's costs, which include the GET added on by the bakery when the store bought the bread at wholesale, by the landlord when store paid its rent, added on the seller when the store bought its shelves and display cases, and by service providers when the store pays them for services ranging from repair and building maintenance to accounting services. When it is added all up, the cost is a lot more than twelve cents out of the \$3.12 paid to the store.

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Association of
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Email: har@hawaii Realtors.com

In addition, the GET is regressive, with a proportionately higher burden on lower-income individuals and families. When a family spends all of its income to pay rent or buy necessities such as food and clothing, the GET applies to all of that spending. Thus, lower-income families pay a larger percentage of their total income in GET than more affluent families do. Increasing the tax would magnify this effect.

Finally, raising taxes would hurt our extremely fragile economic recovery and may result in the loss of private sector jobs. Increasing the GET is particularly dangerous, because it is a tax on gross receipts, not net income. A business that is making little or no profit pays little or no income tax. In contrast, the GET is imposed on every dollar that the business takes in, even if there is no net profit after expenses are paid. Therefore, if we increase the GET, even businesses that are losing money, and struggling to keep their doors open, would have to pay substantially higher taxes. Businesses that are barely surviving now -- and there are a lot of them in Hawai'i -- may have to close their doors.

HAR also opposes H.B. 793, Proposed S.D.1, because it does not spread the burden of the GET and Use Tax rate increases fairly or equitably among different businesses. As such, some industries receive tax breaks at the expense of others industries. HAR believes the State should closely review the inequality prior to focusing on a General Excise and Use Tax rate increase.

Mahalo for the opportunity to submit testimony.





April 6, 2011

TO: THE HONORABLE SENATOR DAVID Y. IGE, CHAIR AND MEMBERS OF THE
COMMITTEE ON WAYS AND MEANS

SUBJECT: H.B. 793, HDI PROPOSED SDI RELATING TO TAXATION.

NOTICE OF HEARING

DATE: Wednesday, April 6, 2011
TIME: 9:30 a.m.
PLACE: Auditorium

Dear Chair Ige and Members of the Committee:

Nordic PCL Construction, Inc. strongly opposes the passage of H.B.793, HD I Proposed SDI.

The provision to suspend the exemption for contractors in incremental steps from January 1, 2012 to June 15, 2015, is unfair as it will result in a general contractor paying state general excise taxes (GET) on taxes paid by subcontractors and subcontractors paying GET on taxes paid by its sub-subcontractors and so on. This exemption was in place to avoid this pyramiding effect of the GET. Eliminating this exemption will have devastating effects on the construction industry and result in higher cost to the public since the added cost will be tacked on to the cost of the project. I believe that at a time when construction activity in the State of Hawaii has stagnated leaving many construction workers unemployed, we should be avoiding, not adding costs that dampen construction activity.

While we understand that the state is faced with a large budget deficit and must find ways to balance the budget for the coming biennium we do not believe that eliminating the tax exemption currently available to general contractors is prudent or wise planning. For public works projects, the added cost to contractors will simply be passed on to the State. The added revenue collected from eliminating or reducing the exemption would simply pay for the added cost of the project, which makes little sense.

For private projects, removing this exemption for contractors will increase project costs, potentially shelving otherwise viable construction projects. Construction, one of the recognized key economic drivers of growth, would then be stymied at a time when the State could least afford it.

Should it be absolutely necessary to suspend the exemption, we agree that the tax should not apply to signed contracts that cannot pass on the increased tax, however we recommend that the implementation date be changed to "contracts entered into after December 31, 2011" to give contractors sufficient time to modify any bids submitted prior to the effective date of the bill that have not yet matured into contracts.

I believe that the alternative to increase the GET is also inadvisable. An increase in the general excise tax will have to be passed on to the consumer in the form of a price increase. Although the proposed HB793 provides for increases in items like the standard deductions on Hawaii income taxes, these deductions only apply to individual tax returns and not business tax returns. We urge the committee to seek other avenues to balance the State budget.

Thank you for the opportunity to comment on this measure.

Yours truly,

NORDIC PCL CONSTRUCTION, INC.


Glen Kaneshige
Executive Vice President

LICENSE #ABC-17

1099 ALAKEA STREET, SUITE 1560, HONOLULU, HI 96813
TELEPHONE (808) 541-9101 ♦ FAX (808) 541-9108



ELECTRICAL CONTRACTOR'S ASSOCIATION OF HAWAII

NECA Hawai'i Chapter
1286 Kalani Street, Suite B-203
Honolulu, Hawai'i 96817
PH: (808) 847-7306
FX: (808) 841-8096
Email: ecah@ecahi.com



April 5, 2011

To: The Honorable Senator David Ige, Chair
The Honorable Senator Michelle Kidani, Vice Chair
And the Members of the Ways and Means Committee

From: Al Itamoto, Executive Director
Electrical Contractors Association of Hawaii
National Electrical Contractors Association, Hawaii Chapter

Subject: HB793, SD1, Relating to Taxation

Notice of Hearing

Date: Wednesday, April 6, 2011
Time: 9:30 AM
Place: Auditorium
State Capitol
415 South Beretania Street

Dear Chair Ige and Committee members:

The Electrical Contractors Association of Hawaii (ECAH) is a non-profit association representing 100 electrical contractors in Hawaii. ECAH is also the Hawaii Chapter of the National Electrical Contractors Association. ECAH **strongly opposes** the intent and purpose of HB793, SD1, particularly, Part II, Section 2 and Section 3 that temporarily suspends general excise and use tax exemptions relating to contractors. While the purpose of this bill is to address the projected revenue shortfall for the fiscal years 2011-2012, this section relating to the repeal of exemptions by contractors amounts to double taxation of the exempt portion.

Currently, the subcontractor pays the 4% GETax on their portion of the gross receipts included in the gross receipts reported by the prime contractor, so in effect, 100% of the gross receipts are being taxed at the 4% level. HB793, SD1 imposes an additional 4% on the subcontractor's portion that in effect taxes that portion a second time. If the subcontractor also uses a sub-subcontractor, there's a possibility of an additional level of taxes. There is no logical reason why the same amount of gross receipts should generate a different amount of GETax depending on the amount subcontracted by the prime contractor. In general, this is a poorly thought out piece of legislation in finding any and all means to raise revenues.

If the objective is to raise the general excise tax revenues then it should be done on a broad base that is shared equally by everyone and not by targeting certain sectors that must bear a larger portion of the burden. Part III of this bill addresses lowering the total tax burden for working families by increasing the standard deductions and certain tax credits. What about the many small business contractors that will

be affected by this bill with potentially greater general excise taxes added to the cost of doing business? Over 80% of our electrical contractors are considered small contractors. By increasing the deductions and credits of working families and repealing the exemptions of all contractors, you are simply shifting the burden of raising revenues. A compromise would simply be to increase the general excise tax rates overall, not increase deductions or credits for anyone or repeal any existing exemptions.

ECAH **strongly opposes** the passage of HD 793, SD1 as proposed.

Thank you for the opportunity to provide testimony on this issue.

1065 Ahua Street
Honolulu, HI 96819
Phone: 808-833-1681 FAX: 839-4167
Email: info@gcahawaii.org
Website: www.gcahawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

April 6, 2011

TO: THE HONORABLE SENATOR DAVID Y. IGE, CHAIR AND MEMBERS OF THE
COMMITTEE ON WAYS AND MEANS

SUBJECT: H.B. 793, HD1 PROPOSED SD1 RELATING TO TAXATION.

NOTICE OF HEARING

DATE: Wednesday, April 6, 2011
TIME: 9:30 a.m.
PLACE: Auditorium

Dear Chair Ige and Members of the Committee:

The General Contractors Association (GCA), an organization comprised of over five hundred and eighty (580) general contractors, subcontractors, and construction related firms, **strongly opposes** the passage of H.B.793, HD 1 Proposed SD1.

The provision to suspend the exemption for contractors in incremental steps from January 1, 2012 to June 15, 2015, is unfair as it will result in a general contractor paying state general excise taxes (GET) on taxes paid by subcontractors and subcontractors paying GET on taxes paid by its sub-subcontractors and so on. This exemption was in place to avoid this pyramiding effect of the GET. Eliminating this exemption will have devastating effects on the construction industry and result in higher cost to the public since the added cost will be tacked on to the cost of the project. The GCA believes that at a time when construction activity in the State of Hawaii has stagnated leaving many construction workers unemployed, we should be avoiding, not adding costs that dampen construction activity.

While we understand that the state is faced with a large budget deficit and must find ways to balance the budget for the coming biennium we do not believe that eliminating the tax exemption currently available to general contractors is prudent or wise planning. For public works projects, the added cost to contractors will simply be passed on to the State. The added revenue collected from eliminating or reducing the exemption would simply pay for the added cost of the project, which makes little sense.

For private projects, removing this exemption for contractors will increase project costs, potentially shelving otherwise viable construction projects. Construction, one of the recognized key economic drivers of growth, would then be stymied at a time when the State could least afford it.

Should it be absolutely necessary to suspend the exemption, we agree that the tax should not apply to signed contracts that cannot pass on the increased tax, however we recommend that the implementation date be changed to "**contracts entered into after December 31, 2011**" to give contractors sufficient time to modify any bids submitted prior to the effective date of the bill that have not yet matured into contracts.

The GCA believes that the alternative to increase the GET is also inadvisable. An increase in the general excise tax will have to be passed on to the consumer in the form of a price increase. Although the proposed HB793 provides for increases in items like the standard deductions on Hawaii income taxes, these deductions only apply to individual tax returns and not business tax returns. We urge the committee to seek other avenues to balance the State budget.

Thank you for the opportunity to comment on this measure.

LUERSEN ARCHITECTS INC.
Architecture
Interior Architecture
Physical Planning

Suite 214
1124 Fort Street Mall
Honolulu, Hawaii 96813

Phone 808-524-1070
Fax 808-524-1000

5 April 2011

The Honorable David Ige, Chair
The Honorable Michelle Kidani, Vice Chair
Members of the Ways and Means Committee
Hawaii State Senate
State Capitol
Honolulu, HI 96813

WAM Hearing Date: April 6, 2011, 9:30 am State Capitol Auditorium

Subject: OPPOSE as written, House Bill 793 SD1 Relating to Taxation; Section 3

Amending Chapter 237, Hawaii Revised Statutes to temporarily suspend exemption from January 1, 2012 through June 30, 2015 for 1) Amounts deducted from the gross income received by contractors as described under section 237-13 (3) (B)

On behalf of the more than 800 architect members and other allied design professionals of The American Institute of Architects (AIA), AIA Hawaii State Council, I am writing to **OPPOSE** HB 793 SD1 on Taxation whose provisions aim to suspend key exemptions currently afforded to significant design and construction efforts in Hawaii, among other key business areas across the state. AIA Hawaii previously opposed similar provisions contained in then HB 799 HD1 for similar reasons.

The provision within HB 793 SD1 to remove the exemption currently afforded to "contractors" as defined in the Hawaii Revised Statutes (Section 237-13 (03) (B) (i) will specifically cause an adverse effect on our members, allied engineers and Hawaii construction firms, a majority of whom are small businesses in Hawaii. This measure will have a significantly broad and negative effect on our State's overall economy as we all know the importance of design and construction in stimulating economic growth and creating needed jobs.

Moreover, the overall impact on the design and construction industry would be very large, because of the well documented "**pyramid effect.**" A gross receipts tax, without key exemptions in place, has a well known escalating effect that creates an extra layer of taxation at each stage of the product and service life cycle. **Essentially, the same gross receipts are TAXED TWICE, once when I receive it and another when my consulting engineering "subcontractor" receives it from me.**

We encourage you to seek more economically neutral ways of taxing businesses, and urge you to look deeper at long-term solutions for creating greater efficiencies within the government. This bill has the serious potential of reducing business in a time when Hawaii business needs stimulation. We urge opposition as currently written.

Sincerely,



Robert A. Luersen AIA

LEATRICE Y. HAYASHI
45-483 Apiki Street, Kaneohe, Hawaii 96744
email: eatrice8@hawaiiintel.net
Tel. 235-2628(Residence)

April 5, 2011

Senator David Y. Ige, Chair
Senate Committee on Ways and Means
The Twenty-sixth Legislature General Session of 2011
State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Re: Proposed SD1 – Relating to General Excise Tax Exemptions and Increases

Dear Honorable Senator David Ige,

I am a licensed CPA in the State of Hawaii, member of the Hawaii Society of CPA's and the Honolulu Chapter of the American Society of Women Accountants. I am also a small business owner doing consulting and most recently temporarily employed with a Non Profit organization. For many years I have been employed by publicly held corporations based in Hawaii specializing in taxes, both income and general excise and public service company taxes.

Thank you for this opportunity to express my concerns about tampering with a short term increase in the general excise and use tax and various public service company tax rates by any percentage.

My reasons are based on the following points:

- o Private Industry, when faced with a budget deficit, must take action quickly to remedy this, by concentrating on either increasing revenue or reducing expenses. Our State Government as large as it exists today cannot quickly raise revenue with the current forecasts of the dimmed Tourism industry, without a possible negative ramification of a large workforce at stake. However, reducing its expenses, temporarily, is a solution that would affect the general population since services would be curtailed, but with sound and objective research, I am sure that there will be expenses that can be curtailed quickly, such as travel and educational seminars out of state as an example, that may not ultimately have to be eliminated, but just deferred.

- Increasing the Hawaii general excise and use tax (GET) and the public service company tax (PSC) especially temporarily would be both a direct and an indirect expense borne by private industries. I view the indirect effect to be tremendous. In this age of technology, no business including my own, does not calculate the rates on revenue using multiple software vendors that needs to have the “hard coded” tax rates changed. Thus, as an alternative eliminating exemptions from these taxes are technically much easier to plan for.
- In either cases increasing the rates or eliminating exemptions temporarily has the committee considered the impact on its own Department of Taxation software adjustments? I am sure that these changes will have a huge cost associated with the change that vendors need to program for the software to operate as it should.
- Lastly, I would like to present another point that has been more in an administrative level than a political one. That is for many years I have recommended to the Department of Taxations that they should implement a software to match the Hawaii GET returns to the information returns; i.e. forms 1099 to quickly assess compliance requirements. With sufficient budgeting for that department to program for this check, temporary increases of tax rates or elimination of exemptions may not be necessary and would certainly be a political palatable idea for your constituents who comply with the existing law.

Thank you again for this opportunity to submit my written testimony to your committee.

Sincerely,

Leatrice Hayashi

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 8:41 AM
To: WAM Testimony
Cc: mike.j.mccartney@hawaiiauthority.org
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: comments only
Testifier will be present: Yes
Submitted by: Mike McCartney
Organization: Hawaii Tourism Authority
Address:
Phone:
E-mail: mike.j.mccartney@hawaiiauthority.org
Submitted on: 4/5/2011

Comments:

From: Rick Medina [ogg373rm@yahoo.com]
Sent: Tuesday, April 05, 2011 7:38 AM
To: WAM Testimony
Cc: taira001@hawaii.rr.com
Subject: GET increase

Chair Ige and members of the Ways and Means Committee. My name is Rick Medina and I reside in Wailuku.

Thank you for this opportunity to comment on a GET increase.

Many of us in the retirement community know these are very tough times and those without a job or their own home are suffering. Being retired, we do live on fixed incomes and although we know living costs will rise, we still want to help our community get by this recession.

We want to help so many of us do support a temporary increase in the GET in order to continue senior program funds and other social safety net programs vital to our peace of mind which your work has brought many of us. We are understandably grateful and do appreciate your help and concern.

We do have children and grandchildren who depend on us to help out. I do support using the hurricane fund to help balance our budget. I also feel the rainy day fund is earmarked for Kupuna programs and we would like to protect that fund and are willing to do our fair share to keep it afloat.

Mahalo for this opportunity and may God Bless you all.

RICK MEDINA
WAILUKU

Honorable members of the Senate Ways and Means Committee:

I testify in support of HB 793 to raise the GET by 1% and to eliminate or reduce certain exemptions. When I took my current job almost 4 years ago, I was offered a reasonably good salary. A year and a half later, the economy went into a tailspin. Like executives at other organizations, my salary was cut. I now earn less than when I was hired. And, like many others, I have been forced to cut expenses at home and take a hard look at where my money goes. We have cut some fat. Then, as the economy continued to suffer, we cut into the muscle. It is getting pretty close to the bone now. My wife and I are at the point where we cannot cut much more and need instead to be looking for new sources of revenue (e.g., second jobs).

My personal situation is much like the situation faced by the Legislature and the Governor in formulating a new biennium budget. The Legislature has cut the budget dramatically. The Legislature's attempt to claim special and revolving funds is akin to cutting to the bone. In fact, it is more like breaking the bones to get to the marrow. We might survive deep cuts, but we can't survive sucking the life out of our programs.

The State, like our household, needs to make some tough decisions as to how to get new revenues, NOT steal money from other programs or state organizations. The State is acting like a bank robber, not a courageous entity that is willing to make hard decisions that might be unpopular. My wife, who is retired, is forced to look for work. I'll be damned if she robs a bank, but that is exactly what the State is proposing.

I suggest the Legislature takes a deep collective breath, holds its nose, and raises the GET from 4% to 5%. Such an increase will be unpopular, but it is needed at this time. The reality of such a tax increase is relatively minor impact to the people of Hawai'i. For instance, if I buy \$100 of goods at a store, I would currently pay \$104 (or thereabouts) with GET. If the rate is increased to 5%, then my total bill is \$105, a modest 0.96% increase! This is a minor impact to the consumer. It is pennies on the dollar. But, it would net the State a considerable amount of money. Those who buy more, or more expensive goods, will pay more, so it does not target those with lower incomes.

One variant on this might be to increase the GET even more, say to 6%, but cut the GET (say, to 4%) on certain items.

I am tired of people who complain about the condition of our roads, our schools, our airport (it really is an embarrassment), our sewers, etc., but don't want to pay for them. Just as at home: if you need something improved or replaced, you have to pay for it. It is astonishing that the GET has not been increased since 1965. It is time to get beyond petty self-interest and raise the GET modestly.

As I said, my income has been cut pretty dramatically since moving here. However, I know that cutting and cutting is not sustainable. I honestly believe that social services and our civic

infrastructure will collapse unless we all take the necessary and courageous step by taking a little hit for the greater good.

I appreciate all you do to represent us well in the Legislature. Some will disagree with my views, but I am happy that you will at least consider them in the spirit in which they are offered.

Respectfully and with aloha,

Christopher Dunn
969 Kanakou Place
Honolulu, HI 96825

Testimony on H.B. 793 S.D. 1 Proposed
Relating to Taxation

Christopher Grandy
grandy@hawaii.rr.com, (808) 956-7060

Senate Committee on Ways and Means
Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice-Chair

April 6, 2011
9:30 a.m., Auditorium

Chair Ige, Vice-Chair Kidani, and members of the Senate Ways and Means Committee:

My name is Christopher Grandy. I am an associate professor in the Public Administration Program at the University of Hawai'i (Manoa), and a past member of the 2005-2007 Hawai'i State Tax Review Commission. I write in support of some elements of the proposed S.D. 1 for H.B. 793, relating to taxation, and I have concerns about other elements. My views do not necessarily represent those of the organizations with which I am, or have been, associated.

H.B. 793 S.D. 1 Proposed, is an ambitious measure that temporarily changes several features of Hawaii's tax law, including suspending various exemptions from the General Excise and Use Tax (GEUT), altering income tax provisions so as to lower the burden on low-income taxpayers, and raising the rate of the General Excise and Use Tax and the Public Service Company tax. The tax rate increases would go into effect on October 1, 2011 and expire two years later. The suspension of GET exemptions would be effective in 2012 and expire in 2015, and the income tax changes become effective in 2012 and expire at the end of 2013.

I have three comments on these measures relating to: (1) the proposed GEUT exemptions, (2) the tax rate increases, and (3) the temporary nature of the changes. In general, I intend these remarks to be consistent with principles of taxation that advocate broad bases, low rates, and the application of taxation to final consumers.

First, while I applaud the effort to eliminate exemptions to the GEUT base, this proposal does so in a problematic way. The broad base of the GET permits the rate to remain relatively low while generating substantial revenue. This is a tax design feature widely recommended by economists because it typically minimizes the negative effects of taxation on economic activity. The desirability of eliminating exemptions applies to transactions between businesses and final consumers. Exemptions for some consumer goods and services, rather than others, distorts economic decisions and imposes an economic burden on the economy.

However, the same is not true of business-to-business transactions. Taxing these transactions has

a number of problematic effects: (1) It skews business decisions from what they otherwise would be solely for tax purposes, which is a form of tax-induced inefficiency; (2) it contributes to pyramiding—ultimately raising the rate to consumers in a non-transparent way; and (3) to the extent that taxes are *not* passed forward to consumers, it raises the cost of doing business in the state, providing an incentive to re-locate. These arguments are more fully expressed by Professor William Fox, in one of the studies he did for the 2005-2007 Tax Review Commission (see Appendix C of the Commission report).

Unfortunately, it appears that some of the activities listed in sections 3 and 4 of the proposed bill are business-to-business transactions in this sense. As such, while suspending the exemptions will likely raise revenue, they are also likely to reduce the efficiency of these activities, perhaps causing firms to reduce production and/or halt operations altogether. Instead, I would urge the Committee to focus the suspension of exemptions on business-to-consumer transactions.

Second, if public program reassessments and expenditure reductions over the last few years have left us with a set of public services we largely agree need to be funded, then the proposal to seek additional revenue by raising the general excise and use tax is appropriate. In general, the economic damage that a tax imposes on the economy rises exponentially with the rate, so it is important to raise needed revenue with low rates. The broad base of the GEUT helps keep the rate low. If we have to raise additional revenue, it is better to raise a low rate on a broad base. This is why I would prefer to raise the GEUT rate rather than, for example, to increase the generally-higher income tax rates.

Third, and finally, problems may arise because of the temporary nature of these measures. In addition to the distortions and potential reduction in activity that the suspension of GEUT exemptions for business-to-business transactions cause, the temporary nature of suspensions may encourage firms to delay economic activity until the exemptions are re-instated. At a period where we are trying to encourage business activity, these delays would work in the opposite direction.

Similarly, the temporary nature of the tax increases may encourage consumers—at least of “big ticket” items—to think about postponing spending. Such postponement would only add to the previously-mentioned incentives to slow economic activity now. For these reasons, it may make more sense to make the tax increases permanent—provided that you feel comfortable that the expenditure reduction efforts of the last two or three years have left us with the set of activities that justify financing with higher tax rates.

These are difficult choices. Thank you for wrestling with them, and for considering this testimony.

From: Bobnakata239@aol.com
Sent: Monday, April 04, 2011 2:27 PM
To: WAM Testimony
Subject: SB793, SD1 Testimony, Wednesday, April 2, 2011, 9:30am

TO: Senator David Ige, Chair
Senate Committee on Ways and Means

FROM: Rev. Bob Nakata
Division of Church and Society, Hawaii District
The United Methodist Church

RE: SB793, SD1 (Hearing on Wed. April 6, 2011, 9:30 a.m.)

I am Rev. Bob Nakata, Chair of the United Methodist Division of Church and Society, Hawaii District.

The Division supports the passage of SB793, SD1 as a means of addressing the State's huge budget shortfall of \$1.3 billion dollars, after two consecutive years of similar shortfalls and reductions in State spending to support programs needed by Hawaii's residents. The damage to those programs is severe and possibly irreparable.

The time to cut programs without raising revenues is over. Various revenue enhancements are already on the table as the Legislature prepares for the budget conference. The one glaring omission is the temporary one percent increase in the General Excise Tax (GET), which is the biggest of the revenue enhancers being discussed. SB793, SD1 will put it on the table with the elimination of GET tax exemptions and the revenue enhancers. Putting the temporary one percent GET increase on the table will give the Legislature the tools to craft a budget which adequately funds the education, health and human services, and housing programs that FACE is deeply concerned about.

The Division of Church and Society strongly believes that the damage to the people of Hawaii from cutting State programs without enhancing revenues will cause irreparable harm to Hawaii's people. They need the support of the State government at this time to recover, and then help restore the State to economic health.

We urge the Ways and Means Committee to pass SB793, SD1 and add it to the options which are before the Legislature.

From: Bobnakata239@aol.com
Sent: Tuesday, April 05, 2011 9:42 AM
To: WAM Testimony
Subject: Support for HB793, SD1 - Hearing on April 6, 2011, 9:30 a.m.

TO: Senator David Ige, Chair
Senate Committee on Ways and Means

FROM: Rev. Bob Nakata, Chair
Division of Church and Society, Hawaii District
The United Methodist Church

RE: Support HB793, SD1 (Hearing on April 6, 2011, 9:30 a.m.)

I am Rev. Bob Nakata, Chair of the United Methodist Church's Division of Church and Society, Hawaii District.

The Division supports the passage of HB793, SD1 as a means of addressing the State's huge budget shortfall of \$1.3 billion dollars, after two consecutive years of similar shortfalls and reductions in State spending to support programs needed by Hawaii's residents. The damage to those programs is severe and possibly irreparable.

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We urge the Ways and Means Committee to pass HB793, SD1 and add it to the options which are before the Legislature.

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

April 6, 2011

Chair Ige, Vice Chair Kidani, and Members of the Committee:

I strongly support the proposed H.B. 793, S.D. 1, which suspends certain general excise tax exemptions, temporarily increases the general excise and use tax (GET), and provides for food and other tax credits.

A combination of a modest, temporary increase to the GET and suspension of exemptions is a fair and responsible way to address our state's deficit. The proposed H.B. 793, S.D. 1, as written, should be part of a more comprehensive package of legislation to address the State's significant budget shortfall. A piecemeal approach to address our revenue and budget concerns is shortsighted and will only function as a temporary solution to a much larger problem. Without comprehensive and significant changes, the Legislature will once again need to revisit the budget shortfall.

This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical.

I urge passage of H.B. 793, S.D. 1.

Thank you,


Signature

Christy Koizumi
Print Name

Additional Comments:

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

April 6, 2011

Chair Ige, Vice Chair Kidani, and Members of the Committee:

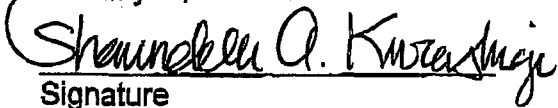
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I urge passage of H.B. 793, S.D. 1.

Thank you,


Signature

Shawndelle A. Kurashige
Print Name

Additional Comments:

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

April 6, 2011

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I urge passage of H.B. 793, S.D. 1.

Thank you,



Signature

Diane Kam
Print Name

Additional Comments:

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

April 6, 2011

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This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical.

I urge passage of H.B. 793, S.D. 1.

Thank you,

Colleen Pang
Signature

Colleen Pang
Print Name

Additional Comments:

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

April 6, 2011

Chair Ige, Vice Chair Kidani, and Members of the Committee:

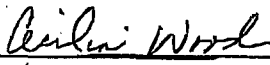
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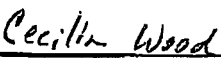
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Thank you,



Signature



Print Name

Additional Comments:

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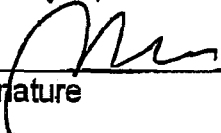
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I urge passage of H.B. 793, S.D. 1.

Thank you,



Signature

Shantelle Rego

Print Name

Additional Comments:

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

April 6, 2011

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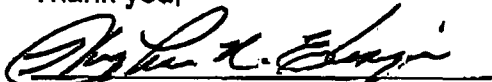
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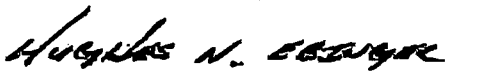
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Signature



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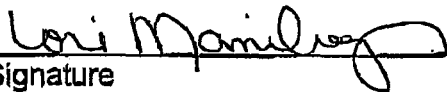
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I urge passage of H.B. 793, S.D. 1.

Thank you,


Signature


Print Name

Additional Comments:

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

April 6, 2011

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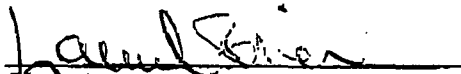
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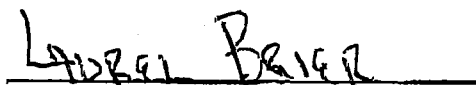
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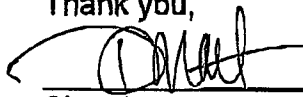
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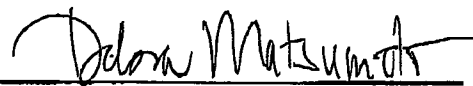
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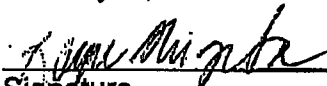
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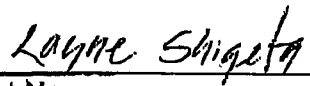
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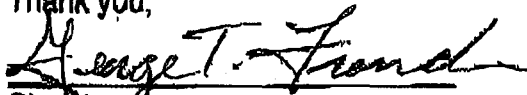
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Thank you,


Signature

Christy Koizumi
Print Name

Additional Comments:

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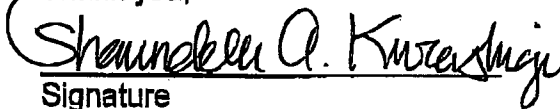
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Thank you,


Signature

Shawndelle A. Kurashige
Print Name

Additional Comments:

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Thank you,



Signature

Diane Kam

Print Name

Additional Comments:

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Thank you,

Colleen Pang
Signature

Colleen Pang
Print Name

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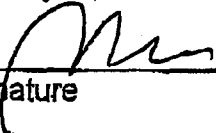
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Shantelle Rego

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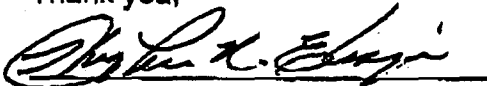
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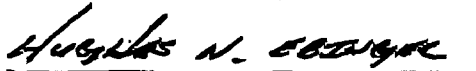
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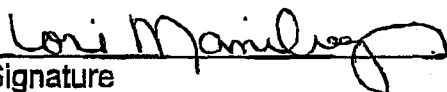
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Christine P. Bare
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Additional Comments:

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Signature

Rowena Fukushima
Print Name

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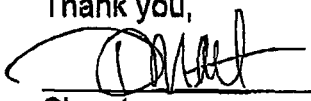
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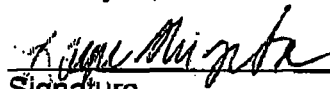
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Signature



Print Name

Additional Comments:

1600 JTB 6/5/11

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Thank you,

Kimberley J Almeida
Signature

Kimberley J Almeida
Print Name

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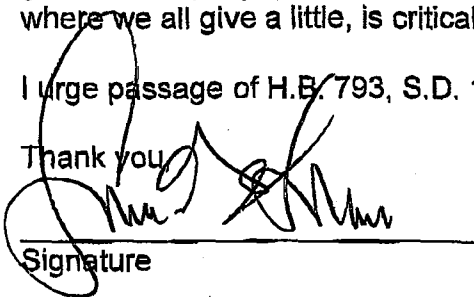
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Thank you


Signature

EUGENE E.L. MARTIN
Print Name

Additional Comments:

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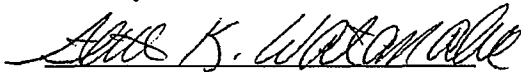
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This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical.

I urge passage of H.B. 793, S.D. 1.

Thank you,


Signature

Alton K. Watanabe
Print Name

Please support this measure to balance the budget!
Additional Comments:

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

April 6, 2011

Chair Ige, Vice Chair Kidani, and Members of the Committee:

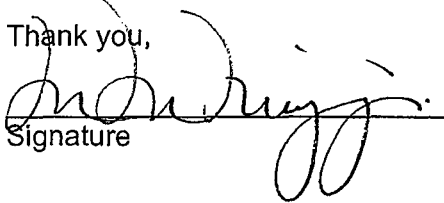
I strongly support the proposed H.B. 793, S.D. 1, which suspends certain general excise tax exemptions, temporarily increases the general excise and use tax (GET), and provides for food and other tax credits.

A combination of a modest, temporary increase to the GET and suspension of exemptions is a fair and responsible way to address our state's deficit. The proposed H.B. 793, S.D. 1, as written, should be part of a more comprehensive package of legislation to address the State's significant budget shortfall. A piecemeal approach to address our revenue and budget concerns is shortsighted and will only function as a temporary solution to a much larger problem. Without comprehensive and significant changes, the Legislature will once again need to revisit the budget shortfall.

This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical.

I urge passage of H.B. 793, S.D. 1.

Thank you,


Signature

Marian M. Miyaji
Print Name

Additional Comments:

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

April 6, 2011

Chair Ige, Vice Chair Kidani, and Members of the Committee:

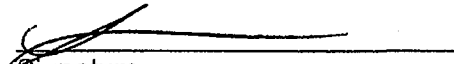
I strongly support the proposed H.B. 793, S.D. 1, which suspends certain general excise tax exemptions, temporarily increases the general excise and use tax (GET), and provides for food and other tax credits.


A combination of a modest, temporary increase to the GET and suspension of exemptions is a fair and responsible way to address our state's deficit. The proposed H.B. 793, S.D. 1, as written, should be part of a more comprehensive package of legislation to address the State's significant budget shortfall. A piecemeal approach to address our revenue and budget concerns is shortsighted and will only function as a temporary solution to a much larger problem. Without comprehensive and significant changes, the Legislature will once again need to revisit the budget shortfall.

This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical.

I urge passage of H.B. 793, S.D. 1.

Thank you,


Signature


Print Name

Additional Comments:

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

April 6, 2011

Chair Ige, Vice Chair Kidani, and Members of the Committee:

I strongly support the proposed H.B. 793, S.D. 1, which suspends certain general excise tax exemptions, temporarily increases the general excise and use tax (GET), and provides for food and other tax credits.

A combination of a modest, temporary increase to the GET and suspension of exemptions is a fair and responsible way to address our state's deficit. The proposed H.B. 793, S.D. 1, as written, should be part of a more comprehensive package of legislation to address the State's significant budget shortfall. A piecemeal approach to address our revenue and budget concerns is shortsighted and will only function as a temporary solution to a much larger problem. Without comprehensive and significant changes, the Legislature will once again need to revisit the budget shortfall.

This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical.

I urge passage of H.B. 793, S.D. 1.

Thank you,


Signature

Kevin Miyaji
Print Name

Additional Comments:

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

April 6, 2011

Chair Ige, Vice Chair Kidani, and Members of the Committee:

I strongly support the proposed H.B. 793, S.D. 1, which suspends certain general excise tax exemptions, temporarily increases the general excise and use tax (GET), and provides for food and other tax credits.

A combination of a modest, temporary increase to the GET and suspension of exemptions is a fair and responsible way to address our state's deficit. The proposed H.B. 793, S.D. 1, as written, should be part of a more comprehensive package of legislation to address the State's significant budget shortfall. A piecemeal approach to address our revenue and budget concerns is shortsighted and will only function as a temporary solution to a much larger problem. Without comprehensive and significant changes, the Legislature will once again need to revisit the budget shortfall.

This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical.

I urge passage of H.B. 793, S.D. 1.

Thank you,


Signature

YOSHIKO NISHIDA
Print Name

Additional Comments:

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

Hearing Date: Wednesday, April 6, 2011
9:30am

To: Chair Ige, Vice Chair Kidani, and Members of the Committee:

I strongly support H.B. 793, S.D.1 which suspends certain general excise tax exemptions, temporarily increases the general excise and use tax (GET), and other tax credits.

A temporary increase in the GET is a fair and reasonable way to assist our state in addressing the deficit and budget shortfall. The proposed GET bill will also help preserve state and county government programs and services.

I recall last year when the GET proposal failed. Keep in mind that if we had passed the GET last year, we would not be in this shortsighted situation again this year.

Thank you for your time.

Cash Lopez
Hawaii Resident

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 12:51 PM
To: WAM Testimony
Cc: christynathan@yahoo.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: support
Testifier will be present: No
Submitted by: Christy Nathan
Organization: Individual
Address:
Phone:
E-mail: christynathan@yahoo.com
Submitted on: 4/5/2011

Comments:

I encourage you to consider and pass HB793. As a state worker, making less than \$14 an hour and a single parent already struggling with the current pay cut- I don't know how much more longer we can survive.

I have never depended on credit cards to get by, and now find myself using them for everyday purchases like groceries.

As a state worker and one who has already sacrificed- it is not fair to continue taking from us! All the budget shortfalls cannot solely be eased by doing an injustice to state workers. We are like every other worker out there- we just want to be able to provide for our family and pay our bills.

Please pass HB793- it is time that more of Hawaii do their fair share to help balance our budget and keep Hawaii's economy strong and on the road to recovery. By increasing our GET at such a small rate, it will barely be noticed and those that have the money to spend on big tickets (flat-screens, computers) items will continue to do so.

Pay cuts and furloughs did not work!

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 12:54 PM
To: WAM Testimony
Cc: championhome@hotmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: support
Testifier will be present: No
Submitted by: Arnold Abe
Organization: Individual
Address:
Phone:
E-mail: championhome@hotmail.com
Submitted on: 4/5/2011

Comments:

This is the most fair, comprehensive and responsible way to address our state's deficit.

From: christy [christynathan@yahoo.com]
Sent: Tuesday, April 05, 2011 12:49 PM
To: WAM Testimony
Subject: HB793

Dear Senators,

I encourage you to consider and pass HB793. As a state worker, making less than \$14 an hour and a single parent already struggling with the current pay cut- I don't know how much more longer we can survive.

I have never depended on credit cards to get by, and now find myself using them for everyday purchases like groceries.

As a state worker and one who has already sacrificed- it is not fair to continue taking from us! All the budget shortfalls cannot solely be eased by doing an injustice to state workers. We are like every other worker out there- we just want to be able to provide for our family and pay our bills.

Please pass HB793- it is time that more of Hawaii do their fair share to help balance our budget and keep Hawaii's economy strong and on the road to recovery. By increasing our GET at such a small rate, it will barely be noticed and those that have the money to spend on big tickets (flat-screens, computers) items will continue to do so.

Pay cuts and furloughs did not work!

Sincerely,
Christy Nathan

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 1:00 PM
To: WAM Testimony
Cc: garrypsmith@juno.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: support
Testifier will be present: No
Submitted by: Garry P. Smith
Organization: Individual
Address:
Phone:
E-mail: garrypsmith@juno.com
Submitted on: 4/5/2011

Comments:

My support is contingent upon stopping the pension tax. DO NOT INCREASE THE PENSION TAX AND THE GET.

The Twenty-Sixth Legislature, State of Hawaii
The Senate
Committee on Ways and Means
April 6, 2011

Chair Ige, Vice Chair Kidani, and Members of the Committee:

I strongly support the proposed H.B. 793, S.D. 1, which suspends certain general excise tax exemptions, temporarily increases the general excise and use tax (GET), and provides for food and other tax credits.

A combination of a modest, temporary increase to the GET and suspension of exemptions is a fair and responsible way to address our state's deficit. The proposed H.B. 793, S.D. 1, as written, should be part of a more comprehensive package of legislation to address the State's significant budget shortfall. A piecemeal approach to address our revenue and budget concerns is shortsighted and will only function as a temporary solution to a much larger problem. Without comprehensive and significant changes, the Legislature will once again need to revisit the budget shortfall.

This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical.

I urge passage of H.B. 793, S.D. 1.

Thank you,

Jian You Zhu

TESTIMONY

Committee on Ways and Means
Wednesday, March 6, 2011
Conference Room 211
9:30 a.m.

Chair Ige and members of the Committee on Ways and Means:

I provide testimony in favor of HB793, SD1.

HB793, SD1:

Temporarily suspends from January 1, 2012, to June 30, 2015, the exemptions for certain persons and certain amounts of gross income or proceeds from the general excise and use tax and requires the payment of the tax; and

Temporarily increases from October 1, 2011, to September 30, 2013 the general excise and use tax and various public service company tax rates by one per cent. Temporarily provides food and other tax credits. Effective July 1, 2011; repealed June 30, 2015. (Proposed SD1)

While everyone says that the burden of State's budget shortfall should be shared by all, this bill makes it possible for ALL to be a part of the solution; including our tourists who should be contributing their share to preserve and protect our environment.

Let us also not forget that prices are based upon what the market will bear which has nothing to do with the tax rate. Besides having one of the lowest tax rates (on sales) in the country, we are the preferred destination of the NFL players who could play anywhere in the country.

Let us not balance the budget upon the backs of our public employees who have given up so much more than our wealthy bankers who have never taken it on the chin.

This is a good start towards economic recovery for Hawaii and I respectfully ask that you vote favorably for HB793, SD1.

Charles K. Torigoe

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

April 5, 2011

Chair Ige, Vice Chair Kidani, and Members of the Committee:


I strongly support the proposed H.B. 793, S.D. 1, which suspends certain general excise tax exemptions, temporarily increases the general excise and use tax (GET), and provides for food and other tax credits.

A combination of a modest, temporary increase to the GET and suspension of exemptions is a fair and responsible way to address our state's deficit. The proposed H.B. 793, S.D. 1, as written, should be part of a more comprehensive package of legislation to address the State's significant budget shortfall. A piecemeal approach to address our revenue and budget concerns is shortsighted and will only function as a temporary solution to a much larger problem. Without comprehensive and significant changes, the Legislature will once again need to revisit the budget shortfall.

This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical.

I urge passage of H.B. 793, S.D. 1.

Thank you,


Signature

Glenn N. Shishido
Print Name

Additional Comments:

THE SENATE
THE TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2011

Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair
Ways and Means (WAM)

Charles T. Duncan
Honolulu Police Department, Major (retired)
94-439 Alapoi Street, Mililani Town 96789
Phone: 393-4764

April 6, 2011

HB 793 SD1 RELATING TO TAXATION

In support of HB793 SD1 as it relates to Taxation

I am testifying in support of HB 793 SD1 as it relates to taxation as it will allow every citizen of our great state an opportunity to paddle the proverbial canoe to help with the budget crisis rather than placing in on the backs of one segment of our community the public workers and retiree's

This bill would return fairness to the process of Taxation and would eliminate the need to tax pensions under HB1092 HD1 SD1 or eliminate Medicare Part B reimbursement under HB1041 HB2 SD2.

I humbly ask that you give this bill every consideration.

Respectively submitted.

From: elliotk@hawaii.rr.com
Sent: Tuesday, April 05, 2011 1:56 PM
To: WAM Testimony
Subject: HB 793, SD1

I support passage of HB 793, SD1. We all need to share the burden during this economic slump.

Hrg date: 4-6-11 at 9:30 a.m.

Elliot K.

From: Naomi Hamamura [nami96766@hotmail.com]
Sent: Tuesday, April 05, 2011 2:07 PM
To: WAM Testimony
Subject: In favor of GET raise

I am in favor of raising GET tax and also allowing lower wage earners an exemption for taxes. Naomi Hamamura #635-2080

1

From: Lenny Carman [lcarmanjr@hotmail.com]
Sent: Tuesday, April 05, 2011 2:10 PM
To: WAM Testimony
Subject: HB793, SD1

April 5, 2011

Aloha Chair Ige, Vice Chair Kidani and Members of the Committee.

I strongly support HB 793, SD 1 which will suspend certain general excise tax exemption, which should have been done long ago, and temporarily increases the general excise and use tax (GET).

This would be a fair and responsible way to help address the State's deficit. The bill as written should be a part of a more comprehensive package of legislation to address the State's 1.3 billion dollar deficit.

It is time for all of you to nuckel down and make the hard decisions in what needs to be done to balance the budget during this period of significant short falls in revenue. Any other approach to address the revenue and budget concerns is shortsighted and will only function as a temporary solution to a much bigger problem.

The legislation is truely needed to preserve the State and County Government programs and services. Everyone in the state, be it a resident, a local business, an out of state business doing business in Hawaii or a visitor must make a contribution in getting the budget balanced.

I strongly urge passage of HB 793, SD 1

Mahalo,
Leonard C. Carman Jr.
435 Seaside Ave., Apt. 504
Honolulu, Hi 96815

From: Livit Callentine [livit.callentine@gmail.com]
Sent: Tuesday, April 05, 2011 2:16 PM
To: WAM Testimony
Subject: Support for HB793, SD1

Dear Senate Ways and Means Committee:

I write to express my strong but reluctant support for HB793, SD1.

Even though the temporary increase in GET may put a burden on me, I believe the state cannot address the budget shortfall by simply continuing to cut vital government programs and services. These tax proposals are needed to help generate revenue to close a \$1.3 billion budget deficit, and are a better approach than piecemeal tax increases proposed by the administration and House.

I also feel that the budget shortfall should not be made up by taking more money away from state employees. Most work hard and are underpaid relative to the private sector as it is. Please get creative and find other sources of revenue.

Thank you for considering my testimony.

Livit Callentine
631 Meakanu Lane Apt 101
Wailuku, HI 96793
livit.callentine@gmail.com

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 2:17 PM
To: WAM Testimony
Cc: livit.callentine@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: support
Testifier will be present: No
Submitted by: Livit Callentine
Organization: Individual
Address:
Phone:
E-mail: livit.callentine@gmail.com
Submitted on: 4/5/2011

Comments:
Dear Senate Ways and Means Committee:

I write to express my strong but reluctant support for HB793, SD1.

Even though the temporary increase in GET may put a burden on me, I believe the state cannot address the budget shortfall by simply continuing to cut vital government programs and services. These tax proposals are needed to help generate revenue to close a \$1.3 billion budget deficit, and are a better approach than piecemeal tax increases proposed by the administration and House.

I also feel that the budget shortfall should not be made up by taking more money away from state employees. Most work hard and are underpaid relative to the private sector as it is. Please get creative and find other sources of revenue.

Thank you for considering my testimony.

From: stakeo@hawaii.rr.com
Sent: Tuesday, April 05, 2011 2:43 PM
To: WAM Testimony
Subject: Proposed H.B. 793, S.D. 1, TOMORROW — Wednesday, April 6, 2011, 9:30 a.m.

The Twenty-Sixth Legislature, State of Hawaii The Senate Committee on Ways and Means April 6, 2011 Chair Ige, Vice Chair Kidani, and Members of the Committee:

I strongly support the proposed H.B. 793, S.D. 1, which suspends certain general excise tax exemptions, temporarily increases the general excise and use tax (GET), and provides for food and other tax credits.

A combination of a modest, temporary increase to the GET and suspension of exemptions is a fair and responsible way to address our state's deficit. The proposed H.B. 793, S.D. 1, as written, should be part of a more comprehensive package of legislation to address the State's significant budget shortfall. A piecemeal approach to address our revenue and budget concerns is shortsighted and will only function as a temporary solution to a much larger problem. Without comprehensive and significant changes, the Legislature will once again need to revisit the budget shortfall.

This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical. I urge passage of H.B. 793, S.D. 1.
Thank you,

Sandra Takeo

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 12:20 PM
To: WAM Testimony
Cc: constancedemartino@yahoo.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: support
Testifier will be present: No
Submitted by: Constance De Martino
Organization: Individual
Address:
Phone:
E-mail: constancedemartino@yahoo.com
Submitted on: 4/5/2011

Comments:

I am a HI state worker and support the GET temporary tax increase.

From: Robin.C.Rudolph@hawaii.gov
Sent: Tuesday, April 05, 2011 12:24 PM
To: WAM Testimony
Subject: Proposed H.B. 793, S.D.1

Chair Ige, Vice Chair Kidani, and Members of the Committee:

I strongly support the proposed H.B. 793, S.D. 1, which suspends certain general excise tax exemptions, temporarily increases the general excise and use tax (GET), and provides for food and other tax credits.

This is a fair and responsible way to address our State's deficit. I urge you to vote to PASS H.B. 793, S.D. 1.

The hearing is scheduled for April 6, 2011 at 9:30 a.m.

Mahalo,
Robin C. Rudolph

From: Garid P Faria [garid@hawaii.edu]
Sent: Tuesday, April 05, 2011 12:27 PM
To: WAM Testimony
Subject: HB793, SD1: Testimony in Support

The Twenty-Sixth Legislature,
State of Hawaii The Senate Committee on Ways and Means
April 5, 2011

Chair Ige, Vice Chair Kidani, and Members of the Committee:

I strongly support the proposed H.B. 793, S.D. 1, which suspends certain general excise tax exemptions, temporarily increases the general excise and use tax (GET), and provides for food and other tax credits. A combination of a modest, temporary increase to the GET and suspension of exemptions is a fair and responsible way to address our state's deficit. The proposed H.B. 793, S.D. 1, as written, should be part of a more comprehensive package of legislation to address the State's significant budget shortfall. A piecemeal approach to address our revenue and budget concerns is shortsighted and will only function as a temporary solution to a much larger problem. Without comprehensive and significant changes, the Legislature will once again need to revisit the budget shortfall.

This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical.

I urge passage of H.B. 793, S.D. 1.

Garid Faria

Thank you,
Garid Faria
2605 Laau St., Apt. 101
Honolulu, HI 96826
808-479-4999

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 12:29 PM
To: WAM Testimony
Cc: krudolph@hawaiiantel.net
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: support
Testifier will be present: No
Submitted by: Robin C. Rudolph
Organization: Individual
Address:
Phone:
E-mail: krudolph@hawaiiantel.net
Submitted on: 4/5/2011

Comments:

I strongly support the passage of HB793, S.D.1 which temporarily increases the general excise tax. This is a responsible and fair way to address the State's deficit.

From: Linda Silva [rlscrs@hotmail.com]
Sent: Tuesday, April 05, 2011 1:07 PM
To: WAM Testimony
Subject: HB793, SD1

The Twenty-Sixth Legislature, State of Hawaii
The Senate
Committee on Ways and Means
April 6, 2011

Chair Ige, Vice Chair Kidani, and Members of the Committee:

I strongly support the proposed H.B. 793, S.D. 1, which suspends certain general excise tax exemptions, temporarily increases the general excise and use tax (GET), and provides for food and other tax credits.

A combination of a modest, temporary increase to the GET and suspension of exemptions is a fair and responsible way to address our state's deficit. The proposed H.B. 793, S.D. 1, as written, should be part of a more comprehensive package of legislation to address the State's significant budget shortfall. A piecemeal approach to address our revenue and budget concerns is shortsighted and will only function as a temporary solution to a much larger problem. Without comprehensive and significant changes, the Legislature will once again need to revisit the budget shortfall.

This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical.

I urge passage of H.B. 793, S.D. 1.

Thank you,

Linda Silva

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 1:19 PM
To: WAM Testimony
Cc: arakakie003@hawaii.rr.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: support
Testifier will be present: Yes
Submitted by: Earl Arakaki
Organization: Individual
Address:
Phone:
E-mail: arakakie003@hawaii.rr.com
Submitted on: 4/5/2011

Comments:
Senate Committee on Ways and Means
April 6, 2011
House Bill 793 SD1
Testimony In Support by
Earl Arakaki, Retired, Honolulu Police Department Ewa Beach, HI, 96706

Senator David Ige, and Members of the Senate Ways and Means Committee;

I support House Bill 793 SD1 only when all versions of House Bill 1092 as it relates to taxing pensions in any amount, and all versions of House Bill 1041 relating to non-reimbursements of Medicare Part B for public sector retirees are killed [emphasis].

It is with mixed feelings that I am in favor of raising any tax. However, I believe House Bill 793 SD1 as it relates to raising the GET to be lesser of the evils only if in lieu of taxing pensions.

Mahalo

/s/Earl Arakaki
Ewa Beach

From: koenig [koenig@hawaiiantel.net]
Sent: Tuesday, April 05, 2011 1:26 PM
To: WAM Testimony
Subject: Support of HP 793, SD1

Dear Legislators,

I would like to express my support for a temporary increase of the GET as expressed in HB 793, SD1 and encourage your support of this bill.

Sincerely,
George Koenig
Hilo, Hawaii

From: Deborah_Voorhies/WINDO/HIDOE@notes.k12.hi.us
Sent: Tuesday, April 05, 2011 1:32 PM
To: WAM Testimony
Subject: HB 793, SDI- April 6th, 9:30am Testimony

Aloha. I would like to testify in support of raising the excise tax. I believe it should be raised by the amount that is needed to cover the projected shortfall. Hawaii State employees have contributed, and sacrificed enough over the last four years, especially the Department of Education. Please raise the excise tax to cover DOE shortfalls and allow the teachers and administrators salary to return to pre-furlough rates. If monies can be used to offset the Rail project shortfalls, why can't the same be done for the state employees? I believe our economy is in the shape it is in, no matter what our excise tax is. Tourists do not plan on visiting Hawaii, based on our excise tax. I say raise it to 6.0%, thank you, Deborah Voorhies, 293-8950, ext. 372.

From: Roxanne Sanehira [roxasane@gmail.com]
Sent: Tuesday, April 05, 2011 1:39 PM
To: WAM Testimony
Subject: Testimony for HB 793, SD1

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

April 6, 2011- 9:30AM

H.B. 793, S.D.1

Chair Ige, Vice Chair Kidani, and Members of the Committee:

I strongly support the proposed H.B. 793, S.D. 1, which suspends certain general excise tax exemptions, temporarily increases the general excise and use tax (GET), and provides for food and other tax credits.

A combination of a modest, temporary increase to the GET and suspension of exemptions is a fair and responsible way to address our state's deficit. The proposed H.B. 793, S.D. 1, as written, should be part of a more comprehensive package of legislation to address the State's significant budget shortfall. A piecemeal approach to address our revenue and budget concerns is shortsighted and will only function as a temporary solution to a much larger problem. Without comprehensive and significant changes, the Legislature will once again need to revisit the budget shortfall.

This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical.
I urge passage of H.B. 793, S.D. 1.

Thank you,

Roxanne Sanehira
Rehabilitation Teacher for the Blind
DHS, DVR-SBB

Additional Comments: As a state employee I believe it is time to look to other measures to help w/ the budget crisis. We as state employees have taken a 8-9% pay cut via 2 day per month furloughs and layoffs. We understand that we will need to continue to share in the burden in some form of pay reduction but reduction in force will only further cripple services to residents/visitors to the state. Need for revenue producing measure(s) very critical at this time...PLEASE PASS H.B.793, S.D. 1.

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

April 6, 2011

Chair Ige, Vice Chair Kidani, and Members of the Committee:

I strongly support the proposed H.B. 793, S.D. 1, which suspends certain general excise tax exemptions, temporarily increases the general excise and use tax (GET), and provides for food and other tax credits.

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This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical.

I urge passage of H.B. 793, S.D. 1.

Thank you,



Signature

Lucinda E. MADEIROS

Print Name

Additional Comments:

Those with greater disposable income should not feel any pinch - they spend more, travel more, etc. anyway than those of us with modest incomes -

G. Yamamoto

From: judojake1@hawaiiantel.net
Sent: Tuesday, April 05, 2011 3:29 PM
To: WAM Testimony
Subject: HB 793, SD1

Importance: High

Dear Sirs:

As a resident of the State of Hawaii and also a government employee, I ask that the excise tax be raised.

I have a mortgage for the next 17 years, I have utility bills to pay, food to buy and I need as much of my pay as possible. I am a taxpayer just like everyone else and I shouldn't have to be the one to pay the price of how the economic situation is here in Hawaii.

As a government employee, I have gone through furlough and my husband who was also a government employee was on furlough till he retired. We saw an income drop of approximately \$700.00.

Please consider the excise tax increase.

Mahalo plenty,

Mrs. G. Yamamoto
Home phone no. 688-2057

SB 793, SD1 – Relating to Taxation

Ways and Means Committee

Senator David Y. Ige, Chair, and Committee Members

I am in **SUPPORT** of the bill to raise the General Excise Tax. For reasons unknown, if this bill should fail, please consider raising the Sales Tax (for a limited time - for two (2) years). Raising the Sales Tax would generate needed funds to offset the State's budget. Raising the Sales Tax will include all of the population, not just a particular group of people.

Thank you for the opportunity to submit this testimony.

Karen J. H. Lum
45-545 Keole Street
Kaneohe, Hawaii 96744

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 2:53 PM
To: WAM Testimony
Cc: johngaillau@hawaiiantel.net
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: support
Testifier will be present: No
Submitted by: Johnson Lau
Organization: Individual
Address:
Phone:
E-mail: johngaillau@hawaiiantel.net
Submitted on: 4/5/2011

Comments:

As a retiree, I support the this bill regarding increasing the general excise tax rate on the sale of goods and services.

Although everyone will pay more, it seems the budget deficit for FY2013 is so large that spending cuts, taxing retirees' pensions, and other revenue enhancement proposals will not solve the deficit problem.

A fairer and broad-based way is to raise the general excise tax rate as proposed in this bill.

Businesses will testify that the general excise tax increase is anti-business and may force them out of business, BUT, businesses do not "pay" the general excise tax. The tax is usually passed-on to the purchaser, or, if there is no pass-on, the tax is included in the selling price of the good or service.

The Governor has preached that "everyone must help paddle the canoe"; increasing the general excise tax rate accomplishes this.

As the bill provides, income tax credits can be expanded to offset the regressivity of the tax increase for low-income families.

Thank you for the opportunity to submit testimony on this bill.

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

April 6, 2011

Hearing 4/6/11 @ 9:30a.
State Capitol, Rm 211

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I urge passage of H.B. 793, S.D. 1.

Thank you,



Signature

SHARON CHAK

Print Name

Additional Comments:

GREGORY J. SWARTZ
Honolulu, Hawaii 96817

April 5, 2011

The Honorable David Y. Ige, Chair
The Honorable Michelle Kidani, Vice Chair
Senate Committee on Ways and Means
State of Hawaii 96813

Re: H.B. No. 793, SD 1 Proposed

Dear Chairs and Members of the Committee:

I support H.B. No. 793, SD 1 Proposed, as an alternative to S.B. No. 570, SD 2, HD 1 Proposed being reported by the House Committee on Finance. I believe that H.B. No. 793, SD 1 Proposed provides for an equitable sharing of the burden to fund the State budget shortfall.

I hope the money generated by H.B. No. 793, SD 1 Proposed is solely used for the budget shortfall for existing operations, not for new program and improvement initiatives by either the Governor or the Legislature. These new initiatives need to wait for better times. Excess revenues, if any, need to be used to replenish the Hurricane Fund, the Emergency Fund, the State Employee Health and Pension Funds, and the growing debt service. I would also hope that more effort be undertaken to improve the efficiency of existing government programs and services and cut costs significantly without adversely affecting compensation and benefits for personnel.

Thank you for your attention and consideration.

Sincerely,

Gregory J. Swartz

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

April 6, 2011

Chair Ige, Vice Chair Kidani, and Members of the Committee:

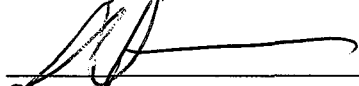
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I urge passage of H.B. 793, S.D. 1.

Thank you



Signature

Derek Mizuno

Print Name

Additional Comments:

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

April 6, 2011

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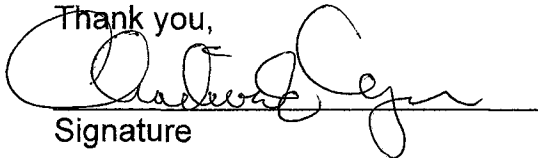
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I urge passage of H.B. 793, S.D. 1.

Thank you,



Signature

CHADWICK ROSS
Print Name

Additional Comments:

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

April 6, 2011

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I urge passage of H.B. 793, S.D. 1.

Thank you,


Signature

Marjorie D. Niemczura
Print Name

Additional Comments:

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

April 6, 2011

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I urge passage of H.B. 793, S.D. 1.

Thank you,



Signature

ROSS FURUKOSHI

Print Name

Additional Comments:

The Twenty-Sixth Legislature, State of Hawaii
The Senate
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April 6, 2011

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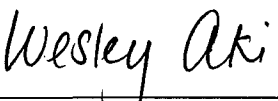
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Thank you,



Signature



Print Name

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The Senate
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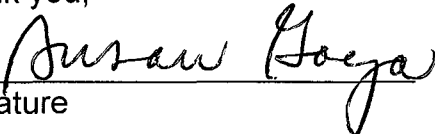
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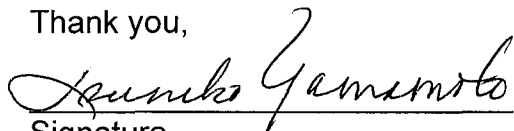
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Thank you,


Signature

TSUNEKO YAMAMOTO
Print Name

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April 6, 2011

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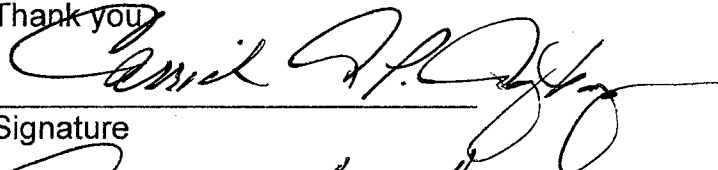
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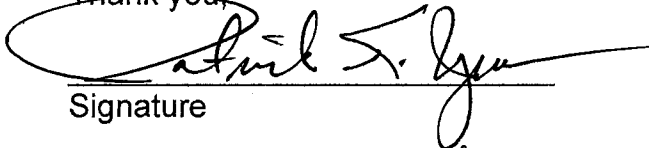
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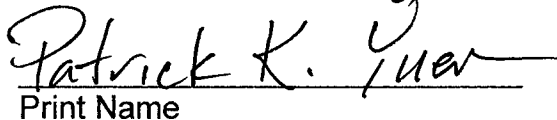
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Thank you,

Margaret L. Prash
Signature

Margaret L. Prash
Print Name

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April 6, 2011

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Signature

Ronald Kaponehale
Print Name

Additional Comments:

The Twenty-Sixth Legislature, State of Hawaii
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April 6, 2011

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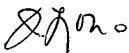
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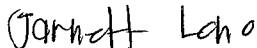
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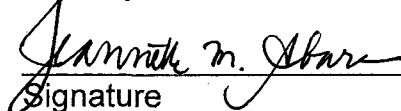
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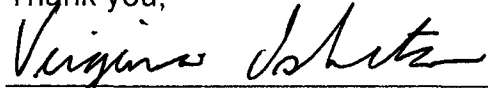
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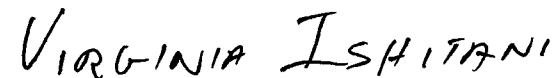
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Signature



Print Name

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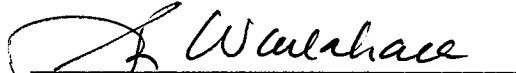
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Thank you,


Signature

John Wadahana
Print Name

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April 6, 2011

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I urge passage of H.B. 793, S.D. 1.

Thank you,



Signature

Dean Makimoto
Print Name

Additional Comments:

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

April 6, 2011

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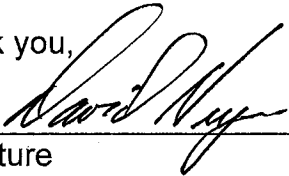
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Thank you,


Signature

Lena Fernandes
Print Name

Additional Comments:

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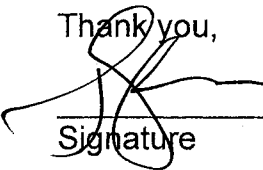
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Thank you,



Signature

Reginer L. Castillo

Print Name

Additional Comments:

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The Senate
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April 6, 2011

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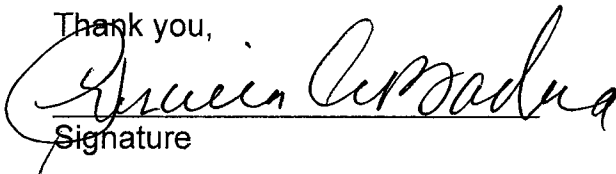
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Priscilla A Badua
Print Name

Additional Comments:

The Twenty-Sixth Legislature, State of Hawaii
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April 6, 2011

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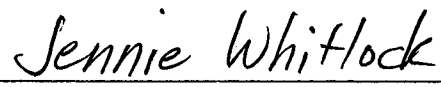
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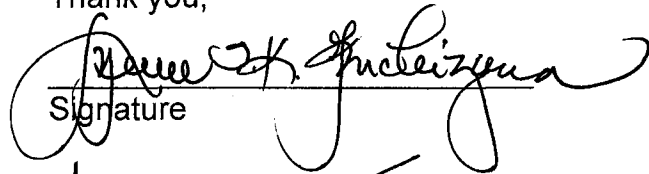
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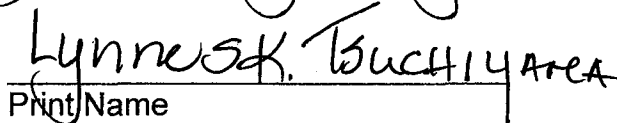
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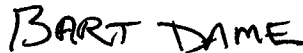
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Thank you,


Signature

ARVID TO YOUNGQUIST
Print Name

1725 Perry St.
Additional Comments:

Please take this bold action & be prepared to over-ride a veto.

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

April 6, 2011

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Thank you,


Signature

VINCENT BROWNE
Print Name

Additional Comments:

The Twenty-Sixth Legislature, State of Hawaii
The Senate
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April 6, 2011

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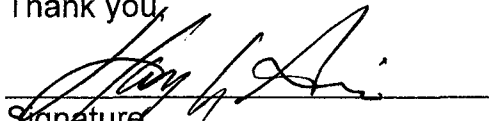
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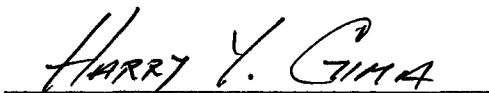
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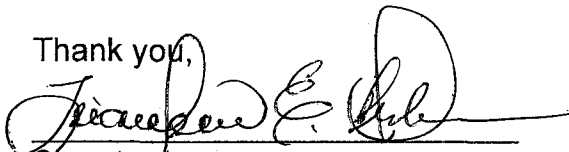
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Thank you,



Signature

Leiomalama E. Desha

Print Name

Additional Comments:

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

April 6, 2011

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Print Name

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Thank you,


Signature

Tammy Gann
Print Name

Additional Comments:

The Twenty-Sixth Legislature, State of Hawaii
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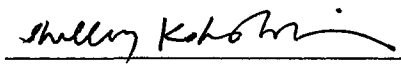
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Thank you,



Signature

Shelley Kohachikawa

Print Name

Additional Comments:

The Twenty-Sixth Legislature, State of Hawaii
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April 6, 2011

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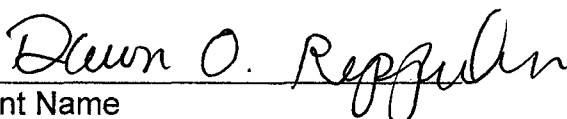
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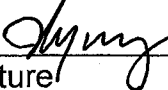
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Thank you,



Signature

Jeffrey Young

Print Name

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Thank you,



Signature

William Chai

Print Name

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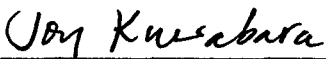
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This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical.

I urge passage of H.B. 793, S.D. 1.

Thank you,



Signature

Brandon Lee

Print Name

Additional Comments:

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

April 6, 2011

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Thank you.



Signature

Gregson ALCOSIBA

Print Name

Additional Comments:

The Twenty-Sixth Legislature, State of Hawaii
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Thank you,



Signature

NALEA OJITO

Print Name

Additional Comments:

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Signature



Print Name

- Good deal + H.O.M.E.
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Thank you,


Signature

Rajani Temmaru
Print Name

Additional Comments:

The Twenty-Sixth Legislature, State of Hawaii
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April 6, 2011

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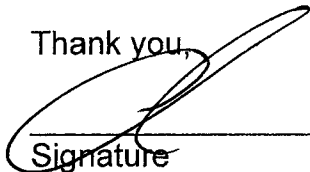
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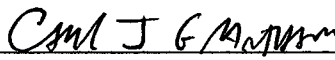
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Thank you,



Signature



Print Name

Additional Comments:

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The Senate
Committee on Ways and Means

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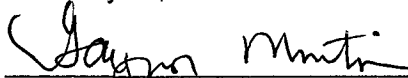
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Thank you,



Signature

Gaynor MINTON
Print Name

Additional Comments:

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April 6, 2011

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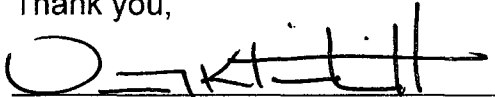
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Thank you,



Signature

Vernon Kleinschmidt

Print Name

Additional Comments:

The Twenty-Sixth Legislature, State of Hawaii
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Thank you,



Signature

Anthony Bustamante Jr.

Print Name

Additional Comments:

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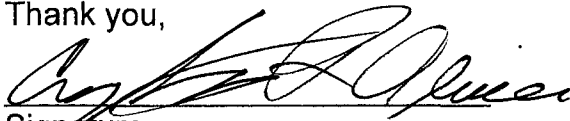
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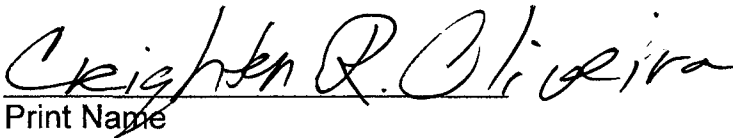
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Thank you,


Signature

ROBERT K. LINDSEES, JR.
Print Name

Additional Comments:

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

April 6, 2011

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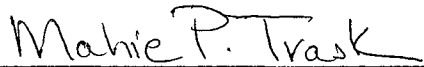
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Thank you,



Signature



Print Name

Additional Comments:

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The Senate
Committee on Ways and Means

April 6, 2011

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Thank you,


Signature

Jeremy K. Hopkins
Print Name

Additional Comments:

The Twenty-Sixth Legislature, State of Hawaii
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Signature

Albert HAMAI

Print Name

Additional Comments:

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Thank you



Signature

MAE MORIWAKI

Print Name

Additional Comments:

The Twenty-Sixth Legislature, State of Hawaii
The Senate
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April 6, 2011

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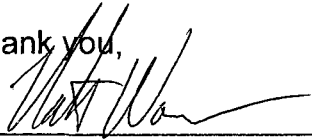
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Thank you,


Signature

SAM MITCHELL
Print Name

Additional Comments:

The Twenty-Sixth Legislature, State of Hawaii
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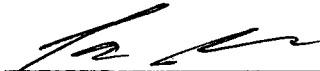
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Thank you,



Signature

Casey Kaihawa

Print Name

Additional Comments:

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April 6, 2011

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Signature

Gwendolyn Kurahara
Print Name

Additional Comments:

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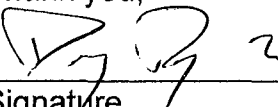
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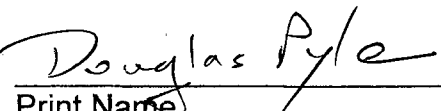
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Thank you,



Signature



Print Name

Mahalo!

Additional Comments:

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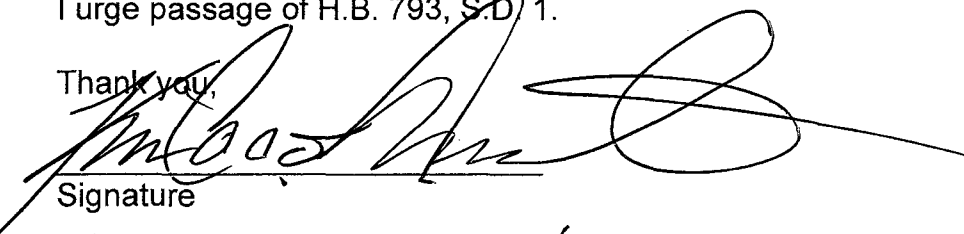
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Thank you,


Signature

Kim Coco Iwamoto
Print Name

No more tax credits for the rich!
Additional Comments:

The Twenty-Sixth Legislature, State of Hawaii
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Signature

WALTER NIEMCZURA
Print Name

Additional Comments:

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

April 6, 2011

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I urge passage of H.B. 793, S.D. 1.

Thank you,


Signature

GARY Y. NITTA
Print Name

Additional Comments:

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

April 6, 2011

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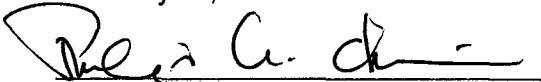
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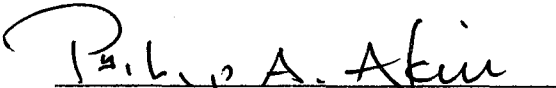
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Ken K. Morikawa
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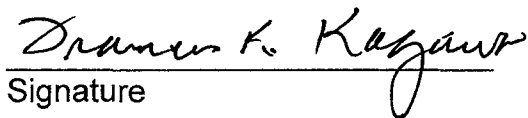
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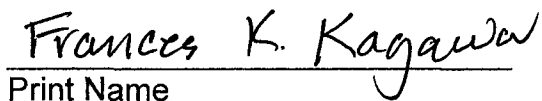
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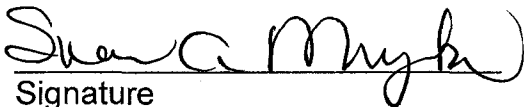
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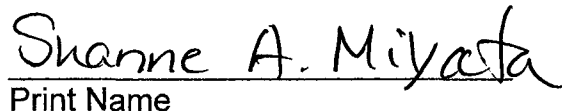
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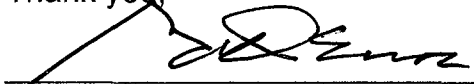
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Thank you,



Signature

Gregory Eros

Print Name

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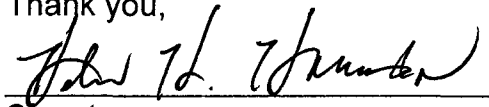
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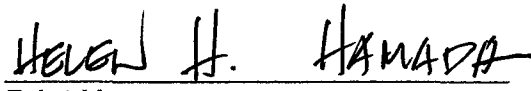
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DWIGHT M. ISHIGURO
Print Name

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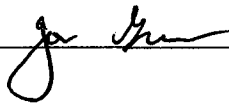
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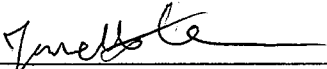
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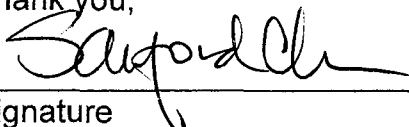
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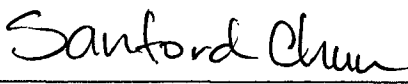
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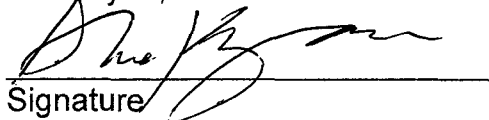
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Shane Kagana
Print Name

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Signature

JOH J KATO

Print Name

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Joshua Frost
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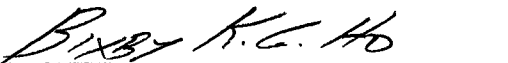
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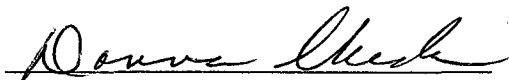
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DONNA IKEDA
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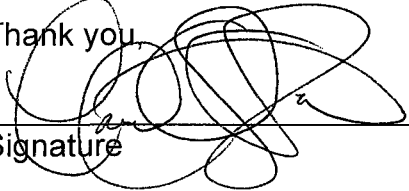
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Signature

Laurel Q. Fato

Print Name

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Maureen Wakuzawa

Print Name

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This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical.

I urge passage of H.B. 793, S.D. 1.

Thank you,



Signature

Paula Kobayashi

Print Name

Additional Comments:

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

April 6, 2011

Chair Ige, Vice Chair Kidani, and Members of the Committee:

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Thank you,


Signature

Lisa Kataoka
Print Name

Additional Comments:

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

April 6, 2011

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I urge passage of H.B. 793, S.D. 1.

Thank you,



Signature

Todd Yamada

Print Name

Additional Comments:

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

April 6, 2011

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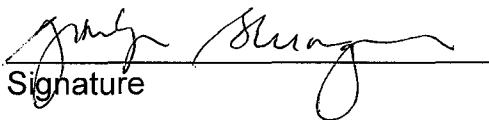
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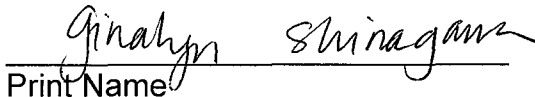
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I urge passage of H.B. 793, S.D. 1.

Thank you,


Signature


Print Name

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The Senate
Committee on Ways and Means

April 6, 2011

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Signature


Print Name

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The Senate
Committee on Ways and Means

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I urge passage of H.B. 793, S.D. 1.

Thank you, c



Signature

Jerri Lano

Print Name

Additional Comments:

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

April 6, 2011

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Thank you,


Signature

GINGER A. ENGLISH

Print Name

Additional Comments:

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

April 6, 2011

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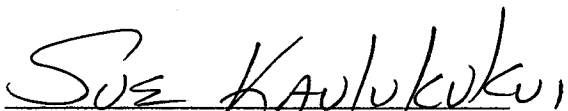
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Thank you,


Signature


Print Name

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

April 6, 2011

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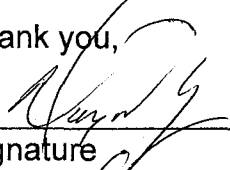
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I urge passage of H.B. 793, S.D. 1.

Thank you,



Signature



Print Name

Additional Comments:

*A modest increase will close the budget deficit and
be shared equally by everyone.*

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 3:56 PM
To: WAM Testimony
Cc: kater@ihs-hawaii.org
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: support
Testifier will be present: Yes
Submitted by: Connie Mitchell
Organization: IHS
Address:
Phone:
E-mail: kater@ihs-hawaii.org
Submitted on: 4/5/2011

Comments:

IHS, The Institute for Human Services, Inc. stands in support of HB793 which proposes a temporary increase in General Excise Tax of 1%. Government services have been cut to the point that our human services safety net is dangerously frayed. When education, early childhood, youth, senior and behavioral health services have been cut so severely that there are sure to be future costs to be paid that considerably more than what will be saved, it's time to stop and collectively share in re-investing in the health and welfare of our community.

Basics of business always calls for an analysis of consequences for cutting back against what is to be gained by thoughtful capitalization. In this particular case, it should be obvious that further cuts in spending will threaten viability rather than helping us through a period.

The increase in taxes proposed will be partially paid by visitors to our state and the 1% increase is still lower than many states in our nation.

We support the legislature's efforts to reinvest in Hawaii with a temporary 1% increase in General Excise Tax.

From: chamberlainsusan@yahoo.com
Sent: Tuesday, April 05, 2011 3:49 PM
To: WAM Testimony
Subject: Testimony re HB 793 SD1

Importance: High

Senate Ways and Means Committee Hearing
April 6, 2011
9:30 a.m.

Re: HB 793 SD1

I testify IN FAVOR of temporarily increasing the GET while exempting food and related necessities as provided in the bill.

I am a retiree living on a fixed income.

I do not mind paying extra to help the State out of its budget mess.

I view this measure as a Paradise Tax, the cost we must pay for living in one of the greatest places on earth.

Sent via BlackBerry by AT&T

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 3:57 PM
To: WAM Testimony
Cc: kater@ihs-hawaii.org
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: support
Testifier will be present: Yes
Submitted by: Connie Mitchell
Organization: IHS
Address:
Phone:
E-mail: kater@ihs-hawaii.org
Submitted on: 4/5/2011

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Basics of business always calls for an analysis of consequences for cutting back against what is to be gained by thoughtful capitalization. In this particular case, it should be obvious that further cuts in spending will threaten viability rather than helping us through a period.

The increase in taxes proposed will be partially paid by visitors to our state and the 1% increase is still lower than many states in our nation.

We support the legislature's efforts to reinvest in Hawaii with a temporary 1% increase in General Excise Tax.

The Senate Ways and Means Committee
26th Legislature, State of Hawaii

April 5, 2011

I support the proposed House Bill 793, S.D.11, which suspends some general excise tax exemptions and temporarily increases the general excise tax.

I did not notice the half percent increase in the GET for rail transit support. I doubt if most citizens of Hawaii will care much whether they pay \$104.50 on their grocery or utility bills or if they pay \$105.50. The difference is manini to most people, especially if there will be a food tax credit.

Businesses will squawk when they pay a higher GET bill, but they'll be passing the difference to their customers anyway as will their competitors. A few loud, penny-pinching misers will also complain, but their additional burden seems minuscule compared to the effects on the people who otherwise would be laid off, their families, and businesses they buy from.

Our state can't afford the existing cuts to agriculture inspection, vector control, health inspection, education, etc. Please pass H.B. 793 S.D.-1

Thank you,



Steve Spielman

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: support
Testifier will be present: No
Submitted by: Virginia Johnson
Organization: Individual
Address:
Phone:
E-mail: rgcjohnson@hawaii.rr.com
Submitted on: 4/4/2011

Testimony in Support of the Proposed S.D. 1, to H.B. 793

I support the proposed draft of H.B. 793, which increases for two years the general excise tax by one per cent.

The State is facing a \$1.2 billion shortfall in revenue in the next two fiscal years. As a result, the Administration and the Legislature is proposing to cut critical services and establish a "new normal." In attempting to do this, the Legislature is trying to reprioritize the functions of government, while making further cuts in expenditures through furloughs and reduction in staff, which impacts the delivery of services to the people.

While I believe that reorganizing government is an absolute necessity, I think that the meat axe approach as was enacted during the Lingle Administration does not serve either the public or the government. Rendering whole departments or divisions ineffective only adds to the governments inefficiency problems, which gives the taxpayers less bang for their buck. We need to methodically reorganize government so that it works, not so that it becomes less efficient and an ever increasing burden on the taxpayers.

A temporary increase in the GET offers the most efficient solution to reinventing government, while allowing the new administration to systematically approach the problem. Make the administration accountable to all of us taxpayers without bankrupting the State. Please support HB 793 S.D.1.

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

April 6, 2011

Chair Ige, Vice Chair Kidani, and Members of the Committee:

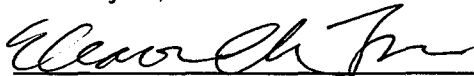
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This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical.

I urge passage of H.B. 793, S.D. 1.

Thank you,



Signature

Eleanor Chun-Lum

Print Name

Additional Comments:

According to the New York Times, Hawaii is one of the states where state workers with college degrees earn substantially less than their private counterparts. Please stop balancing the budget on employees that are already underpaid!

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

April 6, 2011

Chair Ige, Vice Chair Kidani, and Members of the Committee:

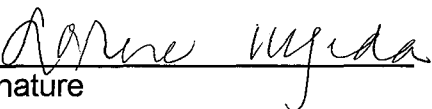
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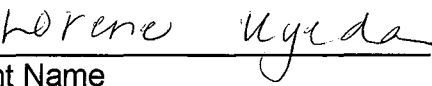
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Thank you,


Signature


Print Name

Additional Comments:

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

April 6, 2011

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I urge passage of H.B. 793, S.D. 1.

Thank you,



Signature

JOANNA CHANG

Print Name

Additional Comments:

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

April 6, 2011

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I urge passage of H.B. 793, S.D. 1.

Thank you,



Signature

GRACITA L. TEVES
Print Name

Additional Comments:

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

April 6, 2011

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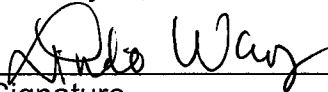
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I urge passage of H.B. 793, S.D. 1.

Thank you,



Signature

Linda Wong

Print Name

Additional Comments:

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

April 6, 2011

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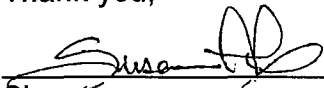
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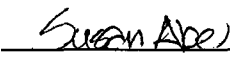
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Signature



Print Name

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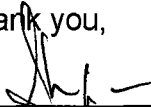
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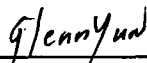
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Signature



Print Name

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The Twenty-Sixth Legislature, State of Hawaii
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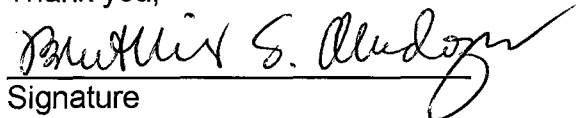
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Thank you,


Signature

Bobet-Uriel S. Obedoza

Print Name

Additional Comments:

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Committee on Ways and Means

April 6, 2011

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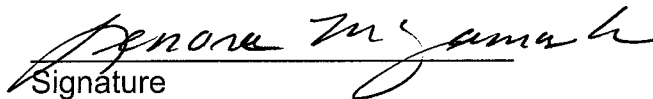
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Thank you,


Signature

LENORA M YAMASHIRO
Print Name

Additional Comments:

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

April 6, 2011

Chair Ige, Vice Chair Kidani, and Members of the Committee:

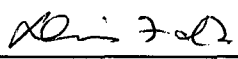
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This legislation, as a whole, is much needed to preserve state and county government programs and services. A package of comprehensive changes, where we all give a little, is critical.

I urge passage of H.B. 793, S.D. 1.

Thank you,



Signature

DARIS F. ITO

Print Name

Additional Comments:

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

April 6, 2011

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Signature

JEAN B. DAGUID

Print Name

Additional Comments:

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The Senate
Committee on Ways and Means

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Thank you,



Signature

Dennis Takahashi

Print Name

Additional Comments:

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The Senate
Committee on Ways and Means

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Print Name

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The Senate
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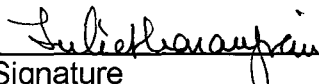
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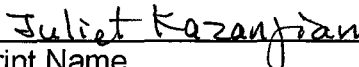
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Print Name

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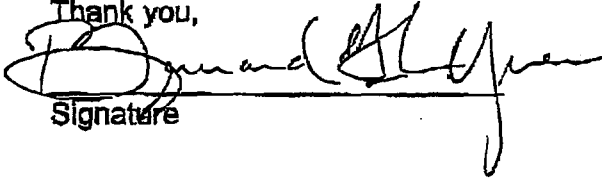
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Thank you,



Signature

BERNARD H. K. YUEN

Print Name

C9C. Everyone should pay to day!

Additional Comments:

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

April 6, 2011

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I urge passage of H.B. 793, S.D. 1.

Thank you,

Wendy A. Sanico
Signature

WENDY A. SANICO C+C
Print Name

Everyone should shoulder the burden
Additional Comments:
*of past bad choices of our government,
not just government workers.*

Ronald I. Heller
700 Bishop Street, Suite 1500
Honolulu, Hawaii 96813

phone 808 523 6000 fax 808 523 6001
rheller@torkildson.com

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS & MEANS

In Opposition to House Bill 793, Proposed SD 1

Wednesday, April 6, 2011 at 9:30 am
State Capitol, Conference Room 211

Chair Ige, Vice-Chair Kidani, and Members of the Committee:

Thank you for the opportunity to testify. My name is Ronald Heller. I am a practicing attorney, and also licensed as a Certified Public Accountant. I oppose House Bill 793, Proposed SD 1.

Given the budget problems that our State is facing, some people are saying that we should add a percentage point to the general excise tax rate. With a rate of "only four percent," they say, we are well below most other states in terms of sales tax. That comparison is misleading, however, because it's an apples-to-oranges comparison – our Hawaii general excise tax is very different from the typical sales tax found in other states.

In most states, the sales tax covers only the final retail sale of goods – it does not apply at the wholesale level, nor does it apply to services, rents, interest, commissions or other forms of income. In contrast, the Hawaii general excise tax applies, in the words of the Hawaii Supreme Court, to "virtually every economic activity imaginable." Unlike the typical mainland sales tax, our GE tax does apply at the wholesale level, does apply to services, and does apply to rents, interest, commissions, and other forms of income.

Our 4% rate may appear low, but a big chunk of the tax burden is hidden in the prices of goods and services. For example, suppose you buy a loaf of bread for \$3.00. The store adds 4% tax and charges you \$3.12, so the "visible" tax is twelve cents. In reality, however, the State is collecting a lot more than that. The \$3.00 price has to cover the store's costs, which include the

GE tax added on by the bakery when the store bought the bread at wholesale, the GE tax added on by the landlord when the store paid its rent, the GE tax added on by the seller when the store bought its shelves and display cases, and the GE tax paid by the store to a number of service providers, ranging from repair and building maintenance to accounting services. When you add it all up, the State is eventually going to end up with a lot more than twelve cents out of the \$3.12 you paid.

In fact, our “four percent” GE tax is equivalent to approximately an 11% sales tax – if we actually had a sales tax that worked like the typical mainland sales tax, the rate would have to be about 11% in order to generate the same tax revenue that our “four percent” GE tax produces now. (This is based on a study done for the 2005-2007 Tax Review Commission of the State of Hawaii.) If you compare apples to apples – instead of apples to oranges – then we effectively already have an 11% sales tax (and that’s before considering the extra tax on Oahu). A “one percentage point” increase could put us at the equivalent of about a fourteen to fifteen percent sales tax rate, measured on an apples-to-apples basis.

To put this in perspective, if we compare sales and excise taxes across all 50 states, on a dollars-per-capita basis Hawaii is number two – second highest out of all 50 states (based on US Census Bureau statistics from 2005, before the rate on Oahu went from 4.0% to 4.5%). The only state ahead of us was Washington State, where most people don’t pay any state income tax.

Looking at our total tax burden, instead of just focusing on the general excise tax, doesn’t make the picture look any better. We have one of the highest personal income tax rates in the country, relatively high corporate income tax rates, and a substantial hotel room tax. Overall, considering all state taxes, we are still in second place among all 50 states in terms of dollars per capita -- second highest among all 50 states whether we look at just sales and excise taxes, or all state taxes combined. (This is also based on US Census Bureau statistics.)

Some people may say that we have relatively low county taxes, and that focusing only on state-level taxes is unfair. Even if you look at state and county taxes combined, however, we are still near the top. Measured in dollars per capita, we are number two in state-level taxes. If you

look at state and county taxes combined, we drop to seventh place – still seventh highest of all 50 states. (Based on Tax Foundation data published on CNN/Money.com)

The fact is that Hawaii is already a high-tax state. There are different ways to look at the statistics: dollars per capita, percentage of total personal income paid in taxes, percentage of gross state product, etc., but no matter which approach you use, our state taxes already put us very near the top among all 50 states. Anyone who says our taxes are low compared with other states is just ignoring the facts.

Raising already-high taxes would hurt our economy and result in the loss of jobs. Increasing the general excise tax is particularly dangerous, because it is a tax on gross receipts, not net income. A business that is making little or no profit pays little or no income tax. In contrast, the general excise tax is imposed on every dollar that the business takes in, even if there is no net profit after expenses are paid. Therefore, if we increase the general excise tax, even businesses that are losing money, and struggling to keep their doors open, would have to pay substantially higher taxes. Businesses that are barely surviving now – and there are a lot of them in Hawaii – may be pushed over the edge into bankruptcy.

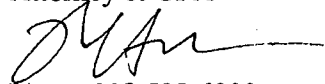
In addition, the GE tax is regressive, with a proportionately higher burden on lower-income individuals and families. When a family spends all of its income to pay rent or buy necessities such as food and clothing, the general excise tax applies to all of that spending. If a family can afford to save some of its income, and not spend all of it, there is no immediate general excise tax on the portion that goes into savings. Thus, lower-income families pay a larger percentage of their total income in general excise tax than rich families do. Increasing the tax would magnify this effect.

Last but not least, the idea that we can “export” part of the tax burden by collecting more general excise tax from tourists is a myth. Although tourists pay general excise taxes, those taxes are part of the total cost of Hawaii as a destination. If we increase the price of a visit to Hawaii, that will inevitably affect our ability to attract visitors. There is no free lunch – we can’t solve our problems by asking people from the rest of the world to come here and pay more.

They will simply choose some other destination instead (or stay home), hurting our economy even further.

We need to stimulate economic growth and create jobs in Hawaii. An increase in the general excise tax would do just the opposite – it would force many small businesses to cut back, lay off employees, or even close their doors.

Ronald I. Heller,
Attorney & CPA



Phone 808 523 6000
rheller@torkildson.com

Cecilia W. Muldoon
710 Lunalilo Street
Honolulu, HI 96813
808-292-6992

WAM Committee Hearing
April 6, 2011

Written Testimony of Cecilia W. Muldoon
Regarding HB 793 GE Tax hike increase

Mr. Chair and members of the committee.

My name is Cecilia W. Muldoon. I live and vote in Honolulu, Hawaii. I am also the CEO and owner of a small business in Hawaii. I strongly oppose House Bill 793 which proposes to both suspend tax exemptions until 2015 and increase the GE tax by 1 percent until 2013.

I appreciate the budget challenges you are faced with, but increasing the GET is not the solution. Small businesses here in Hawaii are struggling to survive as it is in this flat economy; increasing the GET will only contribute to the demise of the small business which in turn will ultimately hurt the state.

As a small business owner, we have already made many sacrifices in order to stay in business such as cutting back on our spending. I suggest that State government do the same verus taxing the hand that feeds you. Increasing the GET does not guarantee that businesses will be able to pay the GET. As Lowell Kalapa of the Tax Foundation of Hawaii says, "Overall this is going to have substantial impact on the cost of living and doing business in Hawaii." Please reconsider HB793.

I thank you for the opportunity to submit testimony regarding HB793 and hope you will reconsider passing this bill which may contribute to the death of many of us small business owners here in Hawaii.

Respectfully submitted,
Cecilia W. Muldoon

Rick Valluzzi
1001 Bishop Street
Honolulu, HI 96813

HB-793

April 4, 2011

Hawaii State Legislature

Dear House Members,

I strongly oppose House Bill HB-793 for the following reasons:

1. The Hawaii General Excise Tax is the most regressive tax of all tax systems in the nation.
2. Hawaii's GET rate of 4.5% equates to a Sales Tax Rate of 19.7% again, the highest in the nation
3. Currently, the national trend is to :
 - a. cut public expenditures
 - b. reduce the size of government
 - c. promote private investment in private enterprise to create private sector jobs
4. It is proven:
 - a. High taxes impede private investment
 - b. High taxes slow growth in the private market
 - c. High taxes transfer private wealth to government with no or very little return on investment to the citizens
 - d. Special funds are continuously raided to subsidize other projects without public approval (or knowledge)
5. The people do not serve the government, the government serves the people
 - a. The Private sector can no longer support expensive government programs, salaries, benefits and golden retirement packages
 - b. The private sector has become lean and proficient, while government has become large, lethargic and ineffective.
6. Hawaii faces huge unfunded obligations.
 - a. Rail \$5.6 billion – (funding is not on target, Federal government has not committed to their share, \$5.6 billion excludes maintenance, salaries, benefits, and retirement packages)

- b. \$300-\$400 million that will be taken from The Bus to subsidize Rail
 - c. EPA mandate for secondary treatment \$4-5 billion
 - d. Government workers pension & retirement \$6.2 billion
 - e. Other
 - i. University of Hawaii infrastructure - \$400-500 million
 - ii. Public Schools backlog of repairs- \$400-500 million
 - iii. Public Schools backlog to air condition the hottest schools - \$600 million (plus)
 - iv. Federal mandate to treat Pacific Islanders due to nuclear testing
 - v. Roads are in disrepair
 - vi. Sewers and water lines are in disrepair
 - vii. Interest on bond obligations
 - viii. \$40 million investment abandoned by the Super Ferry
 - f. This short list of expenditures is over \$17 billion or \$14,000 for every man, woman and child in the state of Hawaii.
 - g. When government transfers \$17 billion out of the private markets, the private sector loses \$17 billion dollars. The private sector is denied the opportunity to invest in their wealth and to increase their standard of living.
7. Government must find balance
- a. Limited government is achievable and necessary
 - b. Government *must never* over shadow the private sector
 - c. The bigger the government, the smaller the citizen.

I trust collective wisdom will prevail, for Hawaii's economic engine is very fragile. It is government's duty to promote private enterprise, preserve private wealth, and to serve the tax payer.

Thank you for your consideration.

Rick Valluzzi

Dear Senators and Representatives,

I am writing you to in strong opposition to HB793 and any other attempt to raise the general excise tax. During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden. Businesses are struggling and cost are ever increasing.

As a V.P of a transportation and fueling company, this will have a major impact on our business. It will be a severe challenge to all my employees and our customers. Cost will need to be increase and thus, this cost will be passed on to the consumer (you and I). As we all know, the average consumer is at a disadvantage in these hard economic times.

I respectfully request that **instead on increasing taxes**, you look at ways for government to tighten its belt. I have made sacrifices to my family's budget as well as my business budget during the past few years and I hope that government would do the same.

There are many ways to cut the State budget if you seriously take a look at it. The ever increasing default system to tax the Hawaii people and businesses cannot continue. It does become a continuing cycle and a Keynesian way of economics. **It does not work.**

Sincerely,

Jowell Rivera
P.O. Box 971414
Waipahu, Hi 96797

April 5, 2011

Dear Senator Ige and the Members of the Ways and Means Committee:

I am strongly opposed to the raising of the General Excise Tax ("GET") and any temporary suspension on exemptions for certain business activities. The measures being considered under HB 793 are unacceptable and short-sighted. The raising of the GET hurts everyone, as it is a pyramiding tax that does not affect just the end consumer. Any additional taxes on goods and services or businesses will only continue to weaken the economy and kill job growth.

Our legislators should be looking at ways to save money and cut spending, rather than continually looking to the Hawaii taxpayers for more money. Legislators are supposed to represent their constituents and look out for their best interests. In tough economic times, everyone tightens up and eliminates unneeded or wasteful expenses. That is, everyone EXCEPT the government. Instead the government continues to spend and increase spending, all on the backs of the hard-working, taxpaying Hawaii residents. This trend needs to stop immediately.

Besides cutting spending, the committee should be looking at alternative options such as utilizing unused state land, buildings, office space, etc. through leases to start-ups, businesses or organizations who can then take over maintenance as well, thus earning money through lease rents and reducing expenses for non-used property maintenance. Every state department should be required to analyze the need and duties of each employee, justifying the size of the department and transferring those not needed. Everyone paid by the taxpayers needs to understand that the money does not come from government nor from the unions, but from every single taxpayer. Workers who are not productive need to be fired, and government unions should not be the reason bad, unproductive workers can keep their jobs and pensions.

We ask that our legislators do the best job that they can representing their constituents, with common sense, fairness and a fiduciary responsibility. We lose faith in them when they fail to do so. I hope that the Committee will recognize that HB 793 is not the answer to Hawaii's budget deficit and never will be.

Sincerely,

Lisa A. M. Miller
Kaneohe, Hawaii

HB 793

wed. April 6, 9:30 AM

Auditorium

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Sincerely,


Jowell Rivera
P.O. Box 971414
Waipahu, Hi 96797



Katherine T. Kupukaa
Mililani Town, HI 96789
(808) 623-7070

Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair
Ways and Means Committee

Date: 4/6/11
Time: 9:30 A.M.
Place: Auditorium
State Capitol
415 South Beretania Street

Opposition to H.B. 793, Relating to Taxation

I am testifying in opposition to H.B. 793 delaying the increase of Standard Deduction and personal exemption. Proposed SD1, temporarily suspends from 1/1/12 – 6/30/15, the exemptions for certain persons and certain amounts of gross income or proceeds from the General Excise and use tax and requires the payment of the tax. Temporarily increases from 10/1/11 to 9/30/13 the General Excise and Use Tax and various public service company tax rates by 1%. Temporarily provides food and other tax credits effective 7/1/11; repealed 6/30/15.

In these times of economic hardship we are currently facing, it is not a wise decision to increase this highly regressive tax. I do not know whether you legislators are so insulated from your constituents that you are totally unaware that there are still many people who are unemployed, there is increasing number of citizens who are collecting food stamps, the ever present problem of homelessness, foreclosures, and increasing cost of gasoline to name a few. Furthermore, everyone is going to be impacted. Many people do not understand how they will be affected. I am well aware how this GET works. Small businesses to every purchase or services an individual makes will be taxed, cars, real property, rent, just everything.

What if I were to humbly suggest that you cut your salary by 30%, how would you feel. Is that something you could sacrifice? Please find some other way to balance the budget.

I urge you to tighten your own belts and reduce government spending before taxing us. Thank you for this opportunity to testify.

Sincerely,



Katherine T. Kupukaa

SUBJECT: House Bill 793

DATE: Wednesday, April 6, 2011

TIME: 9:30 a.m.

TESTIFIER: Marc Grandmaison, Concerned Citizen

COMMITTEE: WAM

POSITION: OPPOSE

As a taxpayer I am vehemently opposed to HB 793. Any increase in taxation at this point of a recessed economy can only be detrimental to a vibrant recovery. The legislative branch should be working toward reducing spending through elimination of redundant services or de-funding programs which are nice to have but not necessary to operate an effective government. The people of Hawaii are already the highest taxed people in the United States and your proposal to raise taxes on the already over burdened people is gross negligence of your responsibility to be good stewards of our fiscal situation. Although all of your tax increase is worded as taxes on the privilege of doing business in Hawaii, the reality is the taxes are passed on to the people. Evidence of this is seen on every bill of sale or receipt for goods and services under the heading "tax". The amounts you propose as tax credits are a mere pittance when compared to the increase in money spent at grocery stores and other merchants throughout Hawaii. Added to this is the provision which states the rates will revert back to the previous rates effective in 2015. This gives the appearance that the increases in the deductions are meant to appease the taxpayers with a smoke and mirrors gesture. You tell them you care about them with a temporary increase of income tax deductions. Meanwhile, you take more from them through raising the excise tax.

In Proposed SD1, Part I, SECTION 1, you state that you have reduced spending by \$1,200,000,000 and added over \$820,000,000 through various means to make up for a \$2,100,000,000 revenue shortfall.

You further state that reducing government spending by another \$1,200,000,000 in general fund cuts would be difficult.

This is the reason you give for increasing taxes on every citizen? It would be difficult? Is that the best your collective minds could come up with? I have to wonder where this country would be if George Washington told the Continental Congress that waging war against overwhelming odds brought by the British would be difficult. Would he have capitulated and let the colonies remain under British control? Where would the slaves be if Abraham Lincoln said it was difficult to go to battle against the southern states and decided to give in to the slave owners? Now I ask why you are giving up. To whom is your allegiance?

As our duly elected representatives I expect and demand you do the difficult tasks for which you were elected. Did we citizens misplace our trust when we elected you? How nice it would be for us people if we told our employers that our task was difficult and they must give us more money. Were I to bring that level of incompetent thinking to my superiors, I would be immediately relieved of my responsibilities. If your responsibilities are too difficult for you, then may I suggest you seek opportunities more suited to a level of difficulty which you can tolerate?

In the summary description of the proposed SD1, you state the increase on the excise tax is one percent. Although an increase from four percent to five percent is one percentage point, it is in actuality a 25 percent increase. Was this wording designed to deceive the casual reader? It is subtle wording like this that makes readers believe one thing when reality is another. Were you to actually raise the tax by one percent then the request would be for a tax of 4.04 percent as opposed to the 5 percent. Of course most people would not read the disclaimer "The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent."

The people of Hawaii deserve the very best from their legislators and it is my considered opinion that we are not getting it. I challenge you to go back to your committees and take a more careful look at the manner in which our money is spent. I dare you to take a stand against over expenditure and eliminate unnecessary programs or excessive government agencies. I am not asking you to do the impossible but I am expecting you to do the difficult. Do your job. Mahalo Nui Loa.

James G. Hager

PO Box 132

Hanapepe, Kauai, HI 96716

TESTIMONY AGAINST HB793

Hawaii presently has the highest income taxes in the nation. How can the State Legislature consider increasing taxes even further? It's the private sector that pulls the wagon for the entire state, paying more and more to keep the state running. It's finally time that the legislature make some meaningful cuts in personnel and trim down the bloated excess that presently exists in all State Departments. I have yet to see any meaningful effort expended to identify areas where spending can be reduced. Every time there is a budget problem, the Legislature wants to increase our taxes. I am so enraged about this! Do your job and balance the budget by cutting spending before you kill the goose that lays the golden eggs. Additional taxes will only reduce growth, destroy business, and convince more people that they should become wards of the state.

Respectfully,

James Hager

SUBJECT: House Bill 793

DATE: Wednesday, April 6, 2011

TIME: 9:30 a.m.

TESTIFIER: Earl Howell, Concerned Citizen

COMMITTEE: WAM

POSITION: OPPOSE

As a taxpayer I am vehemently opposed to HB 793. Any increase in taxation at this point of a recessed economy can only be detrimental to a vibrant recovery. The legislative branch should be working toward reducing spending through elimination of redundant services or de-funding programs which are nice to have but not necessary to operate an effective government. The people of Hawaii are already the highest taxed people in the United States and your proposal to raise taxes on the already over burdened people is gross negligence of your responsibility to be good stewards of our fiscal situation. Although all of your tax increase is worded as taxes on the privilege of doing business in Hawaii, the reality is the taxes are passed on to the people. Evidence of this is seen on every bill of sale or receipt for goods and services under the heading "tax". The amounts you propose as tax credits are a mere pittance when compared to the increase in money spent at grocery stores and other merchants throughout Hawaii. Added to this is the provision which states the rates will revert back to the previous rates effective in 2015. This gives the appearance that the increases in the deductions are meant to appease the taxpayers with a smoke and mirrors gesture. You tell them you care about them with a temporary increase of income tax deductions. Meanwhile, you take more from them through raising the excise tax.

In Proposed SD1, Part I, SECTION 1, you state that you have reduced spending by \$1,200,000,000 and added over \$820,000,000 through various means to make up for a \$2,100,000,000 revenue shortfall.

You further state that reducing government spending by another \$1,200,000,000 in general fund cuts would be difficult.

This is the reason you give for increasing taxes on every citizen? It would be difficult? Is that the best your collective minds could come up with? I have to wonder where this country would be if George Washington told the Continental Congress that waging war against overwhelming odds brought by the British would be difficult. Would he have capitulated and let the colonies remain under British control? Where would the slaves be if Abraham Lincoln said it was difficult to go to battle against the southern states and decided to give in to the slave owners? Now I ask why you are giving up. To whom is your allegiance?

As our duly elected representatives I expect and demand you do the difficult tasks for which you were elected. Did we citizens misplace our trust when we elected you? How nice it would be for us people if we told our employers that our task was difficult and they must give us more money. Were I to bring that level of incompetent thinking to my superiors, I would be immediately relieved of my responsibilities. If your responsibilities are too difficult for you, then may I suggest you seek opportunities more suited to a level of difficulty which you can tolerate?

In the summary description of the proposed SD1, you state the increase on the excise tax is one percent. Although an increase from four percent to five percent is one percentage point, it is in actuality a 25 percent increase. Was this wording designed to deceive the casual reader? It is subtle wording like this that makes readers believe one thing when reality is another. Were you to actually raise the tax by one percent then the request would be for a tax of 4.04 percent as opposed to the 5 percent. Of course most people would not read the disclaimer "The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent."

The people of Hawaii deserve the very best from their legislators and it is my considered opinion that we are not getting it. I challenge you to go back to your committees and take a more careful look at the manner in which our money is spent. I dare you to take a stand against over expenditure and eliminate unnecessary programs or excessive government agencies. I am not asking you to do the impossible but I am expecting you to do the difficult. Do your job. Mahalo Nui Loa.

To the Hawaii Legislature on HB793

5 Apr 2011

You, as a thinking body of representatives of this state, doubled the standard deduction amounts, the tax credit for household and dependent care services, the income tax credit for low-income household renters, and the refundable food/excise tax credit.

And, having done that without regard to keeping a balanced budget, you now want to increase the capital goods excise tax credit, general excise and use tax rates, and various public service company tax rates by one per cent to offset the imbalance that you previously legislated into effect which caused the imbalance of your budget.

I oppose bill HB793 on the grounds that you, as a thinking body are sworn to serve the people of Hawaii and not to harm us. Stop adding bills that imbalance your budget and later require you to "appropriate funds to expedite implementation" of your mistakes. Don't pass HB793 which only robs Peter to pay Paul. Don't increase the G.E.T. Don't increase "various public service company tax rates" to fix the imbalance that your lack of forethought has caused. Instead, you should become fiscally responsible and avoid increasing the size of government, avoid increasing the size of freebees and handouts you give. Avoid increasing the tax burden you place on the people of Hawaii and begin to do what you were sworn in to do; which is to serve the people of Hawaii not lay more burdens on them as the struggle in a down economy.

Sincerely,

Joseph P. Picon
jpicon72@yahoo.com
c 808-551-4471
h 808-671-5085
w 808-656-0795

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 03, 2011 10:49 PM
To: WAM Testimony
Cc: Nynajo@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: 211
Testifier position: oppose
Testifier will be present: No
Submitted by: Nina Weiser
Organization: Individual
Address:
Phone:
E-mail: Nynajo@gmail.com
Submitted on: 4/3/2011

Comments:

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 8:43 AM
To: WAM Testimony
Cc: daniells@lava.net
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: 211
Testifier position: oppose
Testifier will be present: No
Submitted by: Deborah Daniells, MBA, CPA
Organization: Individual
Address:
Phone:
E-mail: daniells@lava.net
Submitted on: 4/4/2011

Comments:

Why is the State of Hawaii taking the budgit deficit out on small business? Everyday as a practicing CPA I see more and more businesses closing their doors because they can't afford to keep them open. Why isn't the state taxing pensions and social security benefits? This is absolutely going to make Hawaii an even tougher place to run a small business. You are headed in the wrong direction on this issue.

Deborah Daniells, MBA, CPA

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 9:26 AM
To: WAM Testimony
Cc: aronchock@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: 211
Testifier position: oppose
Testifier will be present: No
Submitted by: Aron Chock
Organization: Individual
Address:
Phone:
E-mail: aronchock@gmail.com
Submitted on: 4/4/2011

Comments:

Instead of increasing taxes, legislature should first consider budget cuts and increasing efficiency just as the private sector must.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 9:32 AM
To: WAM Testimony
Cc: rfl208@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: 211
Testifier position: oppose
Testifier will be present: No
Submitted by: Randy Leong
Organization: Individual
Address:
Phone:
E-mail: rfl208@gmail.com
Submitted on: 4/4/2011

Comments:

Please do not raise the GET. As it is, we small businesses are barely staying afloat in this dismal economy that doesn't look to get better in the near future.

Adding to our tax burden will be like putting a heavy bag of sand on the back of a drowning person, just barely trying to keep his head above water.

From: Wheatman, Herb [Herb.Wheatman@boh.com]
Sent: Monday, April 04, 2011 10:05 AM
To: WAM Testimony
Subject: OPPOSITION TO HB793

I am opposed to this bill, primarily the increase in the GET. Hawaii already has the highest state taxes in the nation. The legislature MUST continue to reduce spending. I suggest that the legislature look at revising the state government pension law. Hardly any private industry has a defined benefit retirement plan anymore because private enterprise cannot afford it! Yet governments continue to tax their citizens, the majority of which are in private enterprise, to pay for the pensions of government workers. It is unfair and plain discriminatory, and we are sick of it.

Disgruntled taxpayer,
Herb Wheatman

COMMITTEE ON WAYS AND MEANS
Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair

NOTICE OF HEARING

DATE: Wednesday, April 6, 2011
TIME: 9:30 a.m.
PLACE: Conference Room 211
State Capitol
415 South Beretania Street

A G E N D A

HB 793

Proposed SD1
(HSCR656)
Testimony
Status

RELATING TO TAXATION.

Proposed SD1:

Temporarily suspends from January 1, 2012, to June 30, 2015, the exemptions for certain persons and certain amounts of gross income or proceeds from the general excise and use tax and requires the payment of the tax.

Temporarily increases from October 1, 2011, to September 30, 2013 the general excise and use tax and various public service company tax rates by one per cent. Temporarily provides food and other tax credits. Effective July 1, 2011; repealed June 30, 2015.
(Proposed SD1)

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 10:22 AM
To: WAM Testimony
Cc: bwaikiki@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: 211
Testifier position: oppose
Testifier will be present: No
Submitted by: Becky Gray
Organization: Individual
Address:
Phone:
E-mail: bwaikiki@gmail.com
Submitted on: 4/4/2011

Comments:

Most people do not have the kind of money that our leaders do and our leaders think the average person has. Our legislator and Governor is completely out of touch with the average person. His recent e-mail was an affront to people trying to survive. With increased utilities, gas, and food, there will be more homeless and people on welfare.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 10:48 AM
To: WAM Testimony
Cc: ron.katto@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: 211
Testifier position: oppose
Testifier will be present: No
Submitted by: Ronald Katto
Organization: Individual
Address:
Phone:
E-mail: ron.katto@gmail.com
Submitted on: 4/4/2011

Comments:

This bill is a negative approach to resolving our financial issues. I would rather you do something positive to stimulate the economy.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 10:51 AM
To: WAM Testimony
Cc: howard.kam@trusta.us.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: 211
Testifier position: oppose
Testifier will be present: No
Submitted by: Howard Kam Jr.
Organization: TRUSTA, An Accountancy Corporation
Address:
Phone:
E-mail: howard.kam@trusta.us.com
Submitted on: 4/4/2011

Comments:

We oppose this Bill since it fails to consider exemptions which are "anti-pyramiding" versus "special interest". Additionally, the heart of our state government's fiscal issues is the unchecked growing of government. Like other states with fiscal woes, we need to re-evaluate what are the essential services to be provided by our state government, and stop politicization services.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 12:08 PM
To: WAM Testimony
Cc: LEEHAWAII@HAWAII.RR.COM
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: 211
Testifier position: oppose
Testifier will be present: No
Submitted by: LEONA LAPENES
Organization: Individual
Address:
Phone:
E-mail: LEEHAWAII@HAWAII.RR.COM
Submitted on: 4/4/2011

Comments:

OUR ECONOMY IS IN A FLUX AND THE STATE IS NOT ABLE TO PREDICT WHAT IS GOING TO HAPPEN BECAUSE OF THE JAPAN SITUATION. COULD YOU AT LEAST PUT THIS PROPOSAL ON HOLD FOR A WHILE?

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 12:33 PM
To: WAM Testimony
Cc: twocajuns@mac.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: 211
Testifier position: oppose
Testifier will be present: No
Submitted by: David Verret
Organization: Individual
Address:
Phone:
E-mail: twocajuns@mac.com
Submitted on: 4/4/2011

Comments:

I am unable to attend this hearing, as I will be at work.

I am NOT in favor of HB 793 or ANY other measure that raises taxes. Local, State, and Federal authorities have enough REVENUE already. You have a SPENDING problem, not an INCOME problem.

From: Peter Yukimura [pmyuki@hawaiian.net]
Sent: Monday, April 04, 2011 12:01 PM
To: WAM Testimony
Subject: SB 793

Testimony for Peter Yukimura, President of Koa Trading Company, Lihue:

SB 793
April 6, 2011
Conference Room 211
State Capital

I am not in favor in raising the General Excise Tax in times of economic hardship. If a company is losing money, the increase in the GET will just add to the cost of operations which may cause the business to go out of business.

From: merubenstein@gmail.com
Sent: Monday, April 04, 2011 1:07 PM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET (cc: my legislators)

Marc Rubenstein
2451 Pacific Heights Rd
Honolulu, HI 96813-1029

April 4, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are ALREADY struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Marc Rubenstein

From: Steve Oberg [steve@obergfree.com]
Sent: Monday, April 04, 2011 11:35 AM
To: WAM Testimony
Subject: Proposed SD 1

I am opposed to SD 1 eliminating the general excise tax exemptions. Any tax increase will be passed on to the ultimate consumers, raising our high cost of living even higher.

I am disappointed in our administration in supporting raising the cost of government when we cannot afford it. And I am disappointed in our legislature for avoiding the spending cuts that need to be done to balance our budget.

Thank you for allowing me to testify against the general excise tax increase and against eliminating certain exemptions.
Sincerely,
Steven Oberg

Steven R. Oberg, CPA
Oberg & Free CPAs
4473 Pahee St. #P
Lihue, HI 96766
Phone: 808-246-9422
Fax: 808-246-9522

From: lawson.teshima@kobay.com
Sent: Monday, April 04, 2011 1:47 PM
To: WAM Testimony
Subject: Opposition to a GET Increase

Lawson Teshima
650 Iwilei Road, Suite 415
Honolulu, HI 96817-5319

April 4, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

Furthermore, the Japan earthquake and subsequent tsunami has damaged us economically due to the cancellations of all our tours to Japan through July 2011 (and maybe more depending on the radiation condition). To make matters worse, we provide transportation and optional tours to the Japanese coming to Hawaii...that market is currently down about 22%.

We are already upset about having to pay the 1/2% for the City and County of Honolulu rail. The rail will directly impact our transportation business and yet we have to support it by paying taxes to cut our own throat...we should instead receive an exemption from paying this outrageous tax and a tax credit to cover our eventual reduction of business and/or closure.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Lawson Teshima
(808) 524-5040

From: melvinkam@hawaii.rr.com
Sent: Monday, April 04, 2011 2:07 PM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET (cc: my legislators)

Melvin Kam
94-453 Kapuahi Street
Mililani, HI 96789-2523

April 4, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Melvin Kam
808-623-9092

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 2:45 PM
To: WAM Testimony
Cc: ffkihara@aol.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Francene Kihara
Organization:
Address:
Phone:
E-mail: ffkihara@aol.com
Submitted on: 4/4/2011

Comments:

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 3:02 PM
To: WAM Testimony
Cc: carolphilips1@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Carol Philips
Organization: Individual
Address:
Phone:
E-mail: carolphilips1@gmail.com
Submitted on: 4/4/2011

Comments:

Aloha Honorable Senators,

I strongly appose this measure because the people of Hawaii are more broke then the government. Raising the GET tax will hurt everyone a lot, small business, families, tourism - everyone.

Respectfully,
Carol Philips

From: John Metzler [john@metzlercontracting.com]
Sent: Monday, April 04, 2011 3:04 PM
To: WAM Testimony
Subject: GET Tax Increase Hearing Testimony

RE: A hearing this Wednesday, April 6 at 9:30am in Room 211 at the State Capitol on HB 739

My Testimony:

Dear Sirs and Madams of the Legislature,

My family and I respectfully request that instead of increasing taxes, the legislature seriously consider ways for government to reduce spending. I have made sacrifices to my family's budget during the past few years and I believe that government should do the same.

Sincerely,

John F. Metzler

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 3:08 PM
To: WAM Testimony
Cc: gene_lamkin@hawaiiantel.net
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Gene Lamkin
Organization: Individual
Address:
Phone:
E-mail: gene_lamkin@hawaiiantel.net
Submitted on: 4/4/2011

Comments:

There is no such thing as a temporary increases in taxes as proposed. Once taxes go up, they stay up. Reduce the GET to 3% and watch revenues go up.

From: Randal Allred [randal.allred@byuh.edu]
Sent: Monday, April 04, 2011 3:09 PM
To: WAM Testimony
Subject: HB 739

Dear Senators and Representatives,

I am writing you to oppose Bill HB 739 and any other attempt to raise the general excise tax. During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden.

I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my family's budget during the past few years and I hope that government would do the same. It is unconscionable to raise taxes when it has been proven that it is not necessary.

Hawaii cannot survive on fattening the public paycheck at the expense of the private citizen.

Sincerely,

Your Name and Address

From: Mary Bueche [mbueche@group70int.com]
Sent: Monday, April 04, 2011 3:11 PM
To: All Senators; All Reps; WAM Testimony
Subject: HB 739 OPPOSITION

Dear Senators and Representatives,

I am writing you to oppose Bill 739 and any other attempt to raise the general excise tax.

During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden.

I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my familys budget during the past few years and I hope that government would do the same.

Sincerely,

Mary Bueche

Group 70 International, Inc.

925 Bethel Street, Fifth Floor

Honolulu, Hawaii 96813

(808) 523-5866 phone

(808) 523-5874 fax

www.group70int.com

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From: Attilio Leonardi [sunnykapolei@gmail.com]
Sent: Monday, April 04, 2011 3:03 PM
To: WAM Testimony
Subject: GET TAX Increase

To Whom It May Concern;

Please do not increase the GE Tax. Is this the message we teach our children that when you over spend beyond your means - Don't worry we will just give you more money. Not lecture them about the virtues of saving and budgeting. What message is State Government sending? That is is OK to over spend and not budget. As a State we need to balance our budget and stop over spending. Please stop increasing our taxes.

--

Attilio Leonardi Jr. (RA) CDPE, SFR
Short Sale Specialist
RE/MAX HONOLULU - Team Lally
338 Kamokila Blvd #206
Kapolei, Hawaii 96707
(808) 388-5466 cell
(808) 356-8193 fax
sunnykapolei@gmail.com
attilio.com
teamlally.com
wecanhelphelp808.com
weloveshortsales.com

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I am not an Attorney or Tax Professional. Any information I provide is based on my experience when representing clients in Short Sale Real Estate transactions. If you need Legal or Tax advice please seek the appropriate licensed professional. I make no guarantees or promises of the outcome of any Foreclosure or Short Sale. All information provided by me to any all parties is too the best of my knowledge and is deemed reliable but not guaranteed.

From: Maleyk@aol.com
Sent: Monday, April 04, 2011 3:19 PM
To: WAM Testimony
Subject: (no subject)

Senators and Representatives,

I am writing you to oppose Bill 739 and any other attempt to raise the general excise tax. During this horrible economic time, I can't make ends meet and do not this additional tax burden. Enough already!

I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my budget during the past few years and I hope that government would do the same at least once. This action that is pending is even more important as I am a disabled federal worker and I can not even work to deal with the changes this tax burden will cause me.

I can assure you that who I vote for in the next election will have a lot to do with how this voting goes. I do not forget!

Sincerely,

Kevin Maley

92-657 Palailai Street

Kapolei, Hawaii 96707

From: William [smithwm@hawaii.rr.com]
Sent: Monday, April 04, 2011 3:34 PM
To: WAM Testimony
Subject: No on G.E.T.

Dear constitutional representatives,

Hold the line on the G.E.T. The population is already being hit very hard by inflation of food prices and gasoline, as well as property taxes. Medical and dental practitioners also are charging G.E.T. to patients. As you know, the G.E.T. contributes sharply to consumers as it is "general" and is passed through the economy of any item from beginning to consumer with each passage being added the G.E.T.

Better approach, cut taxes on business to keep tourism enterprises attractive to both investors and tourists. Avoid the short term, "knee-jerk" approach and not lead to more jobs and healthy economy. Continued increase in taxes and search for new taxes will only lead to conflict and long term demise of the Hawaiian economy.

Hold off on the G.E.T. Do not listen to the self-serving interests. Pay attention to the general public.

William H. Smith, PhD
Registered Voter
POB 203
Kaaawa, HI 96730-0203
(808) 258-7971
smithwm@hawaii.rr.com

From: Doug Allen [dallen@rimarchitects.com]
Sent: Monday, April 04, 2011 3:35 PM
To: WAM Testimony
Cc: All Senators; All Reps
Subject: Opposition to HB 739 and raising the GET

Dear Senators and Representatives,

I am writing you to oppose HB 739 and any other attempt to raise the general excise tax. During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden.

I respectfully request that instead on increasing taxes, you look at ways for reducing government and to tighten its own belt. I have made sacrifices to my family's budget during the past few years and I hope that government would do the same.

Sincerely,

Doug Allen
5492 Po'ola
HNL, HI 96821

HB793

April 4, 2011

To Whom It May Concern,

I oppose HB793 to raise the excise tax from 4% to 5%. It is already hard getting by and trying to provide financially for a family as well as raise a family too! We are HARDWORKING people that are already suffering. We are not asking for handouts or money thrown our way. We are asking to please allow us to try and make a living to provide for our families.

This is not the way to balance the budget!

Sincerely,

Dorri Nautu

From: vidalb003@hawaii.rr.com
Sent: Monday, April 04, 2011 3:48 PM
To: WAM Testimony
Subject: General Excise Tax Increase

Dear Senate and Ways Means Committee,

My wife and I are strongly opposed to Bill 739 and any other attempts to increase the general excise tax. These are difficult economic times, and it's hard enough for families to make ends meet. We don't need this additional tax burden, especially at this time.

I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my family's budget during the past few years and I hope that government would do the same. I used to be a full time worker until two years ago when I lost my job. I'm now working 25 hours a week and making half the pay I used to make. My wife is the breadwinner in our family and she is self-employed. If you raise the GET now, we will almost surely lose our home, which we just recently purchased by saving our money and making many sacrifices. We have cut our expenses drastically and am now living almost a bare bones budget just to make our mortgage payment. Why can't government do the same?

I repeat again, please don't raise the GET. You will put my wife and I out of a home, which we have worked hard to earn.

Sincerely,
Buddy and Sharon Vidal

From: Carolyn Goodin [memagoodin@yahoo.com]
Sent: Monday, April 04, 2011 3:43 PM
To: WAM Testimony
Subject: HB739

Your proposal to raise the GE Tax by another 1/2% is outrageous! Time and again this legislature has proven it cannot live within its means. Every time you raise the tax you spend all of the proceeds and then some, forcing you to consider raising taxes again. I say enough is enough. Cut back your spending, audit the DOE, eliminate all the waste and fraud and learn to live with a tighter budget. PERIOD! All of us tax payers have had to cut back drastically on our spending because budgets have been tight. We are spending more for food, gas, electricity and clothing. Prices are going up but our paychecks are not.

To raise our GE TAX will cause prices of everything we buy to go up more than they have already. Taxpayers have no way to raise their paychecks when our budgets run short. You the "Governing Class", however, just raise taxes every time you come up short. This has got to stop. I demand you live within the confines of what you are already ripping from our families and STOP this proposed raise in Excise tax dead in its tracks! How much can you squeeze from an already dry sponge??!! Carolyn Goodin Kahaluu, Hawaii

From: Pepito Galvez [pgalvez@group70int.com]
Sent: Monday, April 04, 2011 3:56 PM
To: WAM Testimony
Subject: HB 793

Dear Senators and Representatives,

I am writing you to oppose Bill HB 793 and all attempts to raise the general excise tax. I understand the difficulties the State faces in tackling its deficit issues. However, raising the G.E. tax is not the answer. On the contrary, it will hurt already hurting businesses and will result in increased layoffs, less investment on future growth, and decreased compensation for workers. It is already difficult for families to make ends meet. We do not need this additional tax burden.

I respectfully request that instead of increasing taxes, the State look for ways to decrease spending, including eliminating unnecessary programs and entitlements and lowering government operating costs. My family has sacrificed enough economically during the past few years, including taking pay cuts and decreasing spending to the bare minimum. The prospect of having to sacrifice even more is frightening.

I hope the State will sacrifice just as much as my family and other families have.

Sincerely,

Pepito C. Galvez

930 Kaheka St., Apt. 2201

Honolulu, HI 96814

Testimony against HB 793 (799)

Karen L. Meyer
45-541 Loihi Place
Kaneohe, Hawaii
(808) 227-5072

Most of our local theaters are non-profits. Many are struggling to exist. Taking from these non-profits 5% of their gross income will severely, perhaps fatally, injure their ability to produce their fine quality work. Their educational programs may dry up, their offerings wither and some may actually be forced to close their doors.

Hawaii has enjoyed in recent years a surge in revenue from the entertainment industry. National and international producers and directors have been impressed with the talent they have found here - our local actors, designers and technicians. These professionals get their training and develop their craft through the local theater community. This additional tax will unfairly burden the theater community, resulting in a smaller talent pool in both acting and technical areas.

In addition, these theatres are exceedingly generous to the local schools, something they could not afford to be if they had to stretch their already thinning dollar any further. No less than five local theatre donated or lent items to my public school program in the past month. When professional artists suffer, their apprentices and students suffer as well.

Tightening our belts is one thing. Strangling our local artists is quite another.

Please do not approve this bill in its current form. The theater community can ill afford this!

From: Nathan Paikai [npaikai@gmail.com]
Sent: Monday, April 04, 2011 4:02 PM
To: WAM Testimony
Subject: HB 739

Sample Testimony

Dear Senators and Representatives,

I am writing you to oppose Bill HB 739 and any other attempt to raise the general excise tax. During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden.

I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my family's budget during the past few years and I hope that government would do the same.

Sincerely,

Prophet Nathan Paikai

From: Richard Weinstein [Richard@rweinstein.com]
Sent: Monday, April 04, 2011 4:03 PM
To: WAM Testimony
Subject: HB 793 SD1 Wednesday, April 6, 2011 9:30am (Committee on Ways and Means)

Dear Senators Ige and Kidani,

Thank you for reading my testimony.

My Honolulu-based company, R.Weinstein Pharmaceuticals and Medical Products, is the largest independent distributor of medical items that physicians such as Internists, Family Practitioners, Obstetricians, Gynecologists, Urologists, Pediatricians, Surgeons, Podiatrists, Oncologists, Allergists, Dermatologists, Orthopedists, etc. utilize in the operation of their businesses. The majority of these practitioners are fellow small business owners.

Hawaii as a State has a well documented anti-business climate and a further 25% increase in the Hawaii General Excise Tax will only solidify Hawaii's position in this regard as the most expensive place to conduct business in the United States.

This 25% increase in the Hawaii General Excise Tax will punish the already dwindling supply of available doctors in Hawaii and create an unnecessary incentive for my customers to seek out alternative suppliers on the Mainland via the Internet who are not required to collect the 5.5% excise tax (Oahu) and 5% excise tax (Neighbor Islands).

When you consider the 43.5% fuel surcharge on Matson containers (taking effect 5/1/11), \$4 plus gallon gas prices, high cost of rent, utilities, insurance, taxes, etc. the added burden of this 25% increase in the Hawaii General Excise Tax may just well be the proverbially tipping point.

We understand that the Union bosses are pushing this as a way to maintain the status quo. We understand that everyone will share in this 25% tax increase but at some point enough is enough and further crippling our State's economic recovery is sheer lunacy. The fact is that the State of Hawaii has a spending problem and not a tax problem.

I hope you can address the unfairness of how a Hawaii company such as R.Weinstein Pharmaceuticals & Medical Products who will be burdened with collecting this 25% Hawaii General Excise Tax increase can be expected to compete with Mainland Internet Retailers who do not pay this tax. We have been dealing with this problem for a good portion of our 26 years in business but the idea that the State Legislature and the Governor would further exacerbate this inequity with a 25% increase in the Hawaii State Excise Tax deserves an explanation and justification should you decide to push through this tax.

Sincerely,

Richard A. Weinstein, R.Ph., President
R.Weinstein Pharmaceuticals & Medical Products

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 4:17 PM
To: WAM Testimony
Cc: pdp@hawaii.edu
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Panos D. Prevedouros
Organization: Individual
Address:
Phone:
E-mail: pdp@hawaii.edu
Submitted on: 4/4/2011

Comments:

Dear Legislators,

I find myself in the uncomfortable position of having to remind you of the definition of Insanity: Doing the same thing again and again and expecting a different result.

For over two decades high taxes have been sinking Hawaii. Our brain drain and losses of native Hawaiian people to out-migration are staggering. Our population growth is largely due to hordes of dependents from poor nations and from rich part-time residents who do not pay much in taxes.

Take as an example the "tiny" 0.5% tack on to Oahu's GET to support the rail project. On a good year it comes to \$150 Million taken out of the economy, of which over \$100 Million out of the pockets of Oahu residents. That's over \$400 per family of four.

The same family of four pays among the highest rent, highest food and highest fuel and electricity costs in the nation (electricity is 230% more than the average US). The same family makes barely the median US income.

It does not take a genius to see that this is NOT a sustainable model.

A capable legislative body will make the cuts necessary. It is a fallacy to believe the Government does things well. If Government was in charge of soda, every can would cost five bucks!

There are many functions of government that can be done in the private sector with a minimal loss in job count and a huge gain in efficiency and cost reduction.

Several government programs and projects are enrichment scams with very little payoff for the public for which you purport to care for. I know that you are not looking hard enough.

So when it comes to the GET, you do not propose we fill the hole under Hawaii, you do not propose that we keep the hole as is, but you propose to dig it deeper.

At which point do you begin to feel responsible for the consequences to all Hawaii residents and to the well being of the State?

Aloha!
Panos

From: Shirley Chew [schew88@hotmail.com]
Sent: Monday, April 04, 2011 3:28 PM
To: All Senators; All Reps; WAM Testimony
Cc: bmarumoto@capitol.hawaii.gov; sslom@capitol.hawaii.gov
Subject: G.E.T. tax

Dear Hawaii Legislators,

Hawaii is one of the highest taxed States in the nation. The percentage of elderly is growing. Being on fixed income, in an expensive state, with growing inflation will put an unfair burden on retired seniors like myself. What you need to do is balance the budget through cost cutting and increasing worker productivity through innovation and improved network systems. I understand that there have been other proposals to balance the budget, but these measures have not been seriously examined. Why not?

Everyone is being squeezed with higher fees and prices. If you increase taxes, you will be driving the young people out of this town, for businesses will not be able to expand. To grow the economy, government must constrain their expenditures and improve the business environment with less taxes and regulations encumbering job growth.

At the University of Hawaii, many students must work to stay in school. Tuition has gone up and now you want to tax those who have to consume more for they have growing needs. The career counseling office says many college graduates are underemployed. This will continue if all you do is increase taxes. Do you want to go the way of California, Detroit, Michigan, or Greece?

Sincerely,
Shirleyanne Chew
808-737-2323

From: Michele A. E. Youngblood [micheleaey@msn.com]
Sent: Monday, April 04, 2011 4:19 PM
To: All Senators; All Reps; WAM Testimony
Subject: Bill HB739 Opposition

Dear Senators and Representatives,

I am writing you to oppose Bill HB739 and any other attempt to raise the general excise tax. During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden. I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my family's budget during the past few years and I hope that government would do the same.

I personally pay more than my fair share of GET. As a real estate agent all my income is subject to the GET. As a landlord all my rent is subject to the GET. I cannot afford to my more than my fair share. I also pay, as everyone else does the GET on everything I purchase. I cannot afford more taxes on all the income I earn and it is not fair to tax me on every bit of my income.

Sincerely,

Michele A. Efron Youngblood
98-1788 Kaahumanu Street #A
Pearl City, HI 96782
Home: 808-455-2267
Cellular: 808-372-4327
E-mail: micheleaey@msn.com

From: Frank Lavoie [nb13lavoie@yahoo.com]
Sent: Monday, April 04, 2011 4:23 PM
To: WAM Testimony
Subject: WAM Wednesday April 6 9:30AM HB 739

Dear Chair and Senators,

I am writing you to oppose Bill HB 739 and any other attempt to raise the general excise tax.

During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden. You will tax families out of their hawaiian dream. Do not destroy working families.

I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt.

Sincerely,

Frank Lavoie
1296 Kapiolani Blvd
Honolulu, Hi 96814

From: robert@realesttaehawaii.com
Sent: Monday, April 04, 2011 5:22 PM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET (cc: my legislators)

Robert Williams
101 Hualalai Street
Hilo, HI 96720-3865

April 4, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Robert G. Williams
808-969-7863

From: MauiBandB@aol.com
Sent: Monday, April 04, 2011 5:27 PM
To: WAM Testimony
Cc: All Senators; All Reps
Subject: Not in favor of GET Tax increase

Dear Legislators,

I speak from the perspective of a small business owner, a hotel executive and a lifelong resident of Hawaii. 80% of our economy on Maui is from the Visitor dollar, and plane fares are rising. We cannot afford anymore burden on us or our visitors. Gas on Maui is \$4.69 a gallon and going up. Commercial property taxes have not gone down much to keep the county revenue neutral, Electric and Propane gas rise about 10% a month. The cost of food is rising weekly. The visitors are hesitant to come because of the still uncertain economy and also fears of Radiation from Japan. Now a Dengue fever scare!

Already you have raised the TAT from 7% to 9.25% before in good economic times the visitor was paying 11 % now they are paying nearly 14% tax to the state of Hawaii in the worst recession since 1930's. Revenues are down even though hotel occupancies are better because of necessary discounting.

Visitor spending is down also once they are here.

So sorry. You need to make the difficult decisions you were elected to make. You must cut government spending in accordance with existing tax collections.

You must insist on an audit of every department in the state government. You need to assign each other to teams so you can divide the job, to tackle a review of each departments expenses and make decisions if this is necessary expenditure or not; or even if we should provide the service!

Our Governor is not going to do this so you as a team need to take charge and do his job then help elect a Governor that can do his job next time.

Mahalo
Tom Fairbanks
Wailuku, Maui

From: John Scott [scottj013@hawaii.rr.com]
Sent: Monday, April 04, 2011 4:56 PM
To: WAM Testimony
Subject: Hearing on raising the GET, Apr 06, 2011

Instead of increasing our taxes, how about decreasing the size of the State Government. And they want to build a 5+ billion dollar rail system. You have got to be kidding.

John B Scott
Aiea Hawaii

From: Nina Magoun [mthatchnina@earthlink.net]
Sent: Monday, April 04, 2011 5:09 PM
To: WAM Testimony
Subject: GET increase

We are totally opposed to a GET increase.
It is time to stop greedily confiscating the earnings of citizens and irresponsibly spending it.

Thatcher and Nina Magoun
3781 Papalina Rd.
Kalaheo, HI 96741
808-332-9430
mthatchnina@earthlink.net

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 5:49 PM
To: WAM Testimony
Cc: pkosasa@abcstores.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Paul Kosasa
Organization: ABC Stores
Address:
Phone:
E-mail: pkosasa@abcstores.com
Submitted on: 4/4/2011

Comments:

ABC Stores strongly opposes the proposed 1% increase in the General Excise Tax. We employ over 900 employees in Hawaii. The GET increase will raise the cost of goods and pricing for tourists and for those who can least afford it. Businesses are facing financial challenges and the increase will be detrimental in its recovery. Thank you for the opportunity to submit this testimony.

From: Rachelle [rachelle09@yahoo.com]
Sent: Monday, April 04, 2011 6:10 PM
To: WAM Testimony
Subject: Testimony for Senate Ways & Means Committee Discussion 4/6/11 GE Taxes

Dear Senator Ige, Senator Kidani, and Senate Ways and Means Committee members:

On April 3, 2011, an article in the Honolulu Star-Advertiser "Senators seek public input on GE tax measures" states that you will be discussing GE tax increases and temporary suspensions on Wednesday, April 6. I would like to submit my testimony on this matter.

I STRONGLY OPPOSE any increase in the general excise (GE) tax. The GE taxes every level of production, from raw materials, to wholesale products, to retail goods. It requires us to pay taxes on taxes – for every \$100 we spend, we pay \$4.17 in taxes, instead of \$4.00, not including the Oahu rapid transit tax (it sounds like pennies, but it really adds up!). It raises prices for everyone. And it makes our economy seem artificially strong, because GE taxes are included in "gross revenues."

I also STRONGLY OPPOSE some of the proposals to eliminate GE tax exemptions, such as on subcontractor and sublease deductions. By making that income taxable, you are subjecting businesses and individuals to double-taxation. That money would be taxed once when the contractor receives it, and again when a subcontractor receives it. It is grossly unfair.

Instead, I have two simple proposals:

1. Repeal the Hawaii GET and replace it with a reasonable state sales tax on retail-level goods and services, excluding food, drugs, and medical services.
2. Stop spending our money. No more new programs and no more automatic budget increases.

Thank you for considering my testimony.

Aloha,

Rachelle Chang

PO Box 25925

Honolulu, HI 96825

betterhawaii.wordpress.com

From: water@heartofhawaii.com
Sent: Tuesday, April 05, 2011 7:33 AM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Lisa Weiland Foster
HC01 Box 104
Kaunakakai, HI 96748-8603

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

As a very small business owner, Hoamana LLC dba Wai He Nui, we lost our contract last year and are still struggling to find work. This additional tax will only further the expense of doing business. Being a resident of Molokai, this increase will only compound the burden.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Lisa R Weiland Foster
808-553-3801

From: water@heartofhawaii.com
Sent: Tuesday, April 05, 2011 7:37 AM
To: WAM Testimony
Subject: Opposition to a GET Increase

Lisa Weiland Foster
HC01 Box 104
Kaunakakai, HI 96748-8603

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

Because of the increase costs of doing business, Appraisal Services, Molokai had to close its doors. With the proposed increase, the climate will only worsen. Please do NOT place one more increase on businesses that are already struggling.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Lisa Weiland Foster
808-553-3801

From: Clemens [sjxclemens@yahoo.com]
Sent: Tuesday, April 05, 2011 7:19 AM
To: WAM Testimony
Subject: Please oppose HB 739

Dear Members of the Senate Ways and Means Committede:

I am writing you to oppose Bill HB 739, and any other attempt to raise the general excise tax. During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden.

I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my family's budget during the past few years and I hope that government would do the same.

Sincerely,

Jim and Sally Clemens

89 Kapihaa Pl.

PO Box 630028

Lanai City, HI 96763

From: PKReasoner [pkreasoner@hawaiiantel.net]
Sent: Tuesday, April 05, 2011 7:47 AM
To: WAM Testimony
Subject: HB739

I am writing you to oppose Bill 739 and any other attempt to raise the general excise tax. During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden.

I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my family's budget during the past few years and I hope that government would do the same.

Sincerely,

Tim and Pam Reasoner

744 Naakea Place, Honolulu, HI.



From: ray.foster@monsanto.com
Sent: Tuesday, April 05, 2011 7:52 AM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Raymond Foster
P.O. Box 40
Kaunakakai, HI 96748-0040

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Aside from the tough economic climate, Hawaii is a difficult place to do business for many reasons. Our HI businesses are trying their best to provide benefits to their employees and avoiding job cuts. A tax increase will become an additional cost imposed on companies that simply cannot afford it. I implore you to look toward State expense reductions, reduce waste, focus on necessary services and facilities development for savings to balance our budget. We have arrived to the day when personal accountability and productivity must be the become the community expectation...not tax based handouts.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Raymond J. Foster
8085535070

From: hi682@dofruit.com
Sent: Tuesday, April 05, 2011 7:57 AM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Bob Sisson
2752 woodlawn dr
honolulu, HI 96822-1802

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Bob Sisson
8089883784

From: suntees [suntees@maui.net]
Sent: Tuesday, April 05, 2011 8:10 AM
To: WAM Testimony
Subject: LOWER TAXES!

To the Point: My income is down so I have to live with less. Your income is down, you need to live with less. What we need is a tax cut, not a tax increase.

You could start by taking a 30% cut in pay and cutting your staff by 30%. I pay more in taxes that for food and clothing and that is just not right.

Aloha,

John Hultquist

From: Donna.L.Dang@hawaii.gov
Sent: Tuesday, April 05, 2011 8:27 AM
To: Alvin Dang
Cc: All Reps; All Senators; WAM Testimony
Subject: Re: Testimony regarding the general excise tax, concerns, solutions

Dear Senators and Representatives,

Our financial situation in the State, Counties, large and small businesses, and in our families are dire... It could definitely be worst, and raising the GE Tax would just do that. Hawaii is already unaffordable yet we continue to try to keep our children here in the Islands. So please oppose Bill HB 739 and make the hard decisions to pass a largely reduced budget that we can afford, including way less regulations that costs alot of wasted time, efforts and funds we don't have.

Thank you sincerely,
Donna Dang and family

Alvin Dang
<aldangs@aol.com>

04/04/2011 08:16
PM

To
WAMTestimony@Capitol.hawaii.gov,
sens@capitol.hawaii.gov,
reps@capitol.hawaii.gov,
donna.l.dang@hawaii.gov

cc

Subject
Testimony against raising the
general excise tax

Dear Senators and Representatives,

I am writing to you in opposition of Bill HB 739 and any other legislation to raise the general excise tax. My two sons' UH Manoa tuitions have increased every semester, and this Spring Semester's tuition of \$4,000 will increase to \$6,000 in the Fall Semester. How can we afford to pay for the multitude of taxes and increased fees you have already burdened us with?!?!? The vehicle registration of one just paid for was \$360.00! Forced to pay into Hurricane and Recycling Cans/Bottle Funds that you raid, as with many other special funds (Fees/Taxes)... Forced to pay 1/2 of 1% for a steel rail system that we never voted on, and don't have the money to pay for... Please look at more economical and

efficient ways to move people in our State, like expand the bus system to include smaller buses or vans in areas like in Hong Kong...

Instead of raising taxes and every fee there is and more, please look at ways to run our government more efficiently. My family has made sacrifices concerning our budget through the years and our government must do the same. As a government employee, just 3 years permanent status, please consider a 4 day week of 10 hrs per day, or 9 days over 2 weeks like some Federal offices. My husband worked eight 9 hr days, and one 8 hr day then got a Monday off, every 2 weeks. It worked out... Unfortunately he recently was force to retire from the HI Air Nat'l Guard at age 60, so we are struggling... and not sure will qualify for any unemployment benefits... Our 2 older daughters in their early 20's, who are fortunately employed, have the financial burden and emotional strain of helping us pay \$1,500/mo, only a part of our mortgage. It is truly a struggle...

Also, why do we who do honest work everyday, have to support so many on welfare, and other government entitlement programs for many who are just lazy, undeserving, and just abusing the system???

Thank you for your time, support and careful considerations, Donna Dang, a Kapolei resident (still actually trying to work in Kapolei for the last 20 yrs...)

From: cinnamonsrest@aol.com
Sent: Tuesday, April 05, 2011 8:27 AM
To: WAM Testimony
Subject: Opposition to a GET Increase

NORMAN NAM
315 ULUNIU ST
KAILUA, HI 96734-2523

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Norman B. Nam
8088724

From: ashley Harding [ashley@bubbleshackhawaii.com]
Sent: Tuesday, April 05, 2011 7:51 AM
To: WAM Testimony
Subject: Testimony for HB 739

Importance: High

Opposition Testimony From Ashley Harding Re: HB 739

Aloha Senate Ways and Means Committee,

I am writing today in opposition to HB 739. My name is Ashley Harding and I am a small business owner with eleven W2 employees and seven 1099 contracted sales staff. Businesses like mine are the economic driver of Hawaii as we provide the State's revenues. HB 739 is complete false economy and I ask you to vote in opposition to ANY General Excise tax increase. It is false economy simply because a GET increase will mean layoffs and business reductions to the State's revenue source with additional impacts to SUI and not to mention crumbling new business development.

This perpetual cycle must be broken and our budget problems fixed by reducing spending and reducing government. Period.

The State Legislature must find ways to correct our financial situation outside of tax increases. That is your job to find those difficult and challenging solutions and implement; not throw your hands up and increase and increase. Hawaii residents will no longer accept a tax and spend policy. Hawaii residents are also watching very closely and listening to campaign promises, policy promises announced during the State of the State address, and are getting involved to hold our State Legislature accountable to all the people of Hawaii.

Private sector businesses like mine have already made incredible financial sacrifices. It is time for the Legislature to do the same.

Please vote in opposition to HB 739 and ANY tax increase.

I stand by this written testimony and welcome any questions.

With Aloha,
Mr. Ashley Harding
Mililani

Ashley Harding



96-1276 Waihona St Unit 117
Pearl City, HI 96782
Ph: 808 455 5900
Fax: 808 455 6900
Cell: 808 348 9371
www.bubbleshackhawaii.com

From: Haldia@aol.com
Sent: Tuesday, April 05, 2011 8:28 AM
To: WAM Testimony
Cc: Sen. Sam Slom
Subject: Increasing the GET

4-5-11

I wish I could express in a way you would understand, my total disgust with Hawaii's elected officials. You are all controlled by the unions, that is a certainty. Instead of doing what we all have had to do, cut spending, you continue to bleed the residents of Hawaii dry. I have not had a vacation in two years. Why? Because I don't have the extra money.

If any of you just continued to spend money you do not have in your checkbook, what do you think would happen? Your credit would be ruined and you would go bankrupt.

Politicians, on the other hand, just keep adding costs to the residents.

You are all disgusting.

CUT SPENDING. LIVE WITHIN YOUR INCOME. Is that a bad idea?

**Diane Tippett
435 Seaside Avenue
Honolulu, Hawaii**

From: lorene godfrey [aloreneg@yahoo.com]
Sent: Tuesday, April 05, 2011 8:27 AM
To: WAM Testimony; All Reps; All Senators
Subject: Reject increase in GET

Dear Legislators,

Thank you for your service in the legislature. I believe you have a great responsibility and you are forced to compromise in many areas.

However, Please do not compromise regarding the proposed resolution to increase GET. Stop hiking our taxes, please.

I understand there are other options being proposed to balance the budget. I urge you to evaluate those other options very seriously. No matter what other arguments are forwarded to increase the GET, please use your common sense.

I am a small homeowner managing my finances as best I can. An increase in GET would certainly make my life harder. As it is, I have already had to cut down my entertainment budget and some preferred food items are off my shopping list. I don't remember the last time I could buy new (quality) clothes.

THINK ABOUT OUR BURDENS. There must be another way to "crunch the numbers"!

We are trusting you to make a wise decision. Please Vote NO on increasing GET.

Respectfully and with great hope,
Lorene Godfrey
1241 Ala Alii St., #117
Honolulu, HI 96818

From: mark.rodden@paccoast.com
Sent: Tuesday, April 05, 2011 8:37 AM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Mark Rodden
91-550 Awakumoku St
Kapolei, HI 96707-1841

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Mark Rodden / Hawaii Supply
8088415677

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 8:39 AM
To: WAM Testimony
Cc: orgillv@polynesia.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Von Orgill
Organization: Polynesian Cultural Center
Address:
Phone:
E-mail: orgillv@polynesia.com
Submitted on: 4/5/2011

Comments:

Aloha,

I am submitting this testimony in opposition to HB793 concerning an increase in GET. It is time for the state government (and all governments) to make the cuts necessary to balance budgets without always looking to increasing taxes. A 1% increase in GET equates to a 25% real increase would be passed on to residents and visitors in the form of higher prices. This is not the time! We should be increasing incentives for business to add jobs. This will have exactly the opposite effect.

Thank you for your consideration,

Von Orgill
President & CEO
Polynesian Cultural Center

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 8:41 AM
To: WAM Testimony
Cc: jdww@lava.net
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Jaidev Watumull
Organization: Individual
Address:
Phone:
E-mail: jdww@lava.net
Submitted on: 4/5/2011

Comments:

From: gjoseph@hawaiiikaico.com
Sent: Tuesday, April 05, 2011 8:42 AM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

George Joseph
100 Ulili Street
Kaunakakai, HI 96748

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

George Joseph
808-553-3461

From: kochg002@hawaii.rr.com
Sent: Tuesday, April 05, 2011 8:47 AM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Gloria Koch
92-157 Kohi Place
Kapolei, HI 96707-3303

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

I am greatly opposed to a GET increase. You were elected as government officials by your constituents. I am a constituent and I do not want to see any more increases in any kind of tax. We, the people, are already overtaxed. I would suggest strongly that you reduce spending. I have worked for the State of Hawaii in the past and have seen such huge waste of our tax money go to unproductive state employees. That is why I left the employment of a very good job because the system rewards the employees who do the least. You representatives need to freeze hiring and eliminate unnecessary or redundant positions like how the private sector operates.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Gloria Koch
807-672-5963

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 8:51 AM
To: WAM Testimony
Cc: jwwalsh2@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Jim Walsh
Organization: Individual
Address:
Phone:
E-mail: jwwalsh2@gmail.com
Submitted on: 4/5/2011

Comments:

I am opposed to what amounts to a 25% increase in our GET tax. The GET as is, is already a burdensome tax on the people of Hawaii. An equivalent state sales tax would be in the neighborhood of 18%! That is outrageous. I would like to see the state audit and review every program and policy to see where the waste is. There is plenty! Our obligation to carry on with state union contracts is NOT sustainable. If the government does not have the guts to re-negotiate the union contracts then put it to the people to vote on at the ballot, we are the ones who have to pay for it! Why don't we get a say.

The budget battle will be a difficult one, and I might not be opposed to tax increases if I trusted that all other government reductions had been seriously looked at and considered.

Kind regards,
Jim Walsh

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 8:54 AM
To: WAM Testimony
Cc: jjennet@hawaii oceansports.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Judith Jennet
Organization: Individual
Address:
Phone:
E-mail: jjennet@hawaii oceansports.com
Submitted on: 4/5/2011

Comments:

I suggest that state government reduce size and privatize services for efficiency as private businesses have done.

From: Layna Torgerson [layna.torgerson@gmail.com]
Sent: Tuesday, April 05, 2011 8:56 AM
To: WAM Testimony
Subject: Raising the GET? Worse thing to hit Hawaii ever?

Seriously. Raising the GET will destroy family businesses who operate on low profit margins and work hundreds of hours a week just to live an average life. This tax increase will raise the cost of living in Hawaii to the point that thousands of people will be forced to LEAVE because they cannot survive in this economy. This is the thanks you are giving them for working and contributing for decades to the state? Have mercy. Raising the GET is THE WORST IDEA EVER. IT IS AN ASSULT ON SMALL BUSINESS AND LOCAL FAMILIES. People are hurting already. Thousands of homes are being foreclosed on. More and More people are forced to food stamps. I hope you realize this is not good for the economy or for the standard of living for the people of Hawaii.

--
Layne Torgerson
ET Services
808-652-1489

From: sean.yano@pruhawaii.com
Sent: Tuesday, April 05, 2011 8:57 AM
To: WAM Testimony
Subject: Opposition to a GET Increase

Sean Yano
46-035 Konohiki St Apt 3852
Kaneohe, HI 96744-6117

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Sean Yano
808 3864487

From: info@bnb-aloha.com
Sent: Monday, April 04, 2011 6:27 PM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET (cc: my legislators)

Petra Wiesenbauer
13-3315 Makamae Street
Pahoa, HI 96778-8453

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

In addition, our business is a Bed & Breakfast and increasing the GET will impact the bottom line for visitors. Over the last two years we just increased the Transient Accommodations Tax by 2%. An additional increase of the GET tax will definitely result in a downturn of this segment of the market. Isn't the visitor industry one of the successful market segments we want to grow?

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

The impact of a GET increase for families and the residents of Hawaii will also be devastating. everything is so much more expensive than on the mainland anyway. There will be impacts on food, gas, propane, medications, literally everything. Even with a food credit and some other small credits, it will not make up for it as everything will go up in price. What about the next increase of utility cost. PUC approves of every requested rate hike. Where is the end consumer, we all just always have to

pay. We just cannot anymore, where is it supposed to come from in a slow economy?

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Petra Wiesenbauer

From: Lloyd Ignacio [lpignacio@hawaii.rr.com]
Sent: Monday, April 04, 2011 6:54 PM
To: WAM Testimony
Cc: All Senators; All Reps
Subject: Raising the General Excise Tax

Dear Senators and Representatives,

I am writing you to oppose Bill HB=739 and any other attempt to raise the general excise tax. During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden.

I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my family's budget during the past few years and I hope that government would do the same.

Some of the ways that the budget can be reduced is by reducing the number of positions in the State government. This can be done by eliminating all vacant positions from the budget. Additionally, all wages and salaries for ALL State employees should be reduced by 5%, that includes all Legislators as well and the Governor and all administrative positions.

Sincerely,

Lloyd P. Ignacio
1015 Aoloa Pl., #334
Kailua, Hawaii 96734
Ph: 808-221-6651
email: lpignacio@hawaii.rr.com

From: Michael Zhang [mzhang88@hotmail.com]
Sent: Monday, April 04, 2011 6:56 PM
To: WAM Testimony
Subject: terrible ideas

We are on retail business for more than 20 years, we have about doz stores and over 100 employees, I think this is terrible ideas to raise tax on GE, our local economic just start recover, now with Japan earthquake, retailer is suffer huge, any GE tax increase will directly effect our retail sale, state should consider cut program and other option instead of raise GE tax.

Michael Zhang
President of Blue Hawaii Surf/Blue Hawaii LifeStyle
www.bluehawaiisurf.com
www.bluehawaiilifestyle.com

From: richard sloggett [eynokea@yahoo.com]
Sent: Monday, April 04, 2011 7:20 PM
To: WAM Testimony
Subject: Proposed SD1

Dear Senators and Representatives,

I am writing you to oppose Bill HB793/SD1 and any other attempt to raise the general excise tax. During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden. I am personally aware of community members who have lost their jobs in the private sector and who are taking distributions, with penalties and taxes deducted, from their retirement/IRA accounts to survive. I can assure you that if friends and neighbors who currently find themselves in this situation will be severely and negatively impacted by increasing the GET!

I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my family's budget during the past few years and I hope that government would do the same.

Sincerely,

Richard Sloggett III
4150 Hili Street
Lihue, HI 96766

From: Michael Cleveland [kalepapahu@hotmail.com]
Sent: Monday, April 04, 2011 7:30 PM
To: WAM Testimony
Subject: Proposed GET increase

Senators,

I just read a report in the Star-Advertiser that our senators are seeking input on a proposed GET increase. My input is simple: DON'T DO IT!

I've watched the machinations of the legislature this spring and have grown increasingly unhappy with the decisions being made. Despite rhetoric about promoting efficiency in government, the House passed bills that seek to close virtually the entire budget deficit with a combination of higher taxes and taking money from special funds.

I hope you realize that we're not talking about the government's money. The money comes from we, the taxpayers. Our legislators have a fiduciary responsibility to us to ensure that it is spent efficiently. It is inconceivable that there is no waste, duplication or inefficiency in the state government. I expect my elected officials to look after my best interest. Instead, they seem to view the taxpayers of this state as nothing more than a source of revenue to fund government programs, no matter the effectiveness of the program.

It's time to make some tough decisions about the size and scope of our state government. That's what you were elected to do. Hawaii already has one of the highest tax burdens of any state. Raising taxes again is the wrong choice to make.

Mahalo,

Michael Cleveland

Waikele

From: LEONA KAAPUNI [l_kaapuni@yahoo.com]
Sent: Monday, April 04, 2011 7:35 PM
To: WAM Testimony
Subject: HB 793

Senators

Vote no on HB 793..... Give us state workers a break!!! Penalizing us twice by furloughs possible pay cuts and now proposing to raise the GET give us a break and vote no.

Leona 

From: Angela Natali [superiortrash@yahoo.com]
Sent: Monday, April 04, 2011 7:57 PM
To: WAM Testimony
Cc: All Senators; All Reps
Subject: HB 739

Dear Senators and Representatives,

I am writing you to oppose Bill HB 739 and any other attempt to raise taxes on us. During these times it is already hard enough on families and small businesses to make ends meet. Adding a higher tax burden would only make things worse. I respectfully request that instead of raising taxes on the citizens, you look at ways to tighten up the governments belt. My family has made sacrifices over the past few years and adding a higher sales tax burden would make me have spend less. This is a domino effect. I'm sure I won't be the only one. This will start to affect businesses both by losing customer sales as well as make it even harder to pay their taxes. Please think about this. The answer is not "Tax the People".

Thank You,
Angela Natali
Superior Sanitation
Ph.(808)325-1055

From: Alvin Dang [aldangs@aol.com]
Sent: Monday, April 04, 2011 8:17 PM
To: WAM Testimony; All Senators; All Reps; donna.l.dang@hawaii.gov
Subject: Testimony against raising the general excise tax

Dear Senators and Representatives,

I am writing to you in opposition of Bill **HB 739** and any other legislation to raise the general excise tax. My two sons' UH Manoa tuitions have increased every semester, and this Spring Semester's tuition of \$4,000 will increase to \$6,000 in the Fall Semester. How can we afford to pay for the multitude of taxes and increased fees you have already burdened us with?!?!? The vehicle registration of one just paid for was \$360.00! Forced to pay into Hurricane and Recycling Cans/Bottle Funds that you raid, as with many other special funds (Fees/Taxes)... Forced to pay 1/2 of 1% for a steel rail system that we never voted on, and don't have the money to pay for... Please look at more economical and efficient ways to move people in our State, like expand the bus system to include smaller buses or vans in areas like in Hong Kong...

Instead of raising taxes and every fee there is and more, please look at ways to run our government more efficiently. My family has made sacrifices concerning our budget through the years and our government must do the same. As a government employee, just 3 years permanent status, please consider a 4 day week of 10 hrs per day, or 9 days over 2 weeks like some Federal offices. My husband worked eight 9 hr days, and one 8 hr day then got a Monday off, every 2 weeks. It worked out... Unfortunately he recently was force to retire from the HI Air Nat'l Guard at age 60, so we are struggling... and not sure will qualify for any unemployment benefits... Our 2 older daughters in their early 20's, who are fortunately employed, have the financial burden and emotional strain of helping us pay \$1,500/mo, only a part of our mortgage. It is truly a struggle...

Also, why do we who do honest work everyday, have to support so many on welfare, and other government entitlement programs for many who are just lazy, undeserving, and just abusing the system???

Thank you for your time, support and careful considerations,
Donna Dang, a Kapolei resident (still actually trying to work in Kapolei for the last 20 yrs...)

From: David [equator@hawaii.rr.com]
Sent: Monday, April 04, 2011 8:35 PM
To: WAM Testimony
Cc: Sen. Pohai Ryan; Rep. Chris Kalani Lee
Subject: excise tax

Aloha,

Times are tough. Any increase in the GET is not welcome an un-necessary.
Alternatives from the Republican side of the isle makes better economic sense. The appearances of bowing down to the unions is obvious.
State union workers and their useless management need to suck it up. Wasting money and resources continue.

A good example is the week of March 28 - April 1st. The Pali highway narrowed to one lane town bound from Kailua. We saw one crew of 6 or 7 people weed whacking between Castle Junction and Waokanaka St. Five miles of orange cones. Not only were they weed whacking un-necessarily, they were using gas powered leaf blowers to blow the cut weeds to the center divider. Common sense says the speed of passing vehicles can do the same job in about 2 minutes. A huge waste of energy and my time, along with hundreds of other commuters

Today, April 4th, the same lanes were blocked again with multiple street cleaning machine and assorted blinking State vehicles crawling along on the same stretch of highway. Duplicate work in less than week of each other. What genius in the State Dept of Transportation scheduled this?

I saw a State of Hawaii Ford Expedition along Kalaniana'ole Hwy as well. A gas guzzler with 2 guys inside laughing and joking, on the phone. They were going at least 25 miles an hour. No doubt rushing to lunch somewhere in Hawaii Kai. Why do you still keep and maintain this type of vehicle?

There is no accountability in Hawaii. It's the same old, same old, crap that has stifled this state for years. Plantation mentality. The next generation continues to dumb down and allows the rubber stamp politicians to remain in power.

Don't increase our taxes. The State needs to be a lot more efficient in every department.

Dave Thompson
Waimanalo

From: Jamie Irvine [jiggers28@gmail.com]
Sent: Monday, April 04, 2011 8:39 PM
To: WAM Testimony
Subject: Concerns

To whom it may concern, Aloha, My name is Jamie Irvine. I was just sent a very disturbing email about the possibility of passing the G.E.T. by 25%. Sirs and Madams that have the authority to pass or deny this tax, please hear my concern. It always seems that the answer to our government financial woes ends up on the "little" guys, the mid to low income tax payers payer's shoulders. Of course, there is the fancy and sometimes hard to understand jargin that justifies these type of increases. Yet we bare the consequences tremendously. Not only the adults but our keiki. With all due respect, all of you folks have been divinely appointed because you posses the gifts and talents and knowledge on how to "run" **OUR** government. Is the American motto, Of the People, For the People, and Of the People another "post" past ideal that has been swept under the rug? I've noticed recently in our state government that the real voice of our citizens hasn't been taken to heart and has been masqueraded with the tolerance of political correctedness and favortism. Within the past 1 1/2 years I have had medical issues that caused me to lose my job and b/c of the period of which I was let go, I was only allowed to receive 6 months of Unemployment Benefits and didn't qualify for an extension. Please don't misunderstand, I am very grateful for the help. But b/c of my cuurent medical issues I am unable to work for an undetermined amount of time. Which means, like countless other Americans, I don't have any monies coming in. With great humility and some shame I had to apply for the very first time in my life food stamps. I'm currently going through the process to see whether or not I'm qualified for state disability (until the Lord completely heals me enough to look for and find descent work) which maybe at the most, \$300.00 monthly. I have always worked and been a contributing and responsible citizen. My husband left me 2 1/2 years ago and rarely helps me financially. Yet I am thankful that our 2 young adult children have scholarships and attend UH Manoa. I'm trying to complete my last semester towards my CSAC studies, but can't afford to work on my Bachelors Degree. The whole point of this testimony is that there are real hard working and honest people that don't take advantage of the "system" and rather than being rewarded, we are punished over and again. We once were the "United"States which many countless men and women have shed their blood for our freedoms. And now we are no different than the tyranny of the British in which why our forefathers broke away from to create our Republic Democratic society. Why is it that we reward those who have chosen the criminal and irresponsible path and we punish the good guys? I know why, because we won't retaliate or make waves because we don't want any trouble. Please remember the true foundations and original doctines that our country was founded upon before it's too late and before we forget who we really are. Yet I can share with you honestly, I know where my Hope and provision comes from, it comes from the Maker of Heaven and Earth, Jesus. There are still many who believe like I do without shame and who are willing to testify to His goodness in the midst of our most controverousal and obscured times. Don't worry, I'm not a fanatic and I will continue to respect and follow the laws of our country because for me this is home until the time of my departure. I still believe that we live in the best country in the world. We've just gotten off the "Path" a little. It's not too late to return. Please, ask for God's wisdom and how we can conduct our government without hurting the little guys. Thank you for your time and consideration. I really do mean this when I say, God bless you, and that He will bless each and everyone of you and your loved ones. Sincerely, Jamie Irvine

From: rob@molokaivoice.com
Sent: Monday, April 04, 2011 9:12 PM
To: WAM Testimony
Subject: Opposition to a GET Increase

Robert Stephenson
H.C. 01 Box 228
Kaunakakai, HI 96748-8604

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

This will also be a cost passed on to the consumer who is already burdened with high costs.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

Fiscal responsibility is the answer, not Tax-Ability.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Robert Stephenson
808-553-3552

From: maureen denning [ladyd532003@yahoo.com]
Sent: Monday, April 04, 2011 8:11 PM
To: WAM Testimony
Subject: Increase in the GET

DO THE STRUGGLING NON UNION SINGLE PARENT CLIMBING OUT OF BELOW THE COST OF LIVING INCOME A FAVOR JUST TAKEBA CUT IN PAY SAY JUST 5% for each member of congress and really try saving the tax payers

Sent from my Verizon Wireless mobile phone

From: Cheryl Corbiell [cherylcorbiell@gmail.com]
Sent: Monday, April 04, 2011 9:15 PM
To: WAM Testimony
Subject: HB 739 - Opposition to increasing the general excise tax

Dear Senators,

I am writing you to oppose Bill HB 739 and any other attempt to raise the general excise tax. During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden. The taxpayers are already seeing increasing fees and increased costs because of increased taxes on businesses who pass them onto consumers.

I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my family's budget during the past few years and I hope that government would do the same. Down size government, make large scale projects accountable, and do some long range planning.

Sincerely,

Cheryl Corbiell

PO Box 1582

Kaunakakai HI 96748

--
Cheryl Corbiell
CP Group
Ka Hale Mala B&B
PO Box 1582, Kaunakakai HI 96748
808.553.9009

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 9:19 PM
To: WAM Testimony
Cc: mylenes808@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Mylene Lukowski
Organization: Individual
Address:
Phone:
E-mail: mylenes808@gmail.com
Submitted on: 4/4/2011

Comments:

Please stop raising taxes, driving business's out of business !!! Let's keep business's in business. Cut Government excesses spending, get rid of vacant positions that are not filled. Cut waste in Government!!!!

From: Susan Stone [ssseahorse@msn.com]
Sent: Monday, April 04, 2011 9:33 PM
To: WAM Testimony
Subject: Bill 739

Why are we notified only a day or two before an important meeting regarding bills that affect us in a negative way - not acceptable!

I am writing you to oppose Bill HB 739 and any other attempt to raise the general excise tax. During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden. I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my family's budget during the past few years and I hope that government would do the same.

Susan R. Stone, RA
Serman Realty Ltd
Cell(808)225-5802
Fax (808)637-6100
Office(808)637-6200 Ext.18
Sales, Vacation and Long-term Rentals
Your Satisfaction Is My Success

From: robertachu@hawaii.rr.com
Sent: Monday, April 04, 2011 9:57 PM
To: WAM Testimony
Subject: Help Small Businesses by Opposing a GET Incease

Roberta Chu
478 Kipuni Street
Hilo, HI 96720-6009

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

My name is Roberta Chu and I am the past Chair of Hawaii Island Economic Development Board and the manager of Bank of Hawaii's Commercial Banking Center in Hilo. Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. The rising cost of utilities, transportation and gas prices are challenging enough without increasing taxes. A tax increase imposed on companies to balance the State budget will be a burden they cannot afford to carry at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Roberta Chu

From: I DIG Hawaii LLC [idighawaii@netzero.net]
Sent: Monday, April 04, 2011 10:05 PM
To: WAM Testimony
Subject: Opposition to raising GE Tax - HB789

Please note my opposition to raising the GE tax. More taxes are a further penalty on production - lord knows there are fewer of us all the time in the private sector paying into a very large and expensive bureaucracy. We need production, private enterprises producing, hiring and paying into the system.

Let people keep what they make and watch how motivated they become. Remove barriers to production and problem solving and see how quickly the state coffers can fill without further hampering those of us who are really struggling to feed our families.

Aloha

Kevin

I DIG Hawaii! llc
PO Box 373
Hakalau, HI 96710
(808) 217-6847

Septic Systems, Cesspools, Hauling, Bobcat Rental, Rock Drilling (Customer Meter Poles, Fencing), Material Spreading, Selective Land Clearing. Residential or Commercial, Licensed and Insured.

From: Rachel Nisperos [athomeintheislands@gmail.com]
Sent: Monday, April 04, 2011 10:14 PM
To: WAM Testimony
Subject: HB 739

Dear Senators and Representatives,

I am writing you to oppose Bill 739 and any other attempt to raise the general excise tax. During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden.

I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my family's budget during the past few years and I hope that government would do the same.

Sincerely,

Rachel Nisperos

P.O. Box 893332

Mililani, HI 96789

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 11:06 PM
To: WAM Testimony
Cc: smaho33@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Sean Mahoney
Organization: Individual
Address:
Phone:
E-mail: smaho33@gmail.com
Submitted on: 4/4/2011

Comments:

My name is Sean Mahoney and I live in Mountain View on the Big Island. Please do not raise the G.E.T.!!! The state has not exhausted all options when it comes to it's expenditures. Union benefits and pensions have not even been cut back yet, which we the taxpayers don't even receive. WHEN DID IT BECOME OK FOR THE TAXPAYERS TO PAY FOR BENEFITS AND PENSIONS THAT THEIR OWN NEIGHBORS IN THE PRIVATE SECTOR DON'T EVEN RECEIVE? HOW CAN YOU JUSTIFY TAKING MORE MONEY FROM THE MAJORITY WHO HAVE BEEN TAKING CUTS IN THEIR OWN PAY, AND EVEN HAVING TO PAY MORE FOR THEIR OWN HEALTH INSURANCE, AND THEN TURN AROUND AND WANT TO TAKE MORE OF THEIR MONEY TO KEEP PAYING GENEROUS UNION COMPENSATIONS? To take more of our hard earned money is not the answer, and is quite shameful to those that are struggling right now to make ends meet in this tough economy. When food and gas prices are at the highest they've been in a long time, you are proposing to take more money out of working families' pockets? The state must address it's spending problem. We don't have a taxing problem here in the state, we have a spending problem. If you raise the G.E.T tax, you are sucking more money out of the economy and have not addressed the biggest problem: State spending. The people of Hawaii know what kind of financial situation we were in when last year. The people are not asking for tax increases. The State Republicans have a budget proposal that doesn't raise taxes, so let's use some of their ideas before taking more of our hard earned money. It is irresponsible to not address the problem of out of control spending by the state, while proposing to take even more money out of this economy.

From: John T Hays [johnthays@gmail.com]
Sent: Monday, April 04, 2011 11:33 PM
To: WAM Testimony; All Senators; All Reps
Subject: HB 739

Dear sirs:

I have had the pleasure and frequently, the challenge, of working in more than 75 countries around the world, and visiting some 130. I lived in Jamaica, which today is one of the world's saddest and poorest nations, with one of the highest indices of unemployment. It was not always so. Shortly after 1960 when the former British colonies in the Caribbean achieved independence, Jamaica and Barbados (a small island to the Southeast of Jamaica, with fewer resources than Jamaica's but a similar tourism infrastructure) discovered that they had a number of factors in common, including British heritage and English language, a parliamentary democracy, a largely African population, fish, coconuts, textiles and tourism. Jamaica also had substantial deposits of bauxite, which were not found in Barbados. A few years later the two nations found themselves on the brink of bankruptcy. The Jamaicans rioted, stole from their neighbors and bosses, hacked each other with machetes, and raised taxes. The Barbadians held a nationwide "Town meeting" at which the Prime

Minister requested input from all citizens. As a people they decided to cut taxes and cut spending even more, to work harder and longer, for less pay, to build an infrastructure for tourism and agriculture. Barbados found prosperity and served as an example, not only for Jamaica and the Caribbean, but for the world.

Raising taxes may seem an easy way out, but it is an ignorant way out. It places a burden not only on us, but for our children and grandchildren - one which cannot be easily lifted. I hope you will not simply raise our taxes, without first taking a critical look at expenditures, and cutting at least \$ 1 billion out of spending. Please oppose HB 739.

Aloha,

John T. Hays

Makiki

From: Exa Snow [esnow@it-risc.com]
Sent: Monday, April 04, 2011 8:50 PM
To: WAM Testimony
Subject: testimony for the GE tax

Dear Senators and Representatives,

I am writing you to oppose Bill ___ and any other attempt to raise the general excise tax. I just cannot fathom that this is even being considered right now. I have a couple of rental properties. This is my only personal source of income. My husband works. Currently, I have to actually ask my husband to support the expenses for these because I cannot make enough rent to cover all of the taxes, interest, association dues and upkeep that I must expend on them. It is not TRUE whatsoever that you can pass on GE tax to your tenants. They pay the market rate which has hardly increased over the years because of the constant construction.

I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my family's budget during the past few years and I hope that government would do the same.

Sincerely,

Cindy Snow

91-1259 Kuano'o St.

Ewa Beach, HI 96706

From: Mcwarren6@aol.com
Sent: Tuesday, April 05, 2011 1:07 AM
To: WAM Testimony
Subject: Take a hike

To all the individuals contemplating boosting the GET, I have but 2 recommendations. The first one is to take a cut in your exorbitant salaries and the second is to resign your seats in office. Maybe you should ask General Electric for a loan to offset the State Budget Imbalance. They make millions and are enjoying tax exempt status big time. What many of you legislative lawmakers lack is experience in budget balancing. Woe be to us taxpayers if many of you get reelected.
McWarren J. Mehau, P.O. Box 773, Mt. View, HI 96771 Tel: 808-968-8833

From: Linda and Douglas Halsted [landdhalsted@hawaiiantel.net]
Sent: Tuesday, April 05, 2011 4:57 AM
To: WAM Testimony
Cc: All Senators; All Reps
Subject: HB 739 April 6, 2011 9:30Am Room 211 Testimony

RE HB 739 to be heard Wednesday, April 6 at 9:30am in Room 211 at the State Capitol which would raise the general excise tax by 25%:

April 5, 2011

Dear Senators and Representatives of the Hawaii State Legislature,

Please vote against any increase in the GE tax. Cut government spending. Everyday people are really hurting financially and a GE tax increase will further squeeze families with an immediate cost of living increase. Here on Hawaii island times are not good. Gas is headed towards \$5/gallon. Matson is increasing shipping rates. And now more taxes? Get outside your legislative bubble and talk to everyday people on the street and in your communities to see what I mean. No one wants tax increases. Cut government spending. There is no justification for increasing taxes in these hard times.

Doug Halsted
Hilo, Hawaii

From: mgwindowshawaii@yahoo.com
Sent: Tuesday, April 05, 2011 6:02 AM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Mario Garcia
94-480 Akoki St
Waipahu, HI 96797-2735

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Mario Garcia
6710808

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 6:22 AM
To: WAM Testimony
Cc: macpro3000@yahoo.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Melvin Ah Ching
Organization: Individual
Address:
Phone:
E-mail: macpro3000@yahoo.com
Submitted on: 4/5/2011

Comments:

I stand opposed to raising the General Excise Tax for all reasons stated by other people and individuals who are also opposed to raising the GET. Hawaii's taxpayers simply cannot afford another tax increase.

From: jon.miyata@hpmhawaii.com
Sent: Tuesday, April 05, 2011 6:22 AM
To: WAM Testimony
Subject: Opposition to a GET Increase

Jon Miyata
60 Keaa Street
Hilo, HI 96720-4708

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

I represent the Hawaii Island Chamber of Commerce which represents approximately 300 member businesses and have several concerns regarding an increase to the General Excise Tax rate.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. We fear that increasing the General Excise Tax will curtail consumer spending and cause further hardship to our member businesses.

Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Jon Miyata
8089698174

From: gelisha001@hawaii.rr.com
Sent: Tuesday, April 05, 2011 6:48 AM
To: WAM Testimony
Subject: Help Our Citizens by Opposing a GET Incease

Anthony Gelish
91-1480 Kaieleele St
Ewa Beach, HI 96706-4613

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Citizens of Hawaii are already struggling during this tough economic climate and trying their best to pay their taxes, remain in their homes, keep their jobs, and raise their children. A tax increase is an additional cost imposed on companies that will be passed along to all citizens. The GET is especially onerous because it pyramids making this one percent increase a 25 percent increase as it trickles through the market. Your priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals. When I don't have enough income I cut back on expenses. Our state continues to have the most civil servants per capita of any state. Let's first cut costs by bringing our civil service workforce in alignment with comparable states.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Anthony Gelish
8082865483

From: thedrick@tmghawaii.com
Sent: Tuesday, April 05, 2011 7:07 AM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Todd Hedrick
115 Niuiki Circle
Honolulu, HI 96821-2319

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals and it is unthinkable that our elected officials can not find any excess costs to trim from the budget. Tax payers in Hawaii already suffer from the extreme duplication in services when looking at State and City.

Now is the time to be bold and try to get our government back in line to what is was originally intended to be. I wish you strength and wisdom to do what is right for our generation and generations to come.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Todd Hedrick
753-1919

From: Allison Haag [nalima@hawaii.rr.com]
Sent: Tuesday, April 05, 2011 7:09 AM
To: WAM Testimony
Subject: Stop the GET increase

Dear Senators and Representatives,

I am writing you to oppose Bill HB 739 and any other attempt to raise the general excise tax. During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden. Passing this bill will have a huge negative impact on families throughout Hawaii causing an increase in cost of both consumable and non-consumable items (including the cost of Higher Education).

We cannot afford this type of increase. I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my family's budget during the past few years and I hope that government would do the same. Please don't further hurt Hawaii's Economy!!

Sincerely,
Allison Haag
530 Ka Awakea Rd.
Kailua, HI 96734

From: lawrence@wave.hicv.net
Sent: Tuesday, April 05, 2011 9:12 AM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Lawrence Lasua
975 Likelike Avenue
Kaunakakai, HI 96748-0544

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a general excise tax increase will become an additional cost imposed on companies and consumers that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Lawrence Lasua
808-553-3468

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 9:15 AM
To: WAM Testimony
Cc: info@mauiair.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Sheila Magers
Organization: Individual
Address:
Phone:
E-mail: info@mauiair.com
Submitted on: 4/5/2011

Comments:
Do not raise taxes. Only cut spending.

From: Paul Theisen [pwtheisen@gmail.com]
Sent: Tuesday, April 05, 2011 8:43 AM
To: All Senators; All Reps; WAM Testimony
Subject: General Excise Tax Increase Proposal

Dear Senators and Representatives,

I am writing you to oppose Bill HB 793 and any other attempt to raise the general excise tax. During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden.

I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my family's budget during the past few years and I hope that government would do the same.

Sincerely,

Paul W. Theisen
98-1682 Piki St
Aiea HI 96701

From: Chuck Vowell [pacref-chuck@hawaii.rr.com]
Sent: Tuesday, April 05, 2011 9:20 AM
To: WAM Testimony
Cc: All Senators; All Reps
Subject: HB 793

As a business owner and a consumer, I am opposed to an increase in the GET. As a contractor, the GET that I pay gets passed on to my customer, whether we actually declare it as a tax, or build it into our price to them and do not declare it to them. Our customer will do the same, and the tax will be pyramided so that the eventual price to the consumer will increase by more than the 1% that is advertised. The end result is that the consumers are the people who will bear the tax, and it will just be one more increase in the cost of living.

An additional effect is that it will drive more business to out of state sources for supplies and materials, which can often avoid the tax. This will hurt local business's that supply materials to local consumers and contractors.

In conclusion, I see no positive benefit to increasing the GET, but I do see it as driving more business to out of state vendors.

Thank you,

Chuck Vowell
Pacific Refrigeration & Market Equipment, Inc.
Aiea, Hawaii

From: michael@martinandmacarthur.com
Sent: Tuesday, April 05, 2011 9:22 AM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Michael Tam
1815 kahai St.
Honolulu, HI 96819-3136

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

My name is Michael Tam. I am the owner of Martin & MacArthur, the long standing maker of fine Koa furniture right here in Kalihi.

I adamantly oppose the GET tax increase. This is hurt local businesses like ours who rely on cusotmers to buy locally made products.

We have over 80 full time local residents who work for us and over 200 local craftsmen who are counting on you to step up.

If you support local businesses that sell locally made products, please DO NOT support at GET tax increase.

I would appreciate a response and acknowledgement to this letter. My number is 808-845-6688.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Michael Tam
8088456688

From: kent.tsukamoto@accuityllp.com
Sent: Tuesday, April 05, 2011 9:22 AM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Kent Tsukamoto
1033 Maunanani Street
Honolulu, HI 96825-2865

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Kent K. Tsukamoto

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 9:31 AM
To: WAM Testimony
Cc: steve.sofos@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Steven Sofos
Organization: Individual
Address:
Phone:
E-mail: steve.sofos@gmail.com
Submitted on: 4/5/2011

Comments:

From: malia@cardinalservicesltd.com
Sent: Tuesday, April 05, 2011 9:32 AM
To: WAM Testimony
Subject: Help Small Businesses by Opposing a GET Incease

Malia Lageman
3507 Nuuanu Pali Dr.
Honolulu, HI 96817-5216

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Aloha,

My name is Malia Lageman and I am the owner of two struggling small businesses, Cardinal Mailing Services and Cardinal Presort Services. I currently employ 42 people in my operations. We provide mailing services and presort services to local businesses and have been doing so since 1947.

Both of my companies, Cardinal Mailing and Cardinal Presort, lose business to mainland companies and the additional 1% of GET is just another imposed hurdle that local businesses have to overcome in competing for contracts against mainland competitors. Local businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals and something that Hawaii's small business cannot afford.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Mahalo for you service to Hawaii,

Malia Lageman

From: timothy_brown@genpt.com
Sent: Tuesday, April 05, 2011 9:37 AM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Tim Brown
94-141 Leowaena Street
Waipahu, HI 96797-2226

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Tim Brown
808-356-2105

From: napatimhawaii@yahoo.com
Sent: Tuesday, April 05, 2011 9:37 AM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Tim Brown
976 Paako Street
Kailua, HI 96734-4029

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Tim Brown
808-520-5257

From: Ed Smith [Ed@urockloans.com]
Sent: Tuesday, April 05, 2011 9:43 AM
To: WAM Testimony; All Senators
Subject: Testimony HB 793

Importance: High

Dear Senators and Representatives,

I am writing you to oppose Bill HB 793 and any other attempt to raise the general excise tax.

As a business owner, the economy is still weak and added taxes would only increase the cost of doing business in Hawaii and put more pressure on families. We cannot increase taxes for the following reasons;

1. higher taxes increase the costs of all goods and services in Hawaii,
2. fuel prices are expected to reach \$5.00 per gallon by Summer,
3. Higher fuel prices result in less trips to Hawaii by Mainland visitors
4. Japan economy has taken a hit from the Tsunami and we are dependent on the visitors. We do not know the long term effects and the nuclear melt down is still not resolved.

If taxes were to increase, the compound impact from lower revenues from tourism and higher expenses from taxes and fuel will result in businesses taking longer to recover, higher prices on all goods and services , and a delay on the economy recovering. Consumers will have to cut back on spending.

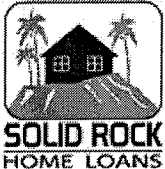
When businesses face less revenue we will look for ways to save money first and not to increase fees.

Opposing Bill HB 793 is a good business decision for businesses and all people of Hawaii.

Sincerely,

Ed Smith

Sales Manager



Committed to Excellence

(B) 808-623-6543

(C) 808-255-7498

(F) 808-623-7364 - HI Only

eFax 808-443-0033

Ed@urockloans.com

urockloans.com



"Perform at your best when your best is required.

Your best is required each day." John Wooden, Head Coach UCLA

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 9:43 AM
To: WAM Testimony
Cc: web@cartoonistforchrist.org
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Lee McIntosh
Organization: Individual
Address:
Phone:
E-mail: web@cartoonistforchrist.org
Submitted on: 4/5/2011

Comments:

Mr. Chair and Members of the Committee on Ways and Means:

Aloha, my name is Lee McIntosh. I operate a landscaping business called GopherLee in Kau on the Big Island. I am not in favor of HB 793, which raises the GET. HB 739 states that "reducing government spending by another \$1,200,000,000 in general fund cuts would be difficult" but not impossible. I encourage the Legislature to make the difficult decisions in cutting spending instead of raising taxes and fees. As a starting point, the Legislature can look at cutting all programs and jobs created after 2003, when the State had a two-year general fund operating budget of \$7.6 billion and a \$152 million deficit. Just as the State does not have any money, I as a business owner do not have any money. The only difference is that I do not have someone else to pay my expenditures on penalty of fines or incarceration. Thank you for the opportunity to testify on HB 739.

From: JS1215@aol.com
Sent: Tuesday, April 05, 2011 9:45 AM
To: WAM Testimony
Subject: Tax increase

I am writing to oppose any G.E.T. tax increase. Cut the budget, reduce the size of Government!

Aloha,

Jim Stafford
75-6138 Alii Drive #8
Kailua Kona, Hi 96740
Phone: 808-326-1767
Fax: 808-326-3284

From: Rosanne Uyehara [sunnyisl@lava.net]
Sent: Tuesday, April 05, 2011 9:30 AM
To: WAM Testimony
Subject: Get Hike

Do not raise the get taxes. Cut the government !

Aloha,

Rosanne F. Uyehara

From: gary@tropicaljs.com
Sent: Tuesday, April 05, 2011 9:52 AM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Gary Barnes
45-002 Holowai St
Kaneohe, HI 96744-2706

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

My name is Gary Barnes. My wife and I own Tropical J's, Inc. We are one of few manufactures of wood-framed market umbrellas in the USA and we manufacture in our small factory at the Kapalama Military Reservation where we employ nearly 20 wonderful people. We are also the leading awning subcontractor in Hawaii and were responsible for most of the fabric used during the renovations of Waikiki over the past several years. We are licensed, bonded, and I am personally certified as one of only 42 master fabric craftsman in the world. We are located at:

Tropical J's, Inc.
5 Sand Island Access Rd #122
Honolulu, HI 96819
808-848-0888
www.tropicaljs.com

We constantly compete against imports and off-island distributors for both awnings, shades and umbrellas who manage to skirt Hawaii's GET when selling to Hawaii. Manufacturing in Hawaii with our high cost of living is a constant struggle and the primary reason we cannot be competitive enough to export. Currently the GET affects everything we do. Increasing it will only increase the cost of our products and make us even less competitive at a time we are struggling to stay afloat.

The priorities should be to save and create jobs and to revitalize the economy. If you need to increase excise tax revenues, close the loop

holes and go after the dead beats.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Gary Barnes
8088480888

From: greg.kawakami@am.jll.com
Sent: Tuesday, April 05, 2011 9:57 AM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Greg Kawakami
275 W. Ka'ahumanu Ave. Ste 1200
Kahului, HI 96732-1612

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Greg Kawakami
808-877-3369

From: fred@pacificpanelcleaners.com
Sent: Tuesday, April 05, 2011 10:02 AM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Fredrick Brooks
4348 Waialae Ave #286
Honolulu, HI 96816-5767

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

To increase my GET while I am starting out a small business is another roadblock that is being put on to help me make it in this economy. I already am employing people part time on 2 islands and paying taxes on that and bringing in revenue for the state to add another tax hike is going to continue to make it even more difficult for a small business to survive on this island.

My company is a start up solar panel cleaning and maintenance company, Pacific Panel Cleaners LLC, trying to help out the environment by keeping systems operating at their best capacity and I am trying to expand to the outer islands and employ more people. With every tax hike it makes it less and less feasible for customers to want to use my service and that in turn makes it tougher to employ hard working people who are trying to avoid food stamps and unemployment. This will have a bad effect on all businesses and make it roll over to more cost by having people less employed and rely on the already poor standing of the state.

The priorities should be to save and create jobs and to revitalize the

economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Fredrick G Brooks
808-772-4705

From: Dudley DePonte [dudley@akamaisurvey.com]
Sent: Tuesday, April 05, 2011 10:02 AM
To: WAM Testimony; All Senators; All Reps
Cc: michaelmangana@citlink.net
Subject: General excise tax increase by 25%

To whom it may concern,

I am a small business owner on the island of Maui. Our company name is Akamai Land Surveying, Inc. As a company we maintain the highest quality professional land surveying at reasonable costs to ALL, yet we are unable to obtain any State contracts, because we are not part of the good old boys club. Go figure, in these tough times, it would be smart or "Akamai" to be a lot more cost efficient and dollar smart, instead of greasing the doing business as usual wheel. In the past 4 years, I have cut my price to the public for this needed service, gone lean on any expenditures, while keeping my employee's benefits and pay at the same scale, so they can keep their home in which they have worked hard for. I do not have the power to tax anyone more to get the necessary funds to pay for escalating gas prices, insurances, equipment, supplies or additional employees. I am hurting and barely making it. With a 25% increase to do business you are putting an extra burden on our business, other businesses and the public that will ultimately pay for the increase. I am opposed to any increases for our operating cost, then turn over that money to the Government, so that a balanced budget may be reached. We need a more efficient government, not tax payers bailing out the government employees for their inability to run a government or simply maintain the necessary public services. If private businesses ran their company as the government do, we would be out of business, broke and looking for a hand out. We all need to work together in these times. Our economy will not move ahead with more taxes on the businesses that will pull us out of the down turn. I am a concerned Hawaii business owner for twenty years. Involved in the Land Surveying business for 36 years. Born and raised in Hawaii 5th generation, with work ethics and a heart for the working people of this state, to keep them working and within their own home.

Please listen to logic and not bull shit from our poor excuse for a governor, that we the people of Hawaii elected to help us, not destroy the Hawaii business.

Aloha from up the hill and creek on Maui.

My name is Sherman Dudley DePonte and I approve all the above that I have stated within this letter.

There will be a hearing this Wednesday, April 6 at 9:30am in Room 211 at the State Capitol on HB 739, which would raise the general excise tax by 25%.

You can email testimony to the Senate Ways and Means Committee using this email address: WAMTestimony@Capitol.hawaii.gov

You can send an email to all the Senators and Representatives at once using these two email addresses.

Senators: sens@capitol.hawaii.gov

Representatives: reps@capitol.hawaii.gov

From: molokai@panchoalconltd.com
Sent: Tuesday, April 05, 2011 10:07 AM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Pancho Alcon
P O Box 586
Kaunakakai, HI 96748-0586

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Pancho Alcon

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 10:11 AM
To: WAM Testimony
Cc: robbm@hawaii.rr.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Robert Mehring
Organization: HDQ, INC dba Dairy Queen/Orange Julius
Address:
Phone:
E-mail: robbm@hawaii.rr.com
Submitted on: 4/5/2011

Comments:

Being a small business owner an increase in the GET tax would be an immediate hold on our expansion plans to add a new location at the Hilton Hawaiian Village as well as any future expansion plans. The tax burden has become too high to risk opening new stores for the near to mid-term.

From: bondma@cs.com
Sent: Tuesday, April 05, 2011 10:08 AM
To: WAM Testimony
Subject: Excise Tax

Dear Senators,

Please do not raise the excise tax. Life is very hard already for many people on Hawai'i. Please cut the funds for the ridiculous wind projects you're pushing! Nobody wants them!

Michael and Margaret Bond
P.O. Box 511
Kaunakakai, HI 96748

From: riveraj059@hawaii.rr.com
Sent: Tuesday, April 05, 2011 10:17 AM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Jowell Rivera
94-807 Nolupe St.
Waipahu, HI 96797-1293

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Jowell Rivera

From: Vern Vance [vern_marsha@hotmail.com]
Sent: Monday, April 04, 2011 11:24 PM
To: WAM Testimony
Subject: Tax and Spend!

Raise GET, why?

Didn't Hawaii get the message. We are tired of being taxed.

Do we need a rail system? Heck no.

We are already taxed to the hilt and the Hawaiian Democrats don't care!

Vern Vance

Kailua Kona

From: lisara@kogaeng.com
Sent: Tuesday, April 05, 2011 10:27 AM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Lori Isara
2736 Henry Street
Honolulu, HI 96817-1141

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

I work for Koga Engineering & Construction, Inc. We currently have about 79 employees on payroll. Construction is one of the major contributors to the Hawaii economy. By taking away the subcontractor exemption from the Contractors will hurt the Construction industry. Contractors bid a job and are awarded based on their bid price. If you take away the subcontractor deduction, the contractors will be hurt by this additional cost that wasn't covered in their original bids. They will need to find a way to make up this difference by charging higher fees for construction or to self perform all of the work. If you take away the subcontractor deductions, you will again have the pyramiding effect of each contractor paying taxes on the same contract amount. The developers will have the additional burden of each contractor adding their taxes to their bid which may make the project unfeasible.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

From: dougpierce1@gmail.com
Sent: Tuesday, April 05, 2011 10:32 AM
To: WAM Testimony
Subject: Strong opposition to a GET Increase

Doug Pierce
16 Namala Place
Kailua, HI 96734-1955

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

Government spending is OUT OF CONTROL with countless areas of inefficiency and disorganization. Internal corrections are needed to remedy deficits we are currently having, NOT MORE TAXES!

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Doug Pierce

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 10:33 AM
To: WAM Testimony
Cc: south246@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Roger Simonot
Organization:
Address:
Phone:
E-mail: south246@gmail.com
Submitted on: 4/5/2011

Comments:

Taxpayers are stretched to the limit already. NO more new taxes or increases. Please cut spending, and make the government more efficient. Then cut spending again. Too much waste! Audit!

From: robert.makahilahila@diebold.com
Sent: Tuesday, April 05, 2011 10:37 AM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Bob Makahilahila
750 Ululani Street
Kailua, HI 96734-4432

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Bob Makahilahila

From: monty@watanabefloral.com
Sent: Tuesday, April 05, 2011 10:42 AM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Monty Pereira
1607 Hart Street
Honolulu, HI 96817-4912

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Hi, my name is Monty Pereira, Sales and Marketing Director at Watanabe Floral, Inc. Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals. Please, do not take this step, as with all the increased costs we are all facing, including the consumers, this will have negative impact in the long term recovery of our state.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Monty Pereira
8088329003

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 10:45 AM
To: WAM Testimony
Cc: m.e.lane@att.net
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Mark Lane
Organization: Individual
Address:
Phone:
E-mail: m.e.lane@att.net
Submitted on: 4/5/2011

Comments:
No increase to GET !!!

From: thomasishida@yahoo.com
Sent: Tuesday, April 05, 2011 10:57 AM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Thomas Ishida
1634 Nuuanu Ave Apt 302
Honolulu, HI 96817-3250

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Thomas Ishida
8087544116

From: m.akau@festivalcos.com
Sent: Tuesday, April 05, 2011 11:02 AM
To: WAM Testimony
Subject: Help Small Businesses by Opposing a GET Incease

Marleen Akau
2201 Kalakaua Avenue #A500
Honolulu, HI 96815-2582

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

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The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Marleen Akau
922-0588

From: Hanni Hartmann [hhartmann@paragonmetals.biz]
Sent: Tuesday, April 05, 2011 11:07 AM
To: WAM Testimony
Subject: HB 793

I oppose the Bill to increase the GET tax .

There is plenty of fat and abuse in the budget to balance the budget
Mahaol for your consideration

Hanni Hartmann
Tel 1- 808-396-5412
Fax 1- 808-394-2767
139 Makaweli Street
Honolulu, HI 96825
USA

From: gracea@polynesia.com
Sent: Tuesday, April 05, 2011 11:12 AM
To: WAM Testimony
Subject: Opposition to a GET Increase

Alfred Grace
55507 Naniloa Loop
Laie, HI 96762-1239

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Driving up the cost of living in Hawaii, by increasing the General Excise Tax, will put additional pressure on businesses and families already struggling to stay afloat during these harsh economic times.

I recognize the need for our government to sustain itself, but it should not be at the expense of local business or families. We need to give top priority to reducing excessive operating expenses and creating jobs to revitalize and sustain our economy for the long haul.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Mahalo

Alfred Grace
8085422911

From: dennis@backofficehawaii.com
Sent: Tuesday, April 05, 2011 11:22 AM
To: WAM Testimony
Subject: Opposition to a GET Increase

Dennis Kennedy
91-1591 Wahane Street
Kapolei, HI 96707-3106

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Dennis Kennedy
808-347-4547

From: Joni Kamiya [jkamiya74@yahoo.com]
Sent: Tuesday, April 05, 2011 11:18 AM
To: WAM Testimony
Subject: HB 793

Dear Senators and Representatives,

I am writing to you in regards to the HB 793 targeting increasing the GET. I urge you to rethink about this bill as it will ultimately trickle down to all taxpayers in the end. We the working public do not need more taxes and fees and financial burdens placed upon us. The focus of this legislative session should be to trim government and match it to the size of the economy that supports it. Hawaii taxpayers can no longer bear this burdens.

I would like to see more ways to solve the problems at hand other than just taking the easy solution of taxing the public more. You as our leaders have that responsibility to do the same thing that each and every person does when they don't have the funds. As a family, we have cut back on our spending and preparing for harder times when we know money is low. We do not keep overspending since we can't keep digging ourselves in a hole. It is the same for the government. If someone could tell me honestly that my tax dollars were really hard at work for me and tell me where each dollar went, I'd feel better about it. But with the current situation, there is just too much government waste everywhere. This has to end or you will break our backs.

Please look beyond party lines to find a means to balance the budget. No more shortsighted solutions and do some real problem solving. There is not enough taxpayers to put money in and you can't keep taking it from our families. Do the right thing of cutting services before taking more from the working public. Hawaii cannot afford our leaders to be bought by all these special interests anymore. We all deserve better than that from this legislative session. Do the right thing and really, make Hawaii a better place.

Sincerely,

Joni Kamiya
A parent, caregiver, business owner, and taxpayer

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 11:31 AM
To: WAM Testimony
Cc: drewomite@aol.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Andrew Santos
Organization: Individual
Address:
Phone:
E-mail: drewomite@aol.com
Submitted on: 4/5/2011

Comments:

I STRONGLY OPPOSE RAISING TAXES. THE LEGISLATURE NEEDS TO BE ACCOUNTABLE FOR THEIR RECKLESS SPENDING. WE CANNOT CONTINUE TO PAY FOR UNION BENEFITS AND PAY RAISES. MORE TAXES IS THE EASY WAY OUT AND THE REASON WE NEED NEW LEADERSHIP.

From: Dan Bigelow [dan@mindsong.com]
Sent: Tuesday, April 05, 2011 11:31 AM
To: WAM Testimony
Subject: HB 739 - G.E.T. increase? Hell NO!

To whom it may concern,

RE: HB 739, Raising the Hawaii State General Excise Tax under the guise of it being a "mere 1 percent" increase, etc. is incredibly disingenuous, and you know it! NO G.E.T. increase! NONE!

Technically, the proposed increase must be compared to the current base of 4%, which makes it a technical increase of 25% over current rates, but worse, being an excise tax, this compounds to become at LEAST an effective 16% tax on virtually all purchases that matter to most folks. NO!

I have had my main work hours CUT by 40%. My wife has CUT on 2 years of pay-raises, knowing that the pressure on her company threatens its very existence. We have CUT back on an already fairly minimal lifestyle and have CUT the time we can spend preparing our children for the REAL WORLD as we seek more work.

I don't see you CUTTING! Not really... You show me REAL CUTS and we can then consider the costs of CORE government services, the efficiency of your government, and then AND ONLY THEN will we start the discussion about raising taxes. I don't like your product. I don't want to pay for most of it, but I certainly don't see how you can justify us paying MORE for it. Are you friggin NUTS?

Only when you change your spendy habits in a serious way, will I begin to consider the concept of spending any more on the mediocre product you call the Hawaii State Government.

G.E.T. a clue. NO. We already give you enough of our lives. Time for you to learn to manage it, wouldn't you say?

Sincerely (and impressed with your audacity),

Daniel S. Bigelow
808-575-2089

1336 W Kuiaha Rd.
Haiku, Hawaii 96708

From: Patricia Aholelei [plaholelei@hotmail.com]
Sent: Tuesday, April 05, 2011 11:32 AM
To: WAM Testimony

Sent from my iPad

Dear Senators and Representatives,

I am writing you to oppose Bill HB 793 and any other attempt to raise the general excise tax. During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden.

I respectfully request that instead of increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my family's budget during the past few years and I hope that government would do the same. This new proposed GE Tax rate will have a monumental affect on us small mom and pop companies. We will have to close our doors because we can't sustain ourselves, our employees and the government on our meager income. Is this what you want the great state of Hawaii to become?? A state of selfishness, a state where every street has empty storefronts because we were forced out to pay the states budget shortfall??? I pray Not!!! Please Do Not Raise The GE Tax 25%.....we simply can't afford it!!!

Sincerely,

Patricia Aholelei

Po Box 2537

Kailua Kona, HI

96745

From: Kim Guynes [kim@rubytuesdayhawaii.com]
Sent: Tuesday, April 05, 2011 11:35 AM
To: WAM Testimony
Subject: HB 793

Dear Senators and Representatives,

I am writing you to oppose Bill 793 and any other attempt to raise the general excise tax. During this difficult economic time, it is hard enough for families to make ends meet and we do not need this additional tax burden.

I respectfully request that instead on increasing taxes, you look at ways for government to tighten its belt. I have made sacrifices to my family's budget during the past few years and I hope that government would do the same.

Sincerely,

Steve and Kimberly Guynes

91-203 Maka'ike Place

Ewa Beach, HI 96707

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 11:43 AM
To: WAM Testimony
Cc: ChoonJamesHawaii@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Choon James
Organization: Individual
Address:
Phone:
E-mail: ChoonJamesHawaii@gmail.com
Submitted on: 4/5/2011

Comments:

Simply raising the GET or 'temporarily' collecting GET from businesses is just a short-term and short-sighted bandage job.

The only way to get back into fiscal sanity and viability is to cut government size and thus government spending. There is no other way around this.

Let's use common sense. Politicking and smokes and mirror charade have gotten us nowhere but higher and higher taxes.

Aloha,

Choon James
56-1081 Kam Hwy
Kahuku, Hawaii 96731

From: Marie Ruhland [marie@hiipm.com]
Sent: Tuesday, April 05, 2011 6:40 AM
To: WAM Testimony
Subject: DO NOT RAISE OUR TAXES TO FUND THE UNIONS

SENATORS AND REPRESENTATIVES OF THE STATE OF HAWAII,

AS A RESIDENT OF HAWAII SINCE 1987, AND A STATE EMPLOYEE AND A MEMBER OF YOUR HGEA, I AM IMPLORING WITH YOU TO OPEN YOUR EYES TO THE STATE OF OUR STATE. WE ARE IN A MAJOR FISCAL CRISIS AND YOUR SOLUTION IS TO RAISE OUR TAXES? I RECALL DURING THE ELECTION OF 2010, OUR GOVERNOR'S PROMISE TO "NOT RAISE TAXES." THIS IS AMONG MANY BROKEN PROMISES IN ONLY HIS FIRST 100+ DAYS IN OFFICE. YOU ALL HAVE BEEN EMPLOYED BY US, THE PEOPLE OF HAWAII TO DO WHAT IS IN OUR BEST INTERESTS - PLEASE HEED YOUR CALL. WE ARE QUICKLY RESORTING TO STATE OF CALIFORNIA WAYS AND QUICK WILL BE OUR DEMISE AS WE ALSO FOLLOW WASHINGTON DC'S MOTTO OF "TAX AND SPEND." CUT OUR STATE BUDGET, KEEP THE FURLOUGH'S AND STOP WASTING OUR HARD EARNED DOLLARS WHICH FALL INTO UNION HANDS AND THUS INTO POLITICAL DONATIONS TO THE LEFT. WISCONSIN IS OUR WAKE UP CALL.....THE WISCONSIN GOVERNOR IS DOING WHAT HE WAS ELECTED TO DO. PLEASE DO WHAT YOU WERE ELECTED TO DO - SERVE THE PEOPLE OF HAWAII AND STOP WASTEFUL SPENDING OF \$\$ WE DO NOT HAVE.

MARIE RUHLAND
TEA PARTY PATRIOT
HILO, HAWAII

Carol Ai
1901 Nuna Place
Honolulu, HI 96821-2629

April 5, 2011
Senate Ways and Means Committee

Dear Senate Ways and Means Committee:
Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol
Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

My name is Carol Ai May, Vice President and part-owner of 112-year old City Mill Company, Ltd. We employ 500 local people on the island of Oahu. We are working VERY HARD to keep our expenses down while keeping our prices down while facing predatory mainland competition. We have many middle management jobs, unlike the Big Box retailers who have 3-4 managers and many cashiers/sales associate.

We, along with many local businesses, are the backbone of the local economy. We struggle to stay healthy during this tough economic climate and try our best to continue to provide benefits to our employees and avoid job cuts. A tax increase would be burdensome, especially one that is additive.

The priorities should be to save and create jobs and to revitalize the economy while making government more efficient. Raising the GET is counter-productive to these goals.

The shipping companies are hiking their prices on a regular basis and our costs to bring in merchandise is increasing at a fast pace. Gas prices are increasing as well.

Also, there is a strong likelihood that "temporary" will turn into "permanent" as it often does.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative
Sincerely,

Carol Ai May
8085295806

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 12:33 PM
To: WAM Testimony
Cc: mc2mens@pacbell.net
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Jack McMenimen
Organization: Individual
Address:
Phone:
E-mail: mc2mens@pacbell.net
Submitted on: 4/5/2011

Comments:

Dear, Hawaii State Legislature

Over the past two years my family and I have had gone through a lot of financial hardships, but through it all we were able to stay afloat, because of the intense scale down of our family budget. No vacations, one car, carpool to two jobs for each myself and my wife. Hawaii gov like us cannot continue to ignore the looming budget crisis. How you expect the people of Hawaii to live responsibly and spend wisely when the government spends the way they do. A GE tax hike will hurt our very fragile economy, in the midst of pathetic economic growth and a failing recovery. Please do not follow the example of the federal government. Be a government of the Hawaiian people.

Sincerely, Jesse Kamana'o chun

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 12:37 PM
To: WAM Testimony
Cc: stoteman@hotmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Stoughton Farnham
Organization: Individual
Address:
Phone:
E-mail: stoteman@hotmail.com
Submitted on: 4/5/2011

Comments:

As an alternative to more taxes and more spending, I propose cuts to the State government. The smaller the government, the larger individual rights! If you are looking for places to cut, I would start with the bloated overhead at the Department of Education.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 12:44 PM
To: WAM Testimony
Cc: jharter1@aloha.net
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Casey Riemer
Organization: Jack Harter Helicopters
Address:
Phone:
E-mail: jharter1@aloha.net
Submitted on: 4/5/2011

Comments:

I am the General Manager for Jack Harter Helicopters. We are strongly opposed to an increase in the GET. The State needs to cut spending, eliminate State positions through attrition, audit the State School system, and work toward reducing the collective bargaining liabilities we are burdened with already.

Raising Excise taxes is a regressive means of raising funds for the continued growth of the State Government. The GET pyramids throughout the economy and drives the cost of doing business up and reduces the consumer's spending powers.

Our business will see a direct loss of revenue from this tax increase. Customers will see an increased cost at a time when our costs of doing business are already increasing. These various increases in the cost of doing business are going to have far-reaching effects on our business.

Mahalo and Aloha

From: speccentral@yahoo.com
Sent: Tuesday, April 05, 2011 12:47 PM
To: WAM Testimony
Subject: Help Small Businesses by Opposing a GET Incease

Randall Mau
733 18th Ave.
Honolulu, HI 96816-4111

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

As a small business owner inceasing my GE taxes along with already being hostage to increases of operating expenses to keep my business in good standing and afloat will be detrimental. 'You don't want to see business closing or moving out of state which will lead to a reduction of tax generation.

There could be other means of levying increase in taxes than to hurt the small business owner. Some suggestions would be on liquor, cigarettes, and other products or services that do harm to one's health. In thgis way the additive benefit would be to reduce the healthcare spend of the offenders.

I strongly oppose the GE tax increase.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the oppportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Randall Mau
808 285-4942

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 12:50 PM
To: WAM Testimony
Cc: bob@midashawaii.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Robert Pereira
Organization: Midas Hawaii
Address:
Phone:
E-mail: bob@midashawaii.com
Submitted on: 4/5/2011

Comments:

This bill would add an extreme burden to my already struggling business. I know the thinking is that business just passes the tax on to the public but some things (such as GET on lease rents, GET for professional services, GET to vendors, etc...) cannot be passed on. Just like Rail, this is an easy way out but it is a bad idea that will hurt everyone living in the State of Hawaii.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 12:51 PM
To: WAM Testimony
Cc: dwong@99imperial.net
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Darryl Wong
Organization: Individual
Address:
Phone:
E-mail: dwong@99imperial.net
Submitted on: 4/5/2011

Comments:

I oppose HB793 which proposes to both suspend tax exemptions until 2015 and increase the GE tax by 1 percent until 2013.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 12:51 PM
To: WAM Testimony
Cc: bob@midashawaii.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Robert Pereira
Organization: Midas Hawaii
Address:
Phone:
E-mail: bob@midashawaii.com
Submitted on: 4/5/2011

Comments:

This bill would add an extreme burden to my already struggling business. I know the thinking is that business just passes the tax on to the public but some things (such as GET on lease rents, GET for professional services, GET to vendors, etc...) cannot be passed on. Just like Rail, this is an easy way out but it is a bad idea that will hurt everyone living in the State of Hawaii.

From: n.hirosane@festivalcos.com
Sent: Tuesday, April 05, 2011 12:52 PM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Nani Hirosane
2122 Lime Street #404
Honolulu, HI 96826-4177

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Nani Hirosane

From: cgartland@msn.com
Sent: Tuesday, April 05, 2011 12:52 PM
To: WAM Testimony
Subject: Opposition to a GET Increase

Jim Gartland
PO Box 82
Kualapuu, HI 96757-0082

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Jim Gartland

From: cliff@kilakila.com
Sent: Tuesday, April 05, 2011 1:42 PM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Clifford Jamile
134 Hoahana Place
Honolulu, HI 96825-3520

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

I am the CEO of Kilakila Employer Services, a locally owned and operated Professional Employer Organization. We employ a staff of 18 and co-employ nearly 800 employees working in over 150 companies. We are in our third year of having to make drastic cuts to our operating budget just to keep our doors open, including layoffs, pay cuts and furlough days. We have also witnessed numerous businesses go under and others just fighting to survive these tough economic times.

Therefore, any tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time. Small businesses cannot absorb these added costs and passing them on to their customers is going to hurt sales. Costs are going up all around us and we don't need the government to pile on at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Clifford A. Jamile
808 597 8535

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 1:45 PM
To: WAM Testimony
Cc: steveolsen@hawaii.rr.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Steven olsen
Organization: Individual
Address:
Phone:
E-mail: steveolsen@hawaii.rr.com
Submitted on: 4/5/2011

Comments:

Although we eventually do need to balance the budget, we must do that through reduction in State expenditures, primarily being less people working in Government. Taxes are already crushing individuals and business. DO NOT RAISE TAXES.

From: hawaiibookmark@gmail.com
Sent: Tuesday, April 05, 2011 1:47 PM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Jeffrey Gomes
281 Edita Street
Hilo, HI 96720-1707

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

My name is Jeff Gomes and I am the owner of JKG Inc. DBA Hawaii Bookmark. I am a disabled retired Navy veteran and I am native Hawaiian. I manufacture and wholesale the best koa bookmarks ever made. Back in August of 2008, while doing business as a sole proprietor of Jeff's Work Bench, I bought Hawaii Bookmark. I had been supplying the previous owner with koa blanks and saw huge potential for growth. Immediately after purchasing the business I applied for the OHA Malama Loan. Despite owning my home and a credit score of 794 my loan request was denied. I wrote the governor's office, Senators Akaka and Inouye, my county councilman and got no reply from any of them. I called Mazie Hirono's office and I must admit I got an honest answer when I was told my problem with getting a loan was a state problem and not a federal one, so Mazie Hirono wouldn't help me either. Zero support from any of the people who represent me in government was discouraging but I survived the recession by working long hours, increasing production, keeping my prices down and proving that I have a viable product made in Hawaii. Business has actually increased enough that I incorporated back in January of this year and hired two people. It is still a struggle to stay in business even with the new help. By raising the GET the trickle effect will surely force me to let go of a least one of my new employees if not both. I shouldn't have to explain the cost of job benefits and the various costs of operating a business. You must look at other options for saving money and even raising money.

Here are some of my suggestions. When beautifying the airports which have

needed it since the 1980s, instead of buying decoration and paying work to be done, why not ask local artists to donate their work to be displayed for all the world to see and in return have their information available on a plaque near the piece. For example, the new water garden should be done by local landscaping company willing to get free advertisement in return for having their work displayed at our international airport.

Money the Hawaii Tourism Authority spends on advertising should instead be used to reimburse airlines, car rental agencies and hotels that give out free air fare, free car rental or free rooms to entice visitors to come to Hawaii. Those businesses in return will do the advertising for us.

The Tourism Authority should take data they have and figure out when tourist from certain areas frequent our islands the most and we celebrate these areas monthly. For example, let's say Californians are found to visit Hawaii most in June. We make June California month. Businesses can offer a 10 percent discount to anyone from California who shows a valid ID during the month of June. The companies advertising to get the discounts mentioned above would also target those areas and inform them of the celebration.

If the military doesn't pay a reasonable vehicle registration fee, that should be increased or at least investigated to have the military help pay for the use of our roads.

Legalize gambling.

Legalize the production and sale of medical marijuana.

Control the Health Department. Teach the Department of Health that if Dr. Sarah Park goes on national TV to tell the world Hawaii has swine flu, that will have a negative effect on the economy. Tourists will not want to come to Hawaii if they fear dying whilevisiting here. If there is an actual epidemic that we need to be aware of in Hawaii please notify us some other way besides the news media. The same goes for the health department trying to get funding for vector control by pretending there is a dengue fever epidemic in Hawaii. The old saying, "If you have nothing good to say, then don't say anything at all" applies to the health department.

I am just one vote, but I do vote. The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Jeffrey K. Gomes
987-6488

From: laurier808@gmail.com
Sent: Tuesday, April 05, 2011 1:47 PM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Laurie Rodriguez
44-119 Kahinani Way #D
Kaneohe, HI 96744-2524

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

I have been a local small business owner for 30 years and I can tell you that these ARE the toughest times EVER! For Government to raise our GE taxes will affect my business negatively in a HUGE way. We are struggling as it is and are hanging on by a thread!!! Our operating cost have increased by 10% every year since 2007 and last year it went up by 15%...while our sales income have dropped by 20%. We are not alone in this, many of my fellow small business retailers are in similar situations. ANY tax increase will cause additional stress and hardship and may just be the "last straw" in this struggle to stay afloat! Seriously, DON'T RAISE OUR TAXES! Unless you want more unemployment and less business revenues coming into the State. Because I can tell you that we CANNOT continue to keep our stores open...it is just not worth it, when you keep showing a loss.

Where is our "bail out". Where is our "help"? Businesses are already struggling...

Take the money and taxes we paid for the INSANE and LUDICROUS rail and use that!

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Laurie Rodriguez
808-372-9525

From: christinehcamp@gmail.com
Sent: Tuesday, April 05, 2011 1:47 PM
To: WAM Testimony
Subject: Opposition to a GET Increase

Christine Camp
841 Bishop St., Ste 1601
Honolulu, HI 96813-3929

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

My name is Christine Camp and I am the president of Avalon Group, a small business company that has been in existence over the last 12 years. I am an employer to 15 salaried employees and five independent sales agents. We also manage several commercial properties with over 100 business tenants and several rental properties with over 100 residents. Based on our experience when we increased the general excise tax by 1/2 percent for rail, we know that the cost increase will negatively impact our commercial and our resident tenants. It will also mean less money available to take care of our employees at our company.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best to continue providing benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

We ask that instead of passing a tax increase, you look at cutting government down to a size that will match the tax revenue that is expected. I, as a business, had to layoff 1/2 of my staff back in 2007 and 2008 to keep my company afloat, and did not take any paycheck myself during those lean years. I ask that government do the same instead of increasing taxes

to further chock economic activity from already weekend businesses and residents.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Christine Camp
8085877770

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 1:50 PM
To: WAM Testimony
Cc: joanna.myers@eastoahu.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Joanna Myers
Organization: Individual
Address:
Phone:
E-mail: joanna.myers@eastoahu.com
Submitted on: 4/5/2011

Comments:

Those of us in the private sector are taxed enough and I feel this would hurt many people just holding on at this time.
PLEASE DO NOT RAISE THIS TAX!

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 1:50 PM
To: WAM Testimony
Cc: joanna.myers@eastoahu.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Joanna Myers
Organization: Individual
Address:
Phone:
E-mail: joanna.myers@eastoahu.com
Submitted on: 4/5/2011

Comments:

Those of us in the private sector are taxed enough and I feel this would hurt many people just holding on at this time.
PLEASE DO NOT RAISE THIS TAX!

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 1:51 PM
To: WAM Testimony
Cc: bmwilson99@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Bradley Wilson
Organization: Individual
Address:
Phone:
E-mail: bmwilson99@gmail.com
Submitted on: 4/5/2011

Comments:

I oppose HB793 which proposes to both suspend tax exemptions until 2015 and increase the GE tax by 1 percent until 2013. The government must do more with less, cut spending do NOT raise taxes!

From: pat.bustamante@usa.net
Sent: Tuesday, April 05, 2011 1:52 PM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Patrick Bustamante
497 Opihikao Place
Honolulu, HI 96825-1128

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Patrick Bustamante

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 2:00 PM
To: WAM Testimony
Cc: kcockett@msn.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Keith Cockett, AIA
Organization: keith cockett & associates, inc
Address:
Phone:
E-mail: kcockett@msn.com
Submitted on: 4/5/2011

Comments:

The Honorable David Ige, Chair
The Honorable Michelle Kidani, Vice Chair Members of the Ways and Means Committee Hawaii
State Senate State Capitol Honolulu, HI 96813

WAM Hearing Date: April 6, 2011, 9:30 am State Capitol Auditorium

Subject: OPPOSE as written, House Bill 793 SD1 Relating to Taxation; Section 3 Amending Chapter 237, Hawaii Revised Statutes to temporarily suspend exemption from January 1, 2012 through June 30, 2015 for 1) Amounts deducted from the gross income received by contractors as described under section 237-13 (3) (B)

On behalf of the more than 800 architect members and other allied design professionals of The American Institute of Architects (AIA), AIA Hawaii State Council, I am writing to OPPOSE HB 793 SD1 on Taxation whose provisions aim to suspend key exemptions currently afforded to significant design and construction efforts in Hawaii, among other key business areas across the state. AIA Hawaii previously opposed similar provisions contained in then HB 799 HD1 for similar reasons.

The provision within HB 793 SD1 to remove the exemption currently afforded to "contractors" as defined in the Hawaii Revised Statutes (Section 237-13 (03) (B) (i) will specifically cause an adverse effect on our members, allied engineers and Hawaii construction firms, a majority of whom are small businesses in Hawaii. This measure will have a significantly broad and negative effect on our State's overall economy as we all know the importance of design and construction in stimulating economic growth and creating needed jobs.

While this measure is proposed to extract additional revenues to address the state's fiscal crisis, it is especially key to note that elimination of this specific exemption and others would come at a bad time as Hawaii's economy struggles to come back from the devastation of economic recession. Eliminating the general excise exemptions for temporary gain may have a significantly dire consequence over the long term.

Moreover, the overall impact on the design and construction industry would be very large, because of the well documented "pyramid effect." A gross receipts tax, without key exemptions in place, has a well known escalating effect that creates an extra layer of taxation at each stage of the product and service life cycle. For the design and construction industry this leads to dramatically higher costs for housing, commercial and industrial structures built for Hawaii businesses, state and city governments and residential

homeowners. Hawaii citizens already struggle with one of the highest costs for construction and housing in the nation.

We encourage you to seek more economically neutral ways of taxing businesses, and urge you to look deeper at long-term solutions for creating greater efficiencies within the government. This bill has the serious potential of reducing business in a time when Hawaii business needs stimulation. We urge opposition as currently written.

Sincerely,

Keith Cockett, AIA

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 2:02 PM
To: WAM Testimony
Cc: jojostorage@aol.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Joe Totah
Organization: Individual
Address:
Phone:
E-mail: jojostorage@aol.com
Submitted on: 4/5/2011

Comments:

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 2:04 PM
To: WAM Testimony
Cc: dawnshimabukuro@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Dawn Shimabukuro
Organization: Individual
Address:
Phone:
E-mail: dawnshimabukuro@gmail.com
Submitted on: 4/5/2011

Comments:

I oppose the portion of the bill that increases the GET to 5%. Suspending the exemptions to the GET and increasing the deductions and credits are long overdue. The Legislature needs to cut expenses, especially in upper management, continue with furloughs and streamline duplicate services.

From: darleelas@aol.com
Sent: Tuesday, April 05, 2011 2:05 PM
To: WAM Testimony
Subject: HB 739

Dear Senators and Representatives,

Please consider this our **testimony at the April 6 public hearing regarding HB 739**, and our **message to each of you in the House and the Senate**.

We want you to know that we vigorously oppose this bill and any other effort to raise the GET. You have many options left before you raise this oppressive tax, including simply cut spending in a number of ways.

Please consider the following items:

- HB 739 will raise the already high cost of everything in Hawaii, hurt the lower income people most and will also hurt our Tourism industry by making visiting Hawaii even more expensive.
- We consider ourselves Independents, however, we know the Republicans in the house have shown that our budget can be balanced without an increase in the GET. **Why are you ignoring this budget proposal?** Do you think most of us do not know the influence unions have over the majority of you? How about cutting your own salaries to what they were?
- Why are you considering taking additional steps that will continue to increase the reputation of Hawaii as one of the most unfriendly business states in the U. S.? Why do you not understand these simple facts?
- Our schools are so bad, in spite of spending more than any other state, most people who can afford it spend thousand of dollars on private schools. This has to change! After living in some 16 states, none with a GET, and none where we even thought of not using public schools, we both thought Hawaii was the best and eventually returned here to work and finally retire. We continue to desire Hawaii because of the people, climate, beauty and Aloha Spirit and have lived here for most of the past 35 years, in spite of the taxes.
- However, enough is enough. If you increase the GET and other taxes without cutting spending you force us and many others, even though we love Hawaii and have lived here for 35 years, to consider moving back to the mainland. None are as nice as Hawaii but there are many other nice and beautiful places to live, pay reasonable taxes and the cost of living is affordable.
- Have you considered how many retirees, like us, including the military, will finally consider leaving Hawaii? And how this will impact your Tax Base?
- **HB 739** does not solve anything except **make things worse** because history shows you will just spend more. **You must stop the out of control spending.**
- Find ways to become **more business friendly, thus creating jobs** and increasing our tax base, not pass stupid things such as HB 739 which will further run business away.

- Eliminate the new Rail System.... we can't afford it..... there will be no federal money coming to Hawaii for that purpose. Spend the proposed 1/2 % GET increase on our broken sewers/water system and repair our roads.

We challenge you to do the right thing for the people of Hawaii, not special interests such as most of the unions. It is time to follow the lead of several other states..... Government and Unions must cut costs.

Sincerely,

Mr. and Mrs. Lee Laster
501 Hahaione St., #18K
Honolulu, Hi 96825

From: jeanne@dolphintouch.org
Sent: Tuesday, April 05, 2011 2:07 PM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Jeanne Russell Owner
4544 Kukui Street
Kapaa, HI 96746-1716

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

We are a small business that is struggling to keep our customers. We have already lowered our fees to accommodate this new economic downturn and now to add more sales tax to our clients would seriously hurt our business. Please consider another way to gain revenue.

Mahalo,
Jeanne Russell, Owner
Dolphin Touch Wellness Center

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Mahalo,

Jeanne Russell, Owner
(808) 822-4414

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 2:10 PM
To: WAM Testimony
Cc: torahim@yahoo.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: tim siver
Organization: Individual
Address:
Phone:
E-mail: torahim@yahoo.com
Submitted on: 4/5/2011

Comments:
please do not increase the get tax....
cut spending rather than increase taxes...
this is a regressive tax...

timothy m siver
retired private school headmaster

From: GLeeLoy@dhs.hawaii.gov
Sent: Tuesday, April 05, 2011 2:12 PM
To: WAM Testimony
Subject: TEMPORARY GET INCREASE

Please consider the GET temporary increase as the democratic way to ease the financial burden on the entire state and not just state employees. We are not to be treated like whipping boys for balancing the budget. This will distribute the burden on the entire population of Hawaii and not a selected number of Hawaii residents. It is tyranny to constantly target the same departments and employees who service the most fragile segments of the population.

I WILL NOT VOTE FOR SENATORS OR REPRESENTATIVES WHO KEEP CUTTING PROGRAMS AND TAKING ALREADY CONTRACTED INCOME FROM ME! UP THE GET TAX TWO (2) PERCENTAGE POINTS FOR (2) YEARS, LIKE YOU TOOK MY INCOME FOR (2) YEARS AND YOU'LL BALANCE THE BUDGET. WE DON'T WANT TO BE LIKE THE FOLKS IN WASHINGTON WITHOUT A BUDGET. SHOW THEM HAWAII HAS REAL LEADERS!

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From: tasha.hose@accuityllp.com
Sent: Tuesday, April 05, 2011 2:12 PM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Tasha Hose
999 Bishop St. Suite 1900
Honolulu, HI 96813-4427

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Tasha Hose

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 2:20 PM
To: WAM Testimony
Cc: t.dale@4ddesigns.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Tonya Dale
Organization: 4D Designs LLC
Address:
Phone:
E-mail: t.dale@4ddesigns.com
Submitted on: 4/5/2011

Comments:

The Honorable David Ige, Chair
The Honorable Michelle Kidani, Vice Chair Members of the Ways and Means Committee Hawaii
State Senate State Capitol Honolulu, HI 96813

WAM Hearing Date: April 6, 2011, 9:30 am State Capitol Auditorium

Subject: OPPOSE as written, House Bill 793 SD1 Relating to Taxation; Section 3 Amending Chapter 237, Hawaii Revised Statutes to temporarily suspend exemption from January 1, 2012 through June 30, 2015 for 1) Amounts deducted from the gross income received by contractors as described under section 237-13 (3) (B)

On behalf of the more than 800 architect members and other allied design professionals of The American Institute of Architects (AIA), AIA Hawaii State Council, I am writing to OPPOSE HB 793 SD1 on Taxation whose provisions aim to suspend key exemptions currently afforded to significant design and construction efforts in Hawaii, among other key business areas across the state. AIA Hawaii previously opposed similar provisions contained in then HB 799 HD1 for similar reasons.

The provision within HB 793 SD1 to remove the exemption currently afforded to "contractors" as defined in the Hawaii Revised Statutes (Section 237-13 (03) (B) (i) will specifically cause an adverse effect on our members, allied engineers and Hawaii construction firms, a majority of whom are small businesses in Hawaii. This measure will have a significantly broad and negative effect on our State's overall economy as we all know the importance of design and construction in stimulating economic growth and creating needed jobs.

While this measure is proposed to extract additional revenues to address the state's fiscal crisis, it is especially key to note that elimination of this specific exemption and others would come at a bad time as Hawaii's economy struggles to come back from the devastation of economic recession. Eliminating the general excise exemptions for temporary gain may have a significantly dire consequence over the long term.

Moreover, the overall impact on the design and construction industry would be very large, because of the well documented "pyramid effect." A gross receipts tax, without key exemptions in place, has a well known escalating effect that creates an extra layer of taxation at each stage of the product and service life cycle. For the design and construction industry this leads to dramatically higher costs for housing, commercial and industrial structures built for Hawaii businesses, state and city governments and residential

homeowners. Hawaii citizens already struggle with one of the highest costs for construction and housing in the nation.

We encourage you to seek more economically neutral ways of taxing businesses, and urge you to look deeper at long-term solutions for creating greater efficiencies within the government. This bill has the serious potential of reducing business in a time when Hawaii business needs stimulation. We urge opposition as currently written.

Sincerely,

Tonya Dale, AIA, NCARB

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 2:23 PM
To: WAM Testimony
Cc: kcockett@msn.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Keith Cockett, AIA
Organization: Individual
Address:
Phone:
E-mail: kcockett@msn.com
Submitted on: 4/5/2011

Comments:

I oppose raising the GET tax or raising any other tax for that matter. We must start cutting instead of always taxing. How much more of our hard earned dollars must go to support others who either don't pay taxes or don't pay their fair share of retirement or health care? Enough is enough.

Be creative, be stern, be realistic. Taxing is the easy and lazy way out.

Mahalo
Keith Cockett, AIA

d

From: eastwoodoffice@hawaii.rr.com
Sent: Tuesday, April 05, 2011 2:32 PM
To: WAM Testimony
Subject: Help Small Businesses by Opposing a GET Incease

Pratibha Eastwood
P. O. Box 61537
Honolulu, HI 96839-1537

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Pratibha Eastwood
595-4673

From: mcgrawmarketing@hawaii.rr.com
Sent: Tuesday, April 05, 2011 2:32 PM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Debby McGraw
1671 Kanalui St.
Honolulu, HI 96816-1831

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult.

How is Hawaii every going to attract new businesses when they know they will be required to pay what is truly a "privilege" tax?

As a sole proprietor, a tax increase will become an additional cost imposed that I and many others, cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Debby McGraw
808-523-3005

From: Craig Heath [paradisesubmarine@yahoo.com]
Sent: Tuesday, April 05, 2011 2:30 PM
To: WAM Testimony
Subject: DON'T RAISE OUR TAXES !!!!

HELLO STATE OF HAWAII,

Is ANYONE listening? We voted for less taxation, NOT MORE.

IS NEIL AWAKE ????????

THANK YOU FOR CARING,

Craig F. Heath
Kahului

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 2:34 PM
To: WAM Testimony
Cc: k3arch@hawaii.rr.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Ken Kajiwara
Organization: Ken Kajiwara, AIA
Address:
Phone:
E-mail: k3arch@hawaii.rr.com
Submitted on: 4/5/2011

Comments:

I am a consulting architect who sub-contracts to numerous consultants (drafters, artists, engineers, environmental specialists, etc) for my practice. More often than not the total of their fees has been more than my fees. If this bill is passed, it will mean my GET will more than double.

I also note that since the down turn in the economy, the majority of my projects have been for the state government (DAGS, UH, DOE, etc.) In today's economic climate, I will have no choice but to pass on this cost, thereby increasing the cost of State projects and increasing the State deficit further.

I believe this to be true for most in the construction industry, a segment of the economy which has suffered more than others during these austere times.

I agree with the Governor's position to share the deficit burden equally, however it this bill seems to burden small construction related businesses unfairly.

I hope can take this into consideration in your deliberations.

Thank you.

Ken Kajiwara, AIA

From: PJ2Rock2@aol.com
Sent: Tuesday, April 05, 2011 2:34 PM
To: WAM Testimony
Cc: peacefull@interpac.net
Subject: Bill HB739

Dear Senators and Representatives

I am writing to oppose HB739.

I have been in business in Hawaii, involved in the Travel industry for over 30 years and the last 20 years have operated Bougainvillea Bed and Breakfast with a GET&TAT License. I now pay a total of .1325%.

If this bill is passed, in my opinion, it would harm the travel industry in Hawaii, which is the largest source of income. It would be like throwing the baby out with the bath water. The price of Hotel rates would go up along with liquor and send a message to the traveling public that Hawaii is too expensive to go to. The increase in GET would create a very bad hardship on our income. We depend on Social Security, and income from the B&B.

There are other solutions to solving the tax problem.

PEOPLE WHO DO NOT PAY ANY TAXES IN THIS STATE

1. Car Sales

A. Dealers who sell new and used cars collect taxes and this tax goes to the state.

B. An individual who sell an auto to another individual is only required to send the DMV a change of ownership. The Tax should be collected at the DMV upon registration and paid to the state. Many other states already have this in place.

2. TIMESHARES ???? Most are registered as out of state. I understand there is already an investigation underway. There is a place on the TAT form.

3. Cruise ships.

4. Vacation rentals...some say they are hard to trace I can supply names of rental agency's on the Internet that advertise for the public use. Example: CRAIGS List, Vacation Rental by Owner, Rent MY Place, ETC.

I believe that there are out of work computer experts who would work for a percentage to untangle this for unpaid taxes.

The State is loosing HUNDREDS of THOUSANDS of Dollars.

If the Unions are for the raise then they are really "Shooting themselves and their members in the foot".

Respectfully yours and Mahalo for your kind condensation,

Martha L. Nitsche CT
peacefull@interpac.net
808-929-7089

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 2:36 PM
To: WAM Testimony
Cc: kladoulis@k-designgroup.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Kathryn Ladoulis Urban
Organization:
Address:
Phone:
E-mail: kladoulis@k-designgroup.com
Submitted on: 4/5/2011

Comments:

The Honorable David Ige, Chair
The Honorable Michelle Kidani, Vice Chair Members of the Ways and Means Committee Hawaii
State Senate State Capitol Honolulu, HI 96813

WAM Hearing Date: April 6, 2011, 9:30 am State Capitol Auditorium

Subject: OPPOSE as written, House Bill 793 SD1 Relating to Taxation; Section 3 Amending Chapter 237, Hawaii Revised Statutes to temporarily suspend exemption from January 1, 2012 through June 30, 2015 for 1) Amounts deducted from the gross income received by contractors as described under section 237-13 (3) (B)

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The provision within HB 793 SD1 to remove the exemption currently afforded to "contractors" as defined in the Hawaii Revised Statutes (Section 237-13 (03) (B) (i) will specifically cause an adverse effect on our members, allied engineers and Hawaii construction firms, a majority of whom are small businesses in Hawaii.

As a small women-owned business, this will have a seriously negative impact on our well-being and livelihood for those of us already struggling as a minority in this industry. The A/E industry as a whole has not yet rebounded from the recession in proportion to our Mainland counterparts.

This measure will have a significantly broad and negative effect on our State's overall economy as we all know the importance of design and construction in stimulating economic growth and creating needed jobs.

While this measure is proposed to extract additional revenues to address the state's fiscal crisis, it is especially key to note that elimination of this specific exemption and others

would come at a bad time as Hawaii's economy struggles to come back from the devastation of economic recession. Eliminating the general excise exemptions for temporary gain may have a significantly dire consequence over the long term.

Moreover, the overall impact on the design and construction industry would be very large, because of the well documented "pyramid effect." A gross receipts tax, without key exemptions in place, has a well known escalating effect that creates an extra layer of taxation at each stage of the product and service life cycle.

For the design and construction industry this leads to dramatically higher costs for housing, commercial and industrial structures built for Hawaii businesses, state and city governments and residential homeowners. Hawaii citizens already struggle with one of the highest costs for construction and housing in the nation.

We encourage you to seek more economically neutral ways of taxing businesses, and urge you to look deeper at long-term solutions for creating greater efficiencies within the government.

This bill has the serious potential of reducing business in a time when Hawaii business needs stimulation. I urge opposition as currently written.

Sincerely,

Kathryn Ladoulis Urban, AIA

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 2:42 PM
To: WAM Testimony
Cc: mike@ifdesigninc.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Michael Harvey
Organization: Individual
Address:
Phone:
E-mail: mike@ifdesigninc.com
Submitted on: 4/5/2011

Comments:

Subject: OPPOSE as written, House Bill 793 SD1 Relating to Taxation; Section 3 Amending Chapter 237, Hawaii Revised Statutes to temporarily suspend exemption from January 1, 2012 through June 30, 2015 for 1) Amounts deducted from the gross income received by contractors as described under section 237-13 (3) (B)

On behalf of the more than 800 architect members and other allied design professionals of The American Institute of Architects (AIA), AIA Hawaii State Council, I am writing to OPPOSE HB 793 SD1 on Taxation whose provisions aim to suspend key exemptions currently afforded to significant design and construction efforts in Hawaii, among other key business areas across the state. AIA Hawaii previously opposed similar provisions contained in then HB 799 HD1 for similar reasons.

The provision within HB 793 SD1 to remove the exemption currently afforded to "contractors" as defined in the Hawaii Revised Statutes (Section 237-13 (03) (B) (i) will specifically cause an adverse effect on our members, allied engineers and Hawaii construction firms, a majority of whom are small businesses in Hawaii. This measure will have a significantly broad and negative effect on our State's overall economy as we all know the importance of design and construction in stimulating economic growth and creating needed jobs.

While this measure is proposed to extract additional revenues to address the state's fiscal crisis, it is especially key to note that elimination of this specific exemption and others would come at a bad time as Hawaii's economy struggles to come back from the devastation of economic recession. Eliminating the general excise exemptions for temporary gain may have a significantly dire consequence over the long term.

Moreover, the overall impact on the design and construction industry would be very large, because of the well documented "pyramid effect." A gross receipts tax, without key exemptions in place, has a well known escalating effect that creates an extra layer of taxation at each stage of the product and service life cycle. For the design and construction industry this leads to dramatically higher costs for housing, commercial and industrial structures built for Hawaii businesses, state and city governments and residential homeowners. Hawaii citizens already struggle with one of the highest costs for construction and housing in the nation.

We encourage you to seek more economically neutral ways of taxing businesses, and urge you to look deeper at long-term solutions for creating greater efficiencies within the government. This bill has the serious potential of reducing business in a time when Hawaii business needs stimulation. We urge opposition as currently written.

From: coachfrieda@gmail.com
Sent: Tuesday, April 05, 2011 2:42 PM
To: WAM Testimony
Subject: HB 793: Opposition to GET tax increase

Frieda Gayle
PO Box 31
Lawai, HI 96765-0031

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

The state has to find other ways to balance the budget other than raising taxes over the backs of people who are already suffering. If we are all trying to survive, how would taxing us more help the people, whom you are there to serve?

I'm furious about this! Do not raise taxes, cut government expenses instead (and not those services that serve the people)!

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Frieda Gayle
808-482-1999

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 2:45 PM
To: WAM Testimony
Cc: info@damicogroup.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Michele L. D'Amico
Organization: Individual
Address:
Phone:
E-mail: info@damicogroup.com
Submitted on: 4/5/2011

Comments:

The Honorable David Ige, Chair
The Honorable Michelle Kidani, Vice Chair Members of the Ways and Means Committee Hawaii
State Senate State Capitol Honolulu, HI 96813

WAM Hearing Date: April 6, 2011, 9:30 am State Capitol Auditorium

Subject: OPPOSE as written, House Bill 793 SD1 Relating to Taxation; Section 3 Amending Chapter 237, Hawaii Revised Statutes to temporarily suspend exemption from January 1, 2012 through June 30, 2015 for 1) Amounts deducted from the gross income received by contractors as described under section 237-13 (3) (B) On behalf of the more than 800 architect members and other allied design professionals of The American Institute of Architects (AIA), AIA Hawaii State Council, I am writing to OPPOSE HB 793 SD1 on Taxation whose provisions aim to suspend key exemptions currently afforded to significant design and construction efforts in Hawaii, among other key business areas across the state. AIA Hawaii previously opposed similar provisions contained in then HB 799 HD1 for similar reasons. The provision within HB 793 SD1 to remove the exemption currently afforded to "contractors" as defined in the Hawaii Revised Statutes (Section 237-13 (03) (B) (i) will specifically cause an adverse effect on our members, allied engineers and Hawaii construction firms, a majority of whom are small businesses in Hawaii. This measure will have a significantly broad and negative effect on our State's overall economy as we all know the importance of design and construction in stimulating economic growth and creating needed jobs. While this measure is proposed to extract additional revenues to address the state's fiscal crisis, it is especially key to note that elimination of this specific exemption and others would come at a bad time as Hawaii's economy struggles to come back from the devastation of economic recession. Eliminating the general excise exemptions for temporary gain may have a significantly dire consequence over the long term. Moreover, the overall impact on the design and construction industry would be very large, because of the well documented "pyramid effect." A gross receipts tax, without key exemptions in place, has a well known escalating effect that creates an extra layer of taxation at each stage of the product and service life cycle. For the design and construction industry this leads to dramatically higher costs for housing, commercial and industrial structures built for Hawaii businesses, state and city governments and residential homeowners. Hawaii citizens already struggle with one of the highest costs for construction and housing in the nation.

We encourage you to seek more economically neutral ways of taxing businesses, and urge you to look deeper at long-term solutions for creating greater efficiencies within the government. This bill has the serious potential of reducing business in a time when Hawaii business needs stimulation. We urge opposition as currently written.

Sincerely,

Michele L. D'Amico, AIA ASID

From: Brandon Haleamau [bhaleamau@hotmail.com]
Sent: Tuesday, April 05, 2011 2:45 PM
To: WAM Testimony; All Senators; All Reps; Sen. Clayton Hee; Sen. Sam Slom; Sen. Les Ihara, Jr.; Sen. Maile Shimabukuro; Rep. Jerry Chang; Sen. Malama Solomon

Dear Legislators:

I oppose H.B. 793 and any other attempt to raise the general excise tax, whether on a temporary or a permanent basis. In these lean times, it is difficult enough for families to provide for themselves. An increase in the GET would only add to their burden, because consumers bear the brunt of the accumulated GET, which is imposed at each point of transaction, through wholesale to retail. For this reason also, a GET increase would stifle business activity.

Please consider other ways to balance the budget: eliminating waste, and lowering taxes, which seems counterintuitive, but actually has the effect of raising more revenue. Thank you.

Yours Truly,
Brandon Haleamau

From: collin.miyamoto@gmail.com
Sent: Tuesday, April 05, 2011 2:47 PM
To: WAM Testimony
Subject: Opposition to a GET Increase

Collin Miyamoto
457 Maono Loop
HONOLULU, HI 96821-2526

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Any increase in the GET is counter productive to revitalizing the economy, saving jobs and creating jobs.

Business are struggling to stay afloat during these tough economic times. Businesses have cut salaries, benefits and other expenses in attempts to keep their doors open and people employed. An increase to the GET will only put an additional burden on businesses that will lead to additional cuts in salaries and benefits. I am one who has experienced this and personally reduced my spending to be financially responsible. Any additional cuts will put additional strain on myself and family.

An increase to the GET will also be counter productive as businesses will pass on the increase inflating prices and cost of goods to individuals. People will spend less and put a bigger strain on the economy and people of Hawaii. Again an additional tax will put an added strain on myself and family.

In conclusion, raising taxes is counter productive as it takes away the spending power of businesses and people that will drive the revitalization of the economy.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Collin Miyamoto
8082281412

From: ppannell@personalfinancial.com
Sent: Tuesday, April 05, 2011 11:47 AM
To: WAM Testimony
Subject: Support of GET increase

Patricia Pannell
PO Box 1324
Kilauea,, HI 96754-1324

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

I am the Chief Operating Officer of Personal Financial Consultants, Inc. in Kapaa, Kauai. I understand how hard businesses have been hurt with the slow economy over the last 2 years. However, I also believe that our state can not afford to cut vital services, most importantly public safety, health and education to balance the budget.

Contrary to the opinion of most of our local members of the Chamber of Commerce, I SUPPORT an increase in the GET as part of an overall strategy to balance our budget. The money has to come from somewhere.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Respectfully,

Patricia A. Pannell
808 645 1571

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 11:48 AM
To: WAM Testimony
Cc: warganich@yahoo.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: David Warganich
Organization: Individual
Address:
Phone:
E-mail: warganich@yahoo.com
Submitted on: 4/5/2011

Comments:

Find ways to cut instead! We can no longer postpone the inevitable nor can we always increase taxes of any sort to support a "gorilla" of programs.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 11:48 AM
To: WAM Testimony
Cc: shari.dc@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Shari Dela Cuadra
Organization: Individual
Address:
Phone:
E-mail: shari.dc@gmail.com
Submitted on: 4/5/2011

Comments:

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 11:51 AM
To: WAM Testimony
Cc: mrdelacuadra@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Jasen Dela Cuadra
Organization: Individual
Address:
Phone:
E-mail: mrdelacuadra@gmail.com
Submitted on: 4/5/2011

Comments:

From: Jean Thompson [hrskona@hawaiiantel.biz]
Sent: Tuesday, April 05, 2011 11:51 AM
To: WAM Testimony
Subject: testimony re HB793/SD1

Dear Honorable Congressmen,

I would like to testify in opposition to HB793/HD1 regarding increasing Sales/General Excise Tax in Hawaii. As a Health care Provider and business owner, I personally experience a struggle with GET every day. The private health insurance companies DO NOT PAY excise tax but expect the care provider to pay their share or pass it on to the consumer, who is already burdened by a pyramid tax base. Medicare, Medicaid, VA, and almost all of the private insurance companies fix their fees and further reduce them by asking the provider to pay their share. In the case of Medicaid/Quest, we are paid below the cost of delivery of services and THEN have to pay the sales tax in addition! If we are going to raise GET, either medical costs should be exempt or the insurance companies MUST pay their portion and not expect the provider or patient to pay 100% of the tax. In the event of government plans (Medicare/Medicaid/VA), if these plans are exempt, then the provider should not have to pay the tax to the state. This is a problem that should have been corrected many years ago but still remains. Insurance companies that "hide" behind "mutual benefit societies" or non-profit classifications need to pay into our government instead of funneling these profits into investments, "PR", etc.

Thank you for your time. Again, please do not increase GET without correcting the problem of forcing patients and providers to pay the GET.

Sincerely,

Jean Thompson, Owner/Hawaiian Rehabilitation Services, Inc.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 11:53 AM
To: WAM Testimony
Cc: sandy.dcee@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Sandra Dela Cuadra
Organization: Individual
Address:
Phone:
E-mail: sandy.dcee@gmail.com
Submitted on: 4/5/2011

Comments:

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 11:56 AM
To: WAM Testimony
Cc: peter+testimony@cybercominc.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Peter Kay
Organization: Individual
Address:
Phone:
E-mail: peter+testimony@cybercominc.com
Submitted on: 4/5/2011

Comments:

Raising the GET will further worsen our economy by money out of productive use and putting it to inefficient government use.

The track record is undeniably clear: raising taxes kills jobs and reduces people's standard of living. Reducing spending and taxes creates jobs, increases wealth, and raises everyone's standard of living.

I am strongly against HB793.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 11:56 AM
To: WAM Testimony
Cc: morefrosting@yahoo.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Kate Dennis
Organization: Individual
Address:
Phone:
E-mail: morefrosting@yahoo.com
Submitted on: 4/5/2011

Comments:

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 11:57 AM
To: WAM Testimony
Cc: dandpatch@yahoo.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Dan Dennis
Organization: Individual
Address:
Phone:
E-mail: dandpatch@yahoo.com
Submitted on: 4/5/2011

Comments:

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 11:57 AM
To: WAM Testimony
Cc: peggygeddis@msn.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Peggy Geddis
Organization: Individual
Address:
Phone:
E-mail: peggygeddis@msn.com
Submitted on: 4/5/2011

Comments:
I strongly oppose this bill. Cut spending, don't raise taxes!

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 11:57 AM
To: WAM Testimony
Cc: judimott@msn.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Judi Motteler
Organization: Individual
Address:
Phone:
E-mail: judimott@msn.com
Submitted on: 4/5/2011

Comments:

The GE tax is an added burden for small business owners, increasing it will be detrimental to small business and decrease the employment numbers

From: kuaigymnastics@aol.com
Sent: Tuesday, April 05, 2011 11:57 AM
To: WAM Testimony
Subject: Help Small Businesses by Opposing a GET Incease

Kaye Leonard
6134 Kala Kea Place #4
Kapaa, HI 96746-8642

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

I represent a service-based business - Kauai Gymnastics Academy. We recently took a risk by expanding to a larger facility and investing in new equipment. We added to our staff in anticipation of the additional enrollment. If we have an increase of 1% in the GET, it will directly affect who will be able to use our services. If we don't increase our enrollment, it will affect our ability to keep on staff.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Kaye Leonard

From: kakamine@ohanapacific.com
Sent: Tuesday, April 05, 2011 11:57 AM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Kurt Akamine
P.O. Box 957
Lawai, HI 96765-0957

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Please do not raise the GET. While there is no easy way to address balancing the budget, raising taxes would be counter productive and biting the hand that provides revenue for the state.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Respectfully

Kurt Akamine

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 11:58 AM
To: WAM Testimony
Cc: jslawsky@1stallied.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Judith C Slawsky, EA, CFP, CWS
Organization:
Address:
Phone:
E-mail: jslawsky@1stallied.com
Submitted on: 4/5/2011

Comments:

PLEASE DO NOT VOTE FOR AN INCREASE IN EXCISE TAX. THIS TAX IS KILLING BUSINESS' IN HAWAII. THE CITY WANTS TO RAISE TAXES, THE STATE WANTS TO RAISE TAXES, THE FEDS WANT TO RAISE TAXES....HOW ARE WE INDIVIDUALS GOING TO SURVIVE ALL OF THESE INCREASES. IT IS ONLY FAIR TO TAX RETIREES. I AM A TAX ACCOUNTANT AND HAVE CLIENTS EARNING OVER \$100,000 IN PENSION AND SOCIAL SECURITY INCOMES AND PAY ZERO, NOTHING IN STATE TAXES. THESE FOLKS USE THE ROADS, BEACHES, PARKS, TRAFFIC LIGHTS AND DO NOT PAY ANYTHING TO MAINTAIN CITY AND STATE SERVICES. PHASE IN THE TAX ON RETIREMENT INCOME OVER THE NEXT FEW YEARS, OVER A MODERATE THRESHOLD. TO INCREASE EXCISE TAXES, YET AGAIN, HURTS EVERYBODY.

From: yumes99@hotmail.com
Sent: Tuesday, April 05, 2011 12:02 PM
To: WAM Testimony
Subject: Opposition to a GET Increase

Yumi Ueda
98-1737 halakea Street
aiea, HI 96701-1707

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Yumi Ueda

From: tshigemoto@abprop.com
Sent: Tuesday, April 05, 2011 12:02 PM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Tom Shigemoto
P. O. Box 178
Eleele, HI 96705-0178

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Tom Shigemoto
8083352836

From: joy@fmpr.net
Sent: Tuesday, April 05, 2011 12:07 PM
To: WAM Testimony
Subject: Oppose HB 793: GET Increase will Hurt Small Businesses

Joy Miura Koerte
P.O. Box 3996
Lihue, HI 96766-6996

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

I am a small business owner on Kaua'i. My company, Fujita & Miura Public Relations, is a 2-employee company that has been in business for 10 years. I am a 5th generation Kauai resident that lives, works, volunteers, and is an active participant in this community. I am deeply invested in the survival and progress of our island.

The challenging economy has hit businesses very hard throughout the past few years. Small businesses are struggling day-by-day to get by. Therefore, a tax increase, at this time, will severely impact small businesses negatively. This increase could be the straw that breaks the camel's back for many local businesses. It would be unfortunate for more companies to shut down because of this added expense, whether they absorb the cost or they place it on to their consumer. The effects of businesses closing their doors, jobs lost, and less money being circulated here could be devastating to our overall economy. As a small business owner, I am telling you, first-hand, that business cannot take on additional burden right now. Local-based companies are the lifeline and character of our community that affects all of Hawai'i's predominant industries. Visitors enjoy their time here because they can go to the family-owned shave ice store that they can't get in their hometown or the locally owned and operated lu'au. If these companies are not around or if we have less of a variety of local companies, we will be diluting our uniqueness and our marketability that will affect all areas of our economy.

It has been said that all businesses need to be willing to compete to be

successful, no matter what taxes and other expenses are put on our plates. Please note that many of us do our best to compete; however, the cost of living here makes it extremely difficult to match prices from our mainland competitors that are subsidizing their losses here from their other high income generating locations nationwide. Local businesses just can't take losses like this.

Local small businesses need the government's help more so now than ever. Please help us. The State's priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

Mahalo for your consideration.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Joy Miura Koerte

From: alohasamb@rxkl.com
Sent: Tuesday, April 05, 2011 12:12 PM
To: WAM Testimony
Subject: Opposition to a GET Increase

Sandra Bangerter
1057 Keolu Drive Suite 107
Kailua, HI 96734-3847

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

Small business' are having an extremely difficult time right now and any more increases will substantially make it more difficult

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Sandra L. Bangerter
808 237 5300

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 12:16 PM
To: WAM Testimony
Cc: cfrith@fbsmgt.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Cynthia Frith
Organization: Individual
Address:
Phone:
E-mail: cfrith@fbsmgt.com
Submitted on: 4/5/2011

Comments:

From: silversteins@hawaii.rr.com
Sent: Tuesday, April 05, 2011 12:17 PM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Karen Silverstein
710 Kalanipuu Street
Honolulu, HI 96825-2420

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Economic conditions are difficult for everyone. Businesses, especially small businesses, are struggling to continue to provide jobs and benefits for their employees. Merely keeping up with operating expenses is difficult. A tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

There HAS to be a better way to balance the budget than by continuing to raise taxes on a population that is already being strangled by the highest tax rate and highest cost of living in the country. Bottom line, anyone who votes in favor of an increase in the GET will NOT get my vote at the next election

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Karen Silverstein
8085313434

From: Charles Gill [charlesgill1050@gmail.com]
Sent: Tuesday, April 05, 2011 12:18 PM
To: WAM Testimony
Subject: GET Tax

Please do not increase the GET tax.

If necessary, eliminate the exemptions to raise money. Also, increase the tax on gas to encourage conservation.

Mahalo,

Sent from my iPhone

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 12:19 PM
To: WAM Testimony
Cc: consolservices@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Jayson K. Lum
Organization: Individual
Address:
Phone:
E-mail: consolservices@gmail.com
Submitted on: 4/5/2011

Comments:

From: Bill Oberlin [WCJSMLO@aol.com]
Sent: Tuesday, April 05, 2011 12:19 PM
To: WAM Testimony
Subject: GET Increase - Proposed SD 1

Dear Senators,

As a new voting and tax paying resident in this great State I am dismayed that the Hawaii government is considering increasing one of the most onerous aspects of living in Hawaii.

We are all taught that general excise taxes are the most regressive and insidious of all, and for all. From food, housing, to health costs, the tax increases the cost of everything we need to survive and enjoy a decent lifestyle. The proposed 1% increase (a 22% increase in the tax rate) is phenomenally irresponsible. Quite frankly, I made my decision to move to Hawaii partly based on promises made by ALL politicians that a GET tax increase is "off the table". I can only presume the reason for this terrible "about face" is an unwillingness to face the much harder task of decreasing unnecessary spending. Apparently the Hawaii Legislature and the Governor find it easier to increase taxes instead, and place Hawaii at the top of the list of States that are least friendly to residents, visitors, and most importantly - business. We can ill afford this increase as domestic and international economic conditions fail to recover.

Finally I would comment on the proposed "temporary" nature of this tax. First, it will be implemented when the people and business of Hawaii need it least. Second, if the Legislature fails to find ways to cut significant spending, the State will be too dependent upon the increased revenue and find more reasons for its extension. A temporary tax is like an accidental insult, once made it is hard to take back.

I strongly urge this tax be dropped from consideration.

William C. Oberlin
586 Puuikena Dr
Honolulu 96821

From: dickie@buzzsandtrap.com
Sent: Tuesday, April 05, 2011 12:22 PM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Richard A. Furtado
PO Box 383849
Waikoloa, HI 96738-3849

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

Furthermore, the people who make these decisions have never been in the restaurant industry and cannot begin to understand the consequences of this issue.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Richard A. Furtado
808-443-9336

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 12:27 PM
To: WAM Testimony
Cc: ronniegrover@gmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Ronnie Grover
Organization: Individual
Address:
Phone:
E-mail: ronniegrover@gmail.com
Submitted on: 4/5/2011

Comments:

I am opposed to raising the GE TAX which will in turn raise the cost of all goods and services in Hawaii, placing more burden on the public and businesses already having a difficult time. Lower GE TAX on food staples and medicine then talk about raising the tax on cigarettes and liquor and reduce the welfare state we have become.

From: Jill McGowan [jill@molokailandandhomes.com]
Sent: Tuesday, April 05, 2011 12:27 PM
To: WAM Testimony
Subject: GENERAL EXCISE TAX INCREASE

Dearest Senators & Representatives

I am opposed to any attempt to raise the General Excise tax. The economy is on life support and our families cannot bear any additional tax burden. As a Realtor I pay 4% of my **GROSS** income and an additional 25% increase is more than I am willing to pay.

Over the past 4 years the government has been adding jobs while all other industries have been laying off workers. May I suggest the government learns how to tighten its own belt before placing any further burden on the middle class family.

Sincerely

Jill McGowan Realtor - Broker ABR
Accredited Buyer Representative

808.552.2233 Direct
808.552.2255 Office
808.552.2275 Fax

Email: Jill@MolokaiLandAndHomes.com
Search Molokai Listings www.molokailandandhomes.com

Real Estate Sales & Guest Accommodation Services

Molokai Land and Homes
50 Kepuhi Place Suite 1101
Maunaloa, Hawaii 96770

From: G. ONISHI [g_onishi@msn.com]
Sent: Tuesday, April 05, 2011 12:30 PM
To: WAM Testimony
Subject: Opposed to HB 793 GE Tax Increase

COMMITTEE ON WAYS AND MEANS
Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair

AMENDED NOTICE OF HEARING

NOTE: The location of the hearing has changed as follows:

DATE: Wednesday, April 6, 2011
TIME: 9:30 a.m.
PLACE: Auditorium
State Capitol
415 South Beretania Street

Dear Chair Ige, Vice Chair Kidani and Members,

My name is Gary Onishi and I'm a property manager for a small commercial property that supports 6 businesses. I'm writing to ask that you oppose HB 793. As manager, I'm aware of the struggle my tenants face to make ends meet in this economy. An increase of the GET will easily increase the already over burdensome overheads. My tenants have said this increase may force them to either layoff employees or completely shutdown because the risk/return of staying in business is not worth it. For me and my tenants are 6 businesses at risk, their families and those that the business supports.

An increase with the GET will hurt those who can least afford it. Increasing taxes to support a growing government is not the correct solution. I urge you to look at other means to reduce government.

Thank you, and please oppose any GET increase,

Sincerely,
G. Onishi
E: g_onishi@msn.com

DISCLAIMER: This message is only intended for the addressee named above. Its contents may be confidential, privileged or otherwise protected. Any unauthorized use, disclosure or copying of this message or its contents is prohibited. If you are not the intended recipient, (i) please do not read or disclose it to others, (ii) please notify the sender by reply e-mail or phone, and (iii) please delete this communication from your system.

From: Mo Radke [moradke@gmail.com]
Sent: Tuesday, April 05, 2011 12:31 PM
To: WAM Testimony
Subject: GET increase

I am opposed to a GET increase. The cost of goods at every level in the chain of procurement will rise incrementally

From: gregke93@gmail.com
Sent: Tuesday, April 05, 2011 1:17 PM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Greg Ke
91-919 Kuhina St., #108
Ewa Beach, HI 96706-2232

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Dear Representative

Let's learn our lessons from past experience.

Tax the people too much and they will rebel. You hurt businesses that want to do business in Hawaii

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Greg Ke
808 343 9937

From: jimmykauai@yahoo.com
Sent: Tuesday, April 05, 2011 1:22 PM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

jimmy jasper
3416 rice st
lihue, HI 96766-1702

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals. This state is a complete JOKE!!

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

jimmy jasper

From: winegarden@hawaiiantel.net
Sent: Tuesday, April 05, 2011 1:27 PM
To: WAM Testimony
Subject: Help Small Businesses by Opposing a GET Incease

Colette Savage
4495 puhi road
lihue, HI 96766-8965

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

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Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Colette Savage

From: dick.macke@mac.com
Sent: Tuesday, April 05, 2011 1:27 PM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Richard Macke
1887 Alaweo St
Honolulu, HI 96821-1343

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I would look more favorably on this proposal if there were a commensurate decrease in our state, county and local government numbers and expenditures. Our government at all levels is overstaffed to the point of obesity.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Richard Macke
3513800

From: ann_m_boyd@hotmail.com
Sent: Tuesday, April 05, 2011 1:27 PM
To: WAM Testimony
Subject: Opposition to a GET Increase

Ann Boyd
92-1008 Kanehoa Loop
Kapolei, HI 96707-1321

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Please do NOT raise the GE tax.

The economy is just too hard right now and taking more is simply hurting families - cut the state budget more - cut back on some of the nice to have social services.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. A tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

Stop being bullied by the unions and others - I know several state workers that are still doing far less work than peers in the community and continue to complain - hold them accountable!

Please - I beg you - do not raise the G/E tax....

Mahalo for your time!

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Ann Boyd

From: gabelee88@gmail.com
Sent: Tuesday, April 05, 2011 1:27 PM
To: WAM Testimony
Subject: Oppose HB 793 - A GET Increase will Hurt Small Businesses

Gabriel Lee
1455 Ehupua Street
Honolulu, HI 96821-1417

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

The business community and consumers bear too much of the inefficiencies of the State of Hawaii government. It needs to downsize, and make the same sacrifices that the business community has made. In the end, the multiplier effect of the proposed GET increase will hurt businesses and consumers. Government officials should not ignore the cause of the budget shortfall, and fix the real problem of overspending.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Gabriel Lee
8083734485

From: Steven R. Geshell [geshell@lava.net]
Sent: Tuesday, April 05, 2011 1:35 PM
To: WAM Testimony
Subject: General Excise Tax 25% Increase

Instead of increasing the GET 25%, the State Legislature should just cut spending 25% or more. Our business and consumer tax payers are subject to income tax and GET, which really equals double taxation on income and expense items. Every year at this time I become acutely aware of the need for our State to cut its functions to the bare bones of the needed governmental functions, such as law enforcement by police, prosecutors, our courts and necessary licensing and administrative processes, together with fire protection. In doing so, this will let free enterprise start operating again as intended, instead of having the state government tax and spend its way into more heavy debt. You have to severely cut spending, not increase taxes to pay for the deficit!! This is the way our families and businesses operate, so why should the State operate any differently??

Thanks and aloha, Steven Geshell

From: l jamesasmv@hawaiiantel.net
Sent: Tuesday, April 05, 2011 3:27 PM
To: WAM Testimony
Subject: Opposition to a GET Increase

Lance James
39 Ka Drive
Kula, HI 96790-8503

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Lance James
808-876-0801

From: Friendship Bible Church [Friendship.hi@hawaiiantel.net]
Sent: Tuesday, April 05, 2011 3:31 PM
To: WAM Testimony
Subject: HB 793

Please do not increase the general excise tax.

Marilyn Reid
91-1027 Auhola St.
Ewa Beach, HI 96706

From: Cynthia Kealahilahi Verschuur [lahi@hawaiiantel.net]
Sent: Tuesday, April 05, 2011 3:31 PM
To: WAM Testimony
Subject: Opposing HB793

I strongly oppose HB793 which proposes to both suspend tax exemptions until 2015 and increase the GE tax by 1 percent until 2013. This is NOT the solution. We need to cut welfare programs.

Cynthia Lahilahi Verschuur
Pahoa, HI

From: gannett@aol.com
Sent: Tuesday, April 05, 2011 3:32 PM
To: WAM Testimony
Subject: Opposition to a GET Increase

Mark Seery
436 Keolu Drive
Kailua, HI 96734-4267

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

Take the money the money from the rail and stop screwing us.

STOP ALL LOBBYIST INFLUENCE NOW!!!!

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Mark Seery

..

From: keenanlam@gmail.com
Sent: Tuesday, April 05, 2011 3:12 PM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Keenan Lam
3330 Mooheau Avenue
Honolulu, HI 96816-1254

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

Being a small business owner I know that this increase will adversely affect my customers and my business.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Keenan Lam
8084789791

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 3:34 PM
To: WAM Testimony
Cc: marjie_b@yahoo.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Margaret Nagamine
Organization: Individual
Address:
Phone:
E-mail: marjie_b@yahoo.com
Submitted on: 4/5/2011

Comments:

..

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 3:37 PM
To: WAM Testimony
Cc: gloria@gaffigne.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Gloria Affigne
Organization: Individual
Address:
Phone:
E-mail: gloria@gaffigne.com
Submitted on: 4/5/2011

Comments:

The GET is a regressive tax. To end subcontractor and other such exemptions would add a burden to the cost of all goods and services produced locally and make it difficult for Hawaii business to compete with mainland services. In addition, an increase to the GET would hurt small business which is helping to fuel the slight economic recovery that we are experiencing. This is not the way to go.

From: Lee Lane [hereignshawaii@gmail.com]
Sent: Tuesday, April 05, 2011 3:18 PM
To: WAM Testimony
Subject: We Are Against HB 793

To Whom it May Concern:

You are kidding right? Hawaii is one of the most expensive places in the world to live - people here are suffering to burden them with more tax is yet again driving another steak into the coffin of our economy - the democrats need to have their heads examined. This is pure insanity - which is will not work and will only make things worse - WE VOTE NO!

The Millers
Ewa Beach

From: Lorinda Waltz [lwaltz@waltzengineering.com]
Sent: Tuesday, April 05, 2011 3:19 PM
To: WAM Testimony
Cc: khi@biahawaii.org
Subject: Testimony on HB793, Proposed SD1 Relating to Taxation

April 5, 2011

Testimony on HB793, Proposed SD1 Relating to Taxation

Dear Senator Ige and Members of the Ways and Means Committee:

I am opposed to HB793, Proposed SD1 that seeks to suspend subcontractor deductions. Please note that the subcontractor deduction is not an exemption and that general or prime contractors can deduct the taxes already paid by their subcontractors and sub-subs from their General Excise Tax Liability. This provision is in the tax code to prevent the pyramiding that was unfair to everyone, especially to the general contractors who paid taxes on taxes. In the case of home building, the ultimate consumer or home owner would be faced with the increased costs of pyramiding. Please allow the subcontractor deduction to remain.

The proposal for an increase in the General Excise Tax is also objectionable. If you remove the subcontractor deduction and you impose an increase in the General Excise Tax, it would be extremely difficult to maintain my business.

Thank you for the opportunity to share my views with you.

Lorinda L. S. Waltz

President
Waltz Engineering, Inc.
500 Alakawa Street, Bldg. 119
Honolulu, Hawaii 96817
Phone (808) 842-7955 x223 - Fax (808) 842-3985 - Cell (808) 478-6845
Email: lwaltz@waltzengineering.com

Waltz Engineering is a Minority Woman Owned & Operated Small Business | Visit our website @ www.waltzengineering.com

Confidentiality Notice:

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 3:06 PM
To: WAM Testimony
Cc: viernesr006@hawaii.rr.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM
Attachments: Against increasing GET.docx

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Roberto Viernes
Organization: Individual
Address:
Phone:
E-mail: viernesr006@hawaii.rr.com
Submitted on: 4/5/2011

Comments:

Any increases in taxes will be a detriment to the health of our economy. A hike in the GE tax will create a large scale economic slowdown. As a result of this increase in taxes, virtually every business in the State of Hawaii will be forced to increase their prices of services and/or goods. As a local business owner I realize that raising my prices slows down the rate of sales creating less profit and less turnover of inventory. This will also result in less revenue for local government.

Another result is overall inflation in our economy where people will be less able to afford basic necessities as the large majority people's income will not increase at the same level. The price of everything will go up as a result of the GE tax hike. Typical families will have to do more with less. The many families that are already on the brink of financial difficulties will be pushed over the edge. Some business that are just barely making ends meet will also be forced to make the tough decision of whether to remain open or to even lay off workers.

What our elected officials should do is to cut spending and streamline government programs and bureaucracy in order to save money. Like any other responsible household when one cannot afford things, they will have to go without it or look for ways to minimize and cutback expenses. We cannot afford the size of government that we have. And we cannot afford the government taxing its citizens into poverty. These are tough times and we need leadership to make tough decisions. I encourage you to vote against the GE tax hike. Thank you for your service.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 2:49 PM
To: WAM Testimony
Cc: c.lam4@hawaiiantel.net
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Clemson Lam
Organization: AIA
Address:
Phone:
E-mail: c.lam4@hawaiiantel.net
Submitted on: 4/5/2011

Comments:

I OPPOSE HB-793 SD1 as it is currently written- as a sole proprietor, using subconsultants, the excise tax exemption makes a big difference to my bottom line.

From: pat@baxterrealtygroup.com
Sent: Tuesday, April 05, 2011 2:52 PM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Pat Baxter
952 Holoholo Street
Kailua, HI 96734-4017

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Pat Baxter
808-262-2792

From: grace@dswa.org
Sent: Tuesday, April 05, 2011 2:52 PM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Grace Keohohou
111 Hekili Street, Suite A139
Kailua, HI 96734-2800

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

My name is Grace Keohohou and I am one of the owners of a business called the DSWA - we have been in operation here in Hawaii for more than 10 years.

Being hit with your proposed increase of General Excise Tax could be a significant burden to our business and the other local businesses here in the islands. Our people are struggling enough as it is - this increase of course will be passed on to customers - who in many cases don't have the means necessary to pay just for the essentials. I am very concerned that you folks are requesting increases in this area - yet still planning to move forward with a rail system.

I believe that if we continue to tax people - they will fold, break, or be forced to leave these islands. Don't hurt the people that make this State possible... we will all suffer the consequences. Look at other areas like the RAIL to eliminate - It seems like this state is purchasing something it really can't afford - yet buying it anyways - leaving the burden of it's poor decision for the people to pick up the pieces... when is enough going to be enough?

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Grace Keohohou

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 2:57 PM
To: WAM Testimony
Cc: marshall.mower@pruhawaii.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Marshall C. Mower
Organization: Individual
Address:
Phone:
E-mail: marshall.mower@pruhawaii.com
Submitted on: 4/5/2011

Comments:

I oppose HB793 which proposes to both suspend tax exemptions until 2015 and increase the GE tax by 1 percent until 2013.

From: tocmanh@yahoo.com
Sent: Tuesday, April 05, 2011 2:57 PM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Howard Tocman
3162 Beaumont Woods Place
Honolulu, HI 96822-6421

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time. They will also simply pass the cost along to us which is the same as raising our taxes. The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals. Why don't you raid the rail fund like you have raided every other fund. We taxpayers need to keep some of our money in our own hands more than we need rail.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Howard Tocman
988-3683

From: w_hannmann@phoenixhawaii.com
Sent: Tuesday, April 05, 2011 2:57 PM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

William Hannmann
961 Waioli Street
Honolulu, HI 96825-2726

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

William Hannmann

From: doughtoward@att.net
Sent: Tuesday, April 05, 2011 2:57 PM
To: WAM Testimony
Subject: Opposition to a GET Increase

Doug Howard
459 Opihikao Pl
Honolulu, HI 96825-1128

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

My vacation rental unit is already losing money and the onerous taxes imposed by the State of Hawaii have reached the level that most potential renters are pushing back. Many times we have to eat the bulk of the tax in order to get any rental income. Enough is enough. We have enough tax money - you have a spending problem! What have you done to balance the budget by cutting spending? The last thing the legislative body should consider is any type of tax increase.

Its not a 1% increase either. On Oahu it is a 22.22% increase and its 25% on the other Islands. I also don't think that any of us believe the increase is temporary. Where are the governor's negotiations with the unions on the wage cuts? How about all of the unfunded liabilities with the pension and medical plans for retirees? Come on guys, you have got to cut spending and leave us alone with all of the increased taxes. Taxed Enough Already!!!

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Doug & Jane Howard

From: hisuccess@yahoo.com
Sent: Tuesday, April 05, 2011 2:57 PM
To: WAM Testimony
Subject: A GET Increase will Hurt Our Business: We Oppose HB 793

Colin White
1329G Moanalualani Way
Honolulu, HI 96819-1219

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

A 1% temporary increase in the GET is a terrible idea. That just increases taxes on the average household by 1% on a populace that already has tens of thousands of taxpayers, and many more just living on the edge. It will take just a small increase in costs to push more over the edge. Can this truly be a prudent direction for us to take? It takes us totally in the wrong direction.

Have we not learned that temporary taxes all too often become permanent taxes? We have absolutely passed any reasonable point of more tax increases, and having any government continue to take more and more of our hard earned income. Our state government must learn to budget and economize and eliminate unnecessary expenses just like any individual or business does.

Too many businesses are struggling to stay afloat in this tough economic climate and trying their best to continue to provide benefits to their employees and avoid job cuts. Keeping up with operating expenses is already much too difficult. A tax increase will become an additional cost imposed on companies and their patrons that they cannot afford to bear at this time. We need to release burdens on businesses and families, not increase them.

The priorities should be to further cut state spending and increase government efficiency wherever needed, create jobs and revitalize the economy. Raising the GET is clearly counter-productive to these goals.

We will carefully watch all legislators supporting this burdensome and unwarranted tax increase, and we will vigorously oppose their re-election.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Colin White
808-839-9099

From: mary@marybegier.com
Sent: Tuesday, April 05, 2011 2:57 PM
To: WAM Testimony
Subject: Opposition to a GET Increase

Mary Begier
101 Aupuni St. #315
Hilo, HI 96720-4262

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Our economy is just beginning to show signs of improvement. Please don't pass such a regressive tax increase. We should be revamping our entire tax structure away from a general excise tax that attacks at so many levels.

I speak for myself and many other professionals who pay GET on our gross income and then an income tax on our AGI. Business have had to rethink, retool why isn't government?

Our goal should be to take this time of strife when everyone is open to new ideas and capitalize on the creativity that our government employees are capable of.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

With Aloha,

Mary Begier

8088954502

From: dennis.ideta@gmail.com
Sent: Tuesday, April 05, 2011 3:02 PM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Dennis Ideta
2073 Laukahi Street
Honolulu, HI 96821-2612

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Dennis M. Ideta
808-456-4717

From: waltz [waltz@hawaiiantel.net]
Sent: Tuesday, April 05, 2011 3:10 PM
To: WAM Testimony
Subject: Testimony Re. HB 793

BILL #: HB 793
DATE: Wednesday, April 6, 2011
TIME: 9:30 a.m.

I am in firm opposition to all general excise and use tax increases.

Although the Legislature has consistently looked towards increasing revenue to the State through various tax, fee, and permit increases, there is an inadequate focus on creating a better business environment such that new and existing businesses will prosper, grow, hire more employees, and thereby increase State revenue without increasing the existing tax burden on individual citizens. While the tax increase may be viewed as a "quick fix", the longer term consequences are that it creates a higher barrier for businesses/employers, discourage hiring, and exacerbate an already terrible economic situation.

The noted leader, Winston Churchill wrote, ""For a nation to try to tax itself into prosperity is like a man standing in a bucket trying to lift himself up by the handle." This applies equally to any US state, Hawaii included. He also stated, "There is no such thing as a good tax".

History has proven time and again that throwing money to solve problems does not work (the Hawaii educational system is "living proof" of this). Hawaii's fiscal woes are no different. The solution does not lie in government and raising taxes. Large government and high taxes are the problem. It is the private sector that should be assisted in order to stimulate the economy (I.E., more jobs, more spending, more revenue to the State). Instead, what is being proposed is in exact reversed, I.E., more taxes, less spending, less jobs. There really is no good logic for taking this kind of short term approach to fix a long standing and long term problem.

If the decision is not made at this critical point to use a different approach in solving this financial crisis, we will continue to be vexed by the same problem even years to come from now. Using the same approach that has not worked, and expecting a different result, is totally illogical.

Increasing taxes is the worst possible decision that can be made.

--
Albert A. Nakaji
27-319 Kaieie Road
Papaikou, HI 96781
waltz@hawaiiantel.net

From: bob@bobwilkinson.org
Sent: Tuesday, April 05, 2011 3:52 PM
To: WAM Testimony
Subject: Help Small Businesses by Opposing a GET Incease

Robert F. Wilkinson
2877 Kalakaua Ave. #GF-1
Honolulu, HI 96815-4017

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Robert F. wilkinson
808-226-1787

From: haggster@hawaii.rr.com
Sent: Tuesday, April 05, 2011 3:52 PM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Sean Haggerty
45-619 Nawahine Loop
Kaneohe, HI 96744-1750

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Sean Haggerty

C

From: stan@paramountphotography.com
Sent: Tuesday, April 05, 2011 3:37 PM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

Stan Cox II
99-773 Pohue Street
Aiea, HI 96701-3354

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Stan P. Cox II
841-7733

From: larry.grasse@volvoents.com
Sent: Tuesday, April 05, 2011 3:37 PM
To: WAM Testimony
Subject: HB 793: Please do not increase the GET

LARRY GRASSE
92-1500 ALIINUI
KAPOLEI, HI 96707-4401

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

LARRY GRASSE
808-673-0655

From: jgeyrozaga@gmail.com
Sent: Tuesday, April 05, 2011 3:37 PM
To: WAM Testimony
Subject: A GET Increase will Hurt Small Businesses: Oppose HB 793

Jeanice Lyn Geyrozaga
1916 Ula Street
Honolulu, HI 96819-4151

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.
Room 211
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Jeanice Geyrozaga
808741-6125

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 3:39 PM
To: WAM Testimony
Cc: marvish@nagamineokawa.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Marvis Harada
Organization: Individual
Address:
Phone:
E-mail: marvish@nagamineokawa.com
Submitted on: 4/5/2011

Comments:

My reason is I am against the elimination of the subcontractor deduction noted Section 237-13(3) B, since it will result in paying double tax on a portion of our fees. This is unfair that this industry must bear a larger burden than everyone else. I am also against paying more general excise tax since I am a senior citizen.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 3:42 PM
To: WAM Testimony
Cc: hiballs@hotmail.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Corina Ball
Organization: Individual
Address:
Phone:
E-mail: hiballs@hotmail.com
Submitted on: 4/5/2011

Comments:

I oppose HB793 SD1 for these reasons:

1. The elimination of Section 237 13(3)B will result in double taxation which will in turn increase costs being passed onto consumers. As a result of this, instead of encouraging business to grow, the bill will hinder growth adversely affecting the State's economy as a whole.
2. Increasing the general excise tax will only make it harder for families already struggling to make ends meet. I am against paying more GET. The cost of living in Hawaii is already too high.

I understand the need to generate more income for the State, however I do not believe HB793 is the way to do it. I therefore oppose this bill.

From: Deena Dray [ddray@diamondheadtheatre.com]
Sent: Tuesday, April 05, 2011 3:42 PM
To: WAM Testimony
Subject: HB 793 SD 1 Proposed

Dear Honorable Ways & Means Committee Members:

I am unable to be there in person on Wednesday. Please consider this my testimony in opposition to HB 793 SD1.

I am the Executive Director at Diamond Head Theatre and am particularly concerned with page 37 of the proposed bill which institutes a 5% gross income tax on operators of theatres. I would hope that would not apply to not-for-profit theatres. I am assuming lumping us in with skating rinks and moving picture show houses means you are talking about for-profit commercial enterprises.

As I am sure you know, not-for-profit theatres are already struggling with the economic challenges in our community, with donations, grants and corporate support dwindling. Please do not add to this hardship by imposing a tax on us, a community resource.

Aloha, Deena Dray

~~~~~  
Deena Dray  
Executive Director  
Diamond Head Theatre  
520 Makapuu Ave, Honolulu, Hawaii 96816  
808.733.0277x301  
visit us @ [www.diamondheadtheatre.com](http://www.diamondheadtheatre.com)  
or find us on facebook

**From:** liveyourdreams@hawaii.rr.com  
**Sent:** Tuesday, April 05, 2011 3:42 PM  
**To:** WAM Testimony  
**Subject:** Help Small Businesses by Opposing a GET Incease

Walter Peters  
1687A Kalaoukalani Way #218  
Honolulu, HI 96814-2104

April 5, 2011

Senate Ways and Means Committee

Dear Senate Ways and Means Committee:

Testimony to the Committee on Senate Ways and Means Wednesday, April 6, 2011 9:30 a.m.  
Room 211  
Hawaii State Capitol

Re: HB 793 (Proposed SD1) relating to Taxation

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

I am writing in opposition to the 1% temporary increase in the General Excise Tax.

Businesses are already struggling to stay afloat during this tough economic climate and trying their best in continuing to provide benefits to their employees and avoiding job cuts. Merely keeping up with operating expenses is difficult. Therefore, a tax increase will become an additional cost imposed on companies that they cannot afford to undertake at this time.

The priorities should be to save and create jobs and to revitalize the economy. Raising the GET is counter-productive to these goals.

I urge you to not pass HB 793 with language that increases the GET. Thank you for the opportunity to provide testimony.

cc: My Senator and Representative

Sincerely,

Walter Peters  
8083831717



---

**From:** Deena Dray [ddray@diamondheadtheatre.com]  
**Sent:** Tuesday, April 05, 2011 3:43 PM  
**To:** 'Deena Dray'; WAM Testimony  
**Subject:** RE: HB 793 SD 1 Proposed

Re: Bill Hearing: HB793 SD1  
Date Wednesday April 6<sup>th</sup> at 9:30AM

Dear Honorable Ways & Means Committee Members:

I am unable to be there in person on Wednesday. Please consider this my testimony in opposition to HB 793 SD1.

I am the Executive Director at Diamond Head Theatre and am particularly concerned with page 37 of the proposed bill which institutes a 5% gross income tax on operators of theatres. I would hope that would not apply to not-for-profit theatres. I am assuming lumping us in with skating rinks and moving picture show houses means you are talking about for-profit commercial enterprises.

As I am sure you know, not-for-profit theatres are already struggling with the economic challenges in our community, with donations, grants and corporate support dwindling. Please do not add to this hardship by imposing a tax on us, a community resource.

Aloha, Deena Dray

~~~~~  
Deena Dray
Executive Director
Diamond Head Theatre
520 Makapuu Ave, Honolulu, Hawaii 96816
808.733.0277x301
visit us @ www.diamondheadtheatre.com
or find us on facebook

From: Elaine Kawada [eskawada@gmail.com]
Sent: Tuesday, April 05, 2011 3:43 PM
To: WAM Testimony
Subject: HB 793, April 6, 2011, hearing at 9:30

I oppose HB 793. I suggest we look for ways to spend less rather than increase any taxes.

Respectfully,

Elaine Kawada

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 3:45 PM
To: WAM Testimony
Cc: otad808@yahoo.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: No
Submitted by: Dayle Ota
Organization: Individual
Address:
Phone:
E-mail: otad808@yahoo.com
Submitted on: 4/5/2011

Comments:

I am an Accountant at an engineering firm and am opposed to the elimination of the subcontractor deduction noted in Section 237-13 (3) B since it will result in double taxation on a portion of our fees. I am also a business owner of a painting company, and feel that it is unfair that this industry (construction) has to bear a larger burden than everyone else. I am also opposed to the raising of the General Excise Tax. In this struggling economy, businesses, especially small businesses like mine, should not have to be burdened with additional expenses. The government should be looking at ways to help these businesses stay afloat, so that we can still employ people, which in turn will feed the economy. Again, I oppose this, and truly feel that it will have a negative impact on this industry, and it will also trickle down to the consumer.

From: Doug Williams [williamsd@wave.hicv.net]
Sent: Tuesday, April 05, 2011 3:45 PM
To: WAM Testimony
Subject: GET increase

How can our elected, now 'privileged politicians once again charge the struggling families to pay for more excessive government spending? It's continuing proof that our 'elects' who are supposed to work for the betterment of the people don't. The GET is placed on everything. A 25% increase on an average family will put more 'tax payers' on the streets, living in public areas. The salaries and benefits voted for by the incumbents for the personal benefit of the incumbents 'for life' is no different that Enron or the other greedy CEOs. Why don't they show their faith and commitment to our state and take salary and benefit cuts? We all know that this is a union state and is openly run in the unions benefit. The 'Rail" folly is just to put union workers on the job and in the process explode our State Debt. The annual budget just for the state union benefits will bankrupt our state. Ca. will be by 2014. We do not support this increase. D Williams

Testimony of: Michelle Kaneshiro, CPA

To: COMMITTEE ON WAYS AND MEANS
Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair

Subject: Opposition of HB #793 SD1

HB # 793 SD1 currently addresses the State of Hawaii's operating shortfall. Among the various ideas to address the shortfall the bill proposes the suspension of various exemptions currently allowed under the State of Hawaii tax law. While I am not familiar with all of the exemptions that are proposed to be suspended, I am familiar with the sublease deduction noted in Part 2 # 4 of HB 793 SD1. As a licensed CPA (certified public accountant) in the State of Hawaii, I understand that the sublease deduction was implemented to eliminate Double Taxation on one piece of property. It is unfair for the same product or property to be taxed more than once as it passes through various businesses and remains unchanged throughout the process.

For example if Kamehameha Schools owns a parcel of land and they decide to rent that land to Company ABC. Then Company ABC manages the land as a parking lot and collects rent. The current sublease deduction would allow for the State of Hawaii to receive 0.5% of GET for the rent received by Kamehameha Schools, the land owner, and 4% for the rent received by Company ABC from the people parking on the land. If the sublease deduction is suspended, then the state would be double taxing the exact same piece of land.

While you may think that this exemption is giving special treatment to real estate professionals, I believe the exemption simply applies the current rule of not double taxing the same product. Currently in the retail business the law allows wholesale merchants to pay only 0.5% of GET on all goods they purchase, for when they sell that exact same product to the end user, the end user (you and me) pays the entire 4% of GET. Do you think is it fair for the state to collect 4% of GET twice as the same book travels from the manufacturer to the middleman to you and me, while the book has remained exactly the same throughout the whole process? In the end the end user is punished for not know how to buy directly from the manufacturer as the increased double taxation will be passed on to them. I believe that double taxation is unfair and prevents business from occurring in the State of Hawaii.

Therefore, I believe that suspending the sublease deduction would be unethical, as it is unethical to tax the same piece of land twice. This is the same theory that your predecessors believed to be unethical as they created the exemption to prevent double taxation on the same product. I understand that the State is in a crisis right now, but I do not believe that we should solve that crisis by lowering our morals and specifically hurting real estate professionals and all business and customers that rent space. Therefore I oppose HB 793 SD1 as it specifically relates to suspending the sublease deduction. Please strike the sublease deduction language noted in Part 2 # 4 of HB 793 SD1.

Thank for the opportunity to participate in the legislative process and comment on HS 793 SD1.

Senate Committee on Ways and Means
9:30am, Wednesday, April 6, 2011
HB793 Proposed SD1: Relating to Taxation

Testimony from:
Marcia Anderson
Surface Preparation & Coating Techniques

Aloha and thank you for giving me the opportunity to testify in opposition of House Bill 793, proposed SD1. As a small business owner, I oppose this measure as it would not only hurt small businesses, but it would hurt our customers as well. Many of them are already struggling in this difficult economic time and this bill would just add to their burden. So on behalf of me, countless businesses in Hawaii, and our customers, please look at all the harm this bill would cause if passed. Mahalo!

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 05, 2011 3:55 PM
To: WAM Testimony
Cc: andypoolservice@aol.com
Subject: Testimony for HB793 on 4/6/2011 9:30:00 AM

Testimony for WAM 4/6/2011 9:30:00 AM HB793

Conference room: Auditorium
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Andrew Mertz
Organization: Smart Business Hawai'i
Address:
Phone:
E-mail: andypoolservice@aol.com
Submitted on: 4/5/2011

Comments:

Please find ways to right size government and reduce spending. Excise tax increase will hurt the poor and cause more homelessness. When that much money is taken out of the economy, the economy will slow, and government revenue will actually decrease. Mahalo, Andy Mertz

From: Arnold Dowling [dowlinga001@hawaii.rr.com]
Sent: Monday, April 04, 2011 5:23 PM
To: WAM Testimony
Subject: NO

It is so sicken everything is TAXES nothing but TAXES. By the way do the senators and the legislators pay any taxes? I put your people into office not to figure out how to tax me to death or build something or have the cronies from the unions tell you turkeys how they want you to do things in office. This is the last draw.

Arnold