



Native Hawaiian Chamber of Commerce
P.O. Box 597
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4/5/12 9:58 am

LATE

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For the Decision Making of the Senate Committee on
Ways and Means

Scheduled for Thursday, April 5, 2012, at 9:30 a.m.
Conference Room 211, Hawai'i State Capitol

COMMENTS OF NATIVE HAWAIIAN CHAMBER OF COMMERCE

IN SUPPORT OF

**HOUSE BILL NO. 798, HD1, SB1
AND PROPOSED SD2**

RELATING TO TAXATION

Aloha kākou;

Founded in 1974, the Native Hawaiian Chamber of Commerce (NHCC) strives to encourage and promote the interests of Native Hawaiians engaged in commerce, services and the professions NHCC members participate in a variety of economic, social and public affairs.

Our Mission

Mission Statement – To strengthen Native Hawaiian business and professions by building on a foundation of relationships, resources, and Hawaiian values.

In keeping with our mission, NHCC:

- Provides opportunities for networking among members, the people of Hawai'i and those engaged in business and industry.
- Serves as a means to organize the Hawaiian business community into a viable economic and social voice.
- Provides the necessary facilities for members' educational advancement in subject areas relevant to business, industry and commerce. Hawaiian Values & Principles of Conduct for NHCC Members

“The voice of Hawaiian business”

The Native Hawaiian Chamber of Commerce is **IN SUPPORT** of House Bill No. 798, House Draft No. 1, Senate Draft No. 1, in the form of proposed Senate Draft No. 2.

Proposed Senate Draft No. 2 would repeal the temporary suspension under Act 105, SLH 2011, of the general excise tax exemption on sales of computer hardware, computer software and telecommunications equipment to the federal government and state-chartered credit unions.

A number of member businesses of the Native Hawaiian Chamber of Commerce have been severely affected by the suspension (enacted last year) of this more than 60 year old exemption. The hardest hit have been those companies that sell computer hardware, computer software and telecommunications equipment to the federal government.

In that marketplace, these businesses compete (with the thinnest of profit margins) with a host of out-of-state firms. In addition, the federal government will not reimburse these local firms which are now required to pay this tax. In some cases, federal contracting officers have told these local firms that the addition of the excise tax to their bid required that officer award the contract to another firm from out-of-state because of the "4% difference". Indeed, with the barest of profit margins, these local firms must bid at levels that are unprofitable.

It must be emphasized that it is these local businesses that pay Hawai'i income tax, employ local people (who also pay their income taxes and other taxes) and contribute to our state's economy in other measurable ways.

Mahalo for this opportunity to testify in support of this Bill.

"The voice of Hawaiian business"



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Testimony to the Senate Committee on Ways and Means
April 5, 2012

Testimony in Support (with amendment) to HB 798 proposed SD2, Relating to Taxation

To: The Honorable David Ige, Chair
The Honorable Michelle Kidani, Vice-Chair
Members of the Committee on Ways and Means

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association representing 81 Hawaii credit unions and their approximately 811,000 members across the state.

We are in support of HB 798 SD2, as proposed, and suggest an amendment be made to the language of the bill for purposes of clarity. Because the language of the statute reads “United States (including any agency, instrumentality, or federal credit union thereof but not including national banks), and to any state-chartered credit union”, we suggest that the same wording be used in the bill. Therefore, it would read: “provided that this subparagraph shall not apply to the sale of computer hardware, computer software, or telecommunications equipment, to the United States (including any agency, instrumentality, or federal credit union thereof but not including national banks), and to any state-chartered credit union”.

Thank you very much for the opportunity to comment.