



Hawaii Chapter

LATE TESTIMONY

2013 Executive Committee

February 14, 2013

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Lewis Electric, LLC
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A & B Electric Co., Inc.
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**Associated Builders and Contractors, Hawaii Chapter Testimony in
Opposition to HB 506**

Ross Kawano
ECA, LLP
Secretary

Chair Luke, Vice Chairs Nishimoto and Johanson, and members of the committee. My name is Malcolm Barcarse, Jr. I am the legislative committee chair for Associated Builders and Contractors, Hawaii Chapter. We are an organization of 165 members serving the merit shop construction industry through apprenticeship programs and other services. We also serve as the voice of the approximately 4500 merit shop construction companies in Hawaii.

Chris Lee
ECA, LLP
Treasurer

While the preamble of this bill seems to suggest that this bill is a remedy for the problems with the contracts for school bus services we are concerned that the consequences of this bill will have far reaching effects that will harm all businesses that do business with State government in particular the construction industry.

2013 Board of Directors

Darren Wada
Quality Design / Build, Inc.

The General Excise Tax while not a straight sales tax but a tax on a business transaction, functions like a sales tax insofar as sellers are allowed to pass this tax on to the customer who is the recipient of the goods and/or services provided by the seller. It is the common practice in the marketplace for customers of all varieties including the State of Hawaii in government contracting to pay the appropriate General Excise Tax on the contract.

David Tsuda
First Hawaiian Bank

Paul Vierling
Hawaii Geophysical Services

If this bill passes, the State will be in effect taxing contractors for doing business with the State. This would be quite detrimental to the construction industry as it is still recovering for the last recession. Furthermore it would be detrimental to the State as this may cause a decrease in the amount of bidders on State projects which in turn will raise the price of public works projects. Therefore we ask the committee to look at the full consequences of this bill and ask that it be HELD.

Lance Kakimoto
Morgan Stanley Smith Barney

Doug Sangillo
Helix Electric, Inc.

Steve Nelson
Jacobsen Construction Company

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Thank you for the opportunity to testify.

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