

NEIL ABERCROMBIE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



LATE

FREDERICK D. PABLO
DIRECTOR OF TAXATION

JOSHUA WISCH
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1530
FAX NO: (808) 587-1584

To: The Honorable David Y. Ige, Chair
and Members of the Senate Committee on Ways and Means

Date: Tuesday, January 29, 2013
Time: 9:00 a.m.
Place: Conference Room 211, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B. No. 350 Relating to Taxation

The Department of Taxation appreciates the intent of S.B. 350, but opposes its adoption as it would impose a substantial strain on the Department's limited budget and staff resources. Moreover, the Department's primary focus is the development of a new core computer system which will limit the number of other new projects the Department is able to implement.

S.B. 350 amends the deadline of filing of monthly, quarterly, and semiannual general excise tax returns from the twentieth day of the calendar, quarterly, or semiannual month to the last day of the month following the close of the applicable period. The measure is effective upon approval, and is applicable to returns due on or after July 1, 2013.

The Department notes that the change in due dates – from the last day of the month to the twentieth day - was mandated by Act 196, Session Laws of Hawaii 2009. These changes occurred over approximately two years and required a significant allocation of staff resources. Moreover, at the time of the change to the twentieth day of the month, the Department had additional resources that are no longer available. Given the resources required to implement these changes, the Department cannot implement the changes proposed in S.B. 350.

It should be noted that the changes to the deadline also impose substantial impacts on businesses, as they will be required to change their computers and train staff to implement the change in the filing deadline back to the twentieth day of the month. To change the due dates once again would greatly frustrate taxpayers, who need consistency in order to operate efficiently.

Thank you for the opportunity to provide comments.

LATE

**Testimony to the Senate Committee on Ways and Means
Tuesday, January 29, 2013
9:00 a.m.
Conference Room 211, State Capitol**

RE: SENATE BILL NO. 350 RELATING TO TAXATION

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

The Chamber of Commerce of Hawaii (“Chamber”) supports SB 350 relating to Taxation. We appreciate the committee for scheduling this bill.

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.

This measure reestablishes the last of the month as the deadline for filing and payment of general excise taxes.

In the 2009 Legislature, the Chamber did not support Act 196 because of the impact it would have had on small businesses. We believed the measure would have essentially amount to a one-time tax increase and create additional administrative burdens for business, which in turn, will impose additional costs.

Businesses are already struggling to stay afloat during this slow economic recovery. Merely keeping up with operating expenses is difficult, especially for small businesses. Therefore, we appreciate the committee for considering a measure that will reestablish the end of the month as the filing deadline as it will remove an unnecessary administrative complexity. Furthermore, we believe electronic filing will make it more efficient for businesses to timely file and pay their taxes.

Thank you for the opportunity to provide testimony.

LATE



Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair
Committee on Ways and Means
State Capitol, Honolulu, Hawaii 96813

HEARING Tuesday, January 29, 2013
 9:00 am
 Conference Room 211

RE: SB350, 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 support the retail industry and business in general in Hawaii. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

RMH supports SB350, which amends the date of filing of monthly, quarterly, and semi-annual general excise tax returns from the twentieth day of the calendar, quarterly, or semi-annual month to the last day.

In 2009 while the Legislature was considering SB1461 (Act 196), which accelerated GET filing and payment dates, RMH polled our members for input. From one of RMH's small retailers:

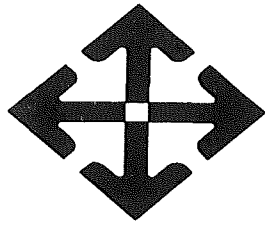
These are challenging times and we should be looking for ways to ease the burdens of small business rather than add to or accelerate the demands placed on a business owner's time. Our business does not have additional resources to apply to new or accelerated requirements.

Reinstating the end-of-month schedule most assuredly will assist businesses more effectively manage their operations and hasten our economic recovery. I'm looking forward to being able to report our success with this measure to my members.

We respectfully request that you pass SB350. Thank you for your consideration and for the opportunity to comment on this measure.

A handwritten signature in cursive script that reads 'Carol Pregill'.

Carol Pregill, President



The Hawaii Business League

Century Square 1188 Bishop St., Ste 1003 Honolulu, HI 96813-3304
Phone: (808) 533-6819 ♦ Facsimile: (808) 533-2739

LATE

January 29, 2013

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

Presented By: Tim Lyons
President

Subject: S.B. 350 – RELATING TO TAXATION

Chair Ige and Members of the Committee:

I am Tim Lyons, President of the Hawaii Business League, a small business service organization. We support this bill.

We have had just an incredible number of complaints by small businesses complaining about the new 20th of the month deadline for filing the payment for general excise tax. The problem is that for many small businesses it is the owner who acts as the promoter, the janitor, the bookkeeper and the production line person for many of these businesses. Should they go out of town for a week, it makes it very difficult to get these payments in on time particularly since banks provide their monthly statement at terribly close to the same deadline. Typically you would not want to calculate your GET until you have balanced your checking account.

We also note that we have received a lot of complaints from contractors to say that it is awfully sad that the state cannot pay them for three (3) months, six (6) months or even two (2) years but yet the state wants them to pay their general excise tax ten (10) days earlier than they used to.

Based on the unintended consequences and negative reaction to this law, we would urge this Committee to return the filing deadline to the end of the month.

Thank you.

LATE

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: B.WAGATSUMA@YAHOO.COM
Subject: Submitted testimony for SB350 on Jan 29, 2013 09:00AM
Date: Tuesday, January 29, 2013 9:37:28 AM

SB350

Submitted on: 1/29/2013

Testimony for WAM on Jan 29, 2013 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
BERT M WAGATSUMA	Individual	Oppose	No

Comments: Why change the due date to the end of the month? As a CPA, my staff and clients have gotten used to the 20th due date, why change it now? It's ridiculous. Is this like a "change" for the heck of changing? There are more important issues the state tax department should be undertaking. Like processing payments and returns quicker. They did not process my December 2012 submission until January 24, 2013. Does the state not need the money?

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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