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**Testimony to the House Committee on Finance
Thursday, March 14, 2013
2:00 p.m.
State Capitol - Conference Room 308**

RE: SENATE BILL 948 SD1 PROPOSED HD1 RELATING TO TAXATION

Chair Luke, Vice Chairs Nishimoto and Johanson, and members of the committee:

The Chamber supports the intent of SB 948 SD1 Proposed HD1 relating to Taxation and respectfully asks the committee to pass this measure for further discussion.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 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.

Currently, many internet-based sellers unfairly benefit from the State’s inability to enforce the Use Tax against individual purchasers. The result is often lost revenue by the State, and lost sales by conventional retailers, many of which provide employment opportunities for our residents. The bill would help eliminate this tax gap by requiring internet-based sellers to collect Use Tax on behalf of local purchasers. We believe that measures such as these, which improve the enforceability of existing tax laws, are far preferable to new and higher taxes as the means of meeting the State’s budgetary requirements.

Thank you for the opportunity to provide testimony.