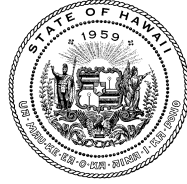


DAVID Y. IGE  
GOVERNOR

SHAN TSUTSUI  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

MARIA E. ZIELINSKI  
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE  
DEPUTY DIRECTOR

To: The Honorable Henry J.C. Aquino, Chair  
and Members of the House Committee on Transportation

Date: Wednesday, February 8, 2017

Time: 9:00 A.M.

Place: Conference Room 423, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: H.B. 900, Relating to Taxation

The Department of Taxation (Department) appreciates the intent of H.B. 900 and offers the following comments for your consideration.

H.B. 900 requires drivers of taxicabs and transportation network company drivers to display their General Excise Tax licenses inside their cars. Failure to display the license results in escalating fines for repeated violations, enforced by the Department of Taxation. H.B. 900 is effective upon approval.

The Department notes that it is unclear what issue this measure is intended to address. If the intent is to provide a mechanism for the Department to get tax identification numbers from a "transportation network company" or a taxicab company the Department suggests amending this measure to mandate collecting and reporting of Hawaii tax identification numbers to the Department on an annual or semi-annual basis. The data in this form will be more useful for the Department in enforcing tax compliance.

Thank you for the opportunity to provide comments.



**House of Representatives  
Transportation Committee  
Hearing**

Wednesday, February 8, 2017  
9:00 am  
Room 429

**SUPPORT: H.B. 900, RELATING TO TAXATION**

Aloha Chair Aquino and Members of the Committee,

My name is Dale Evans, President and CEO of Charley's Taxi. I write in strong support of H.B. 900. For years, Hawaii's taxi industry has been fighting to establish a level playing field for private transportation companies in the islands. For too long, Transportation Network Companies (TNCs) have been able to operate without meaningful regulations that safeguard the public and ensure companies play by the rules.

H.B. 900 addresses one of the most important loopholes that have been exploited by TNCs – nonpayment of General Excise Taxes.

- While taxi companies are required to operate under a litany of regulations, TNC drivers have not bothered to comply with the most basic laws related to the legally required payment of the GET.
- A review of DCCA and DoTAX data indicates only a handful of drivers have registered for a required GE License.
- Uber and Lyft claim to have thousands of drivers. If all were properly paying their taxes, that could result in millions of dollars in tax revenue for Hawaii.
- Requiring drivers to display their GET license in cars is a common sense solution that will encourage compliance from tax scofflaws.
- As legislators seek to close the budget gap, this industry has the potential to provide much needed revenue for the state.
- As legislators seek to capture taxes from online retailers and the short-term rental industry, it should not lose sight of the tax revenue potential from TNCs.

For these reasons, I hope the committee will pass this measure to capture badly needed tax revenue and enforce compliance from TNC drivers who have failed to pay their fair share for far too long.

Thank you for the opportunity to testify.

TESTIMONY OF TAYLOR PATTERSON ON BEHALF OF UBER TECHNOLOGIES  
IN OPPOSITION TO HB 900

February 8, 2017

**LATE**

To: Chairman Henry J.C. Aquino and Vice Chair Sean Quinlan and Members of the House Committee on Transportation:

My name is Taylor Patterson and I am the Policy Director for Uber Technologies, Inc. I am submitting this testimony in Opposition to HB 900. HB 900 would require a general excise tax license to be displayed within a vehicle driven by a transportation network company driver or taxicab driver.

Let me first start by noting that the Honolulu City Council passed Ordinance 16-25 on August 3, 2016 (amended on December 1, 2016 as Ordinance 16-38), which outlined new regulations and driver requirements for transportation network companies (TNCs) in Honolulu. This new City ordinance, which took effect on January 15, 2017, does not require physical certificates of any kind for TNC drivers.

In addition, at the beginning of each year, Uber provides a 1099K or 1099MISC tax form to all drivers who took at least one Uber trip in the prior tax year. This tax form is standard among independent contractors (like Uber drivers) and is used to calculate GET obligations. Uber is a participant in the combined filing program with the IRS, which means that any 1099K or 1099MISC that is filed for federal tax purposes will also be given to the State of Hawaii via the IRS. In short, this means that the State of Hawaii has all tax documents needed to ensure the tax obligations, GET or otherwise, of every Uber driver are met. Displaying a physical copy of a driver's GET certificate is unnecessary.

Thank you for the opportunity to testify and I am available to answer any questions that you may have.