



**TESTIMONY OF TINA YAMAKI  
PRESIDENT  
RETAIL MERCHANTS OF HAWAII  
February 7, 2018**

**SB 2282 Relating to Taxation**

Good afternoon Chair Wakai and Chair Baker and members of the Senate Committee on Economic Development, Tourism and Technology and the Senate Committee on Commerce, Consumer Protection & Health. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii (RMH) is a statewide not-for-profit trade organization 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.

The Retail Merchants of Hawaii strongly supports SB 2282 Relating to Taxation. Our local brick and mortar stores are the economic backbones of our communities that provide employment and tax revenue to fund vital services throughout the State. Many of our retailers statewide are already operating on a thin margin, especially mom and pop stores. This measure would provide e-fairness by leveling the playing field for businesses in our community.

Currently under the existing state law, consumers are required to pay the General Excise Tax on the goods they purchase in the brick and mortar stores physically located in the state of Hawaii. However, if local consumers shop on line, sellers are not required to collect a tax in the same way our local businesses do. This puts our local retailers at a disadvantage as this effectively makes products purchased at brick-and-mortar stores more expensive than products purchased online.

Although news last year that Amazon will begin charging tax on Hawaii purchases was a step in the right direction, they are only a 1% tax and NOT the 4% on neighbor islands and 4.5% for Oahu customers that our local brick and mortar stores have to charge. Furthermore, third party sellers on Amazon do not charge the tax. There are so many more online retailers like QVC, Wayfair, Overstock, Ebay, Vista Print, Etsy and Shoe Dazzle to name a few that are also not collecting taxes. Because of this, Hawaii is missing out on millions of dollars on uncollected use tax from remote sales. And every year online sales has been increasing substantially.

We urge you to support SB 2282.

Again mahalo for this opportunity to testify.

**LATE**

**SB-2282**

Submitted on: 2/6/2018 10:39:25 PM

Testimony for ETT on 2/7/2018 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
viraphanh sananikone	hanalei company	Support	Yes

Comments:

RE: Relating to Taxation (S.B. NO 2282)

Dear Senators:

I am a local businessowner located in Hawaii, and I am writing to urge your support of S.B. No. 2282, regarding taxation of online marketplace providers, such as Amazon and eBay. This bill will ensure Hawaii and its citizens receive all the retail taxes it is entitled to, by closing the online “marketplace” loophole.

For too long has the supposed “marketplace” loophole allowed online businesses, like Amazon, to thrive by avoiding its obligation to collect or pay retail taxes on approximately half of its sales to Hawaiian residents. For too long has Amazon been claiming the existence of a “marketplace” loophole so it can operate as an unauthorized “duty-free” shop in the state of Hawaii, putting local businesses at a severe economic disadvantage. And for too long, has Amazon’s unauthorized “duty-free” status resulted in the closing of local businesses, and the permanent loss of jobs in this state.

Who is responsible for cleaning up the economic mess from Amazon’s tax games? Who bears the financial burdens of supporting our fellow citizens, who lost their jobs in the aftermath of Amazon’s destructive economic force? It’s not Amazon. It’s the state Hawaii, and its citizens, who bear that burden. S.B. No. 2282 cannot undo the local economic damage that Amazon’s tax games have already done. However, S.B. No. 2282 can help prevent Amazon from doing any further damage.

On January 1st, 2018 the State of Washington was the first state in the nation to have a law like S.B. no. 2282 take effect. Now, Amazon collects retail taxes on 100% of its sales to Washington residents, as opposed to only 50% in Hawaii. We believe it’s now Hawaii’s turn to act and put an end to Amazon’s “duty-free” status, in this state, once and for all.

For these reasons, we urge you to support S.B. NO 2282.

**LATE**

**SB-2282**

Submitted on: 2/6/2018 11:15:53 PM

Testimony for ETT on 2/7/2018 1:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alice Kim	Elizabeth Mott LLC	Support	No

Comments:

I am a local businessowner located in Hawaii, and I am writing to urge your support of S.B. No. 2282, regarding taxation of online marketplace providers, such as Amazon and eBay. This bill will ensure Hawaii and its citizens receive all the retail taxes it is entitled to, by closing the online “marketplace” loophole.

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For these reasons, we urge you to support S.B. NO 2282.

**LATE**

## **Super Foods, Inc.**

**P. O. Box 30332 Honolulu, Hawaii 96820, U.S.A.  
Phone (808) 834-1541 Fax (808) 839-3636**

January 31, 2018

Senator Donovan Dela Cruz  
Hawaii State Senate  
415 S Beretania St  
Honolulu, HI 96813

RE: Relating to Taxation (S.B. NO 2282)

Dear Senator Dela Cruz:

We are a small business in Honolulu specializing in the wholesale of fresh, locally grown papayas and other Hawaiian-grown produce, and are writing to urge your support of S.B. No. 2282, regarding taxation of online marketplace providers such as Amazon and eBay. This bill will ensure Hawaii and its citizens receive all the retail taxes it is entitled to by closing the online “marketplace” loophole.

For too long the supposed “marketplace” loophole has allowed online businesses, like Amazon, to thrive by avoiding its obligation to collect or pay retail taxes on approximately half of its sales to Hawaiian residents. And Amazon has claimed that the existence of this “marketplace” loophole allows it to operate as an unauthorized “duty-free” shop in the state of Hawaii, putting local businesses at a severe economic disadvantage and resulting in the closing of local businesses and the permanent loss of jobs in this state.

Who is responsible for cleaning up the economic mess from Amazon’s tax games? Who bears the financial burdens of supporting our fellow citizens, who lost their jobs in the aftermath of Amazon’s destructive economic force? It’s not Amazon. It’s the state Hawaii, and its citizens, who bear that burden. And while S.B. No. 2282 cannot undo the local economic damage that Amazon’s tax games have already done, it can, however, help prevent Amazon from doing any further damage.

On January 1<sup>st</sup>, 2018 the State of Washington was the first state in the nation to have a law like S.B. No. 2282 take effect, and now Amazon collects retail taxes on 100% of its sales to Washington residents, as opposed to only 50% in Hawaii. We believe it's now Hawaii's turn to act and put an end to Amazon's "duty-free" status in this state, once and for all.

For these reasons, we urge you to support S.B. NO 2282.

Sincerely,

A handwritten signature in black ink that reads "Sylvia Wang". The signature is written in a cursive, flowing style.

Sylvia Wang  
Super Foods, Inc.