

Written Only

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SUPERINTENDENT

STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
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Date: 02/14/2019
Time: 10:00 AM
Location: 211
Committee: Senate Ways and Means

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: SB 1158, SD1 RELATING TO SCHOOL SUPPLIES.

Purpose of Bill: Establishes a general excise tax holiday for consumers and businesses for school supplies sold during the weekend two weeks prior to the start of the school year on condition that businesses pass the savings on to consumers. (SD1)

Department's Position:

The Department of Education (Department) supports the intent of SB 1158, SD1, with the following comments.

The Department acknowledges that the tax holiday provisions of this bill could provide appreciated cost savings to parents and families of the approximately 180,000 students in the Department's 256 schools statewide. The Department defers to the appropriate state agency to comment on the feasibility, appropriateness, implementation, and cost to the State for such a tax holiday.

Thank you for the opportunity to testify on SB 1158, SD1.

The Hawaii State Department of Education seeks to advance the goals of the Strategic Plan which is focused on student success, staff success, and successful systems of support. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.

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**STATE OF HAWAII
DEPARTMENT OF TAXATION**

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To: The Honorable Donovan M. Dela Cruz, Chair
and Members of the Senate Committee on Ways and Means

Date: Thursday, February 14, 2019
Time: 10:00 A.M.
Place: Conference Room 211, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: S.B. 1158, S.D. 1, Relating to School Supplies

The Department of Taxation (Department) provides the following comments regarding S.B. 1158, S.D. 1, for your consideration.

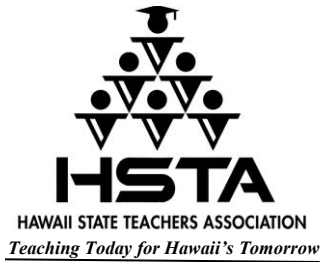
S.B. 1158, S.D. 1, establishes a general excise tax holiday for consumers and businesses for school supplies sold. The Senate Committee on Education (Committee) changed the measure such that sales must occur during the weekend two weeks prior to the start of the public school year, instead of the weekend prior to the start of school. The Committee also adopted the Department recommendation to apply the credit to all sellers, both in-state and out-of-state. The measure is effective on July 1, 2019.

First, the Department has concerns regarding its ability to determine whether the business has passed on the savings on to the consumer. Businesses set prices based on a multitude of variables, and it would be impossible to prove that a business has not passed on the tax savings. The customer can only know whether or not the business has passed on the tax, but not whether the price charged is reflective of this savings.

Second, the Department notes that fixed dates for this tax holiday may be easier to administer and easier for the families purchasing the school supplies to take advantage of the holiday. For example, the tax holiday could be set as the last Friday in July to the Sunday that immediately follows.

Finally, the Department respectfully requests that the effective date of the measure be made January 1, 2020 to sufficient time to administer the tax holiday proposed by this measure.

Thank you for the opportunity to provide comments.



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TESTIMONY BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS

RE: SB 1158 - RELATING TO SCHOOL SUPPLIES

THURSDAY, FEBRUARY 14, 2019

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Dela Cruz, and Members of the Committee:

The Hawaii State Teachers Association **strongly supports SB 1158, SD1** that will establish a general excise tax holiday for consumers and businesses for school supplies sold during the weekend prior to the start of the school year on condition that businesses pass the savings on to consumers.

The Hawaii State Teachers Association is the exclusive representative of the state's 13,700 public school teachers as the local affiliate of the 2.2 million member National Education Association. This measure would provide relief from the general excise tax when purchasing school supplies the weekend before the start of school.

With the high cost of living here in Hawaii this measure will provide much needed relief for parents as well teachers as they buy the required school supplies that all students and teachers need to be ready for the school year. The high cost of school supplies for families, especially multiplied for each child, is expensive each year. We should join other states in offering this excise tax holiday for school supplies to support our families in Hawaii.

The Hawaii State Teachers Association asks your committee to **support** SB 1158.