

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
ON
HOUSE BILL NO. 1960

February 2, 2022
10:00 a.m.
Room 312 and Videoconference

RELATING TO NONPROFIT ORGANIZATIONS

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 1960 amends Section 237-23, HRS, to clarify the State general excise tax (GET) exemption for unrelated trade or business activities of non-profit organizations to allow fundraising income to be exempt from State GET laws.

B&F notes that the federal American Rescue Plan (ARP) Act restricts states from using ARP Coronavirus State Fiscal Recovery Funds (CSFRF) to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation beginning on March 3, 2021, through the last day of the fiscal year in which the CSFRF have been spent. If a state cuts taxes during this period, it must demonstrate how it paid for the tax cuts from sources other than the CSFRF, such as:

- By enacting policies to raise other sources of revenue;
- By cutting spending; or
- Through higher revenue due to economic growth.

If the CSFRF provided have been used to offset tax cuts, the amount used for this purpose must be repaid to the U.S. Treasury.

The U.S. Department of Treasury has issued rules governing how this restriction is to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with this ARP restriction.

Thank you for your consideration of our comments.

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



ISAAC W. CHOY
DIRECTOR OF TAXATION

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

To: The Honorable Sean Quinlan, Chair;
The Honorable Daniel Holt, Vice Chair;
and Members of the House Committee on Economic Development

From: Isaac W. Choy, Director
Department of Taxation

Date: Wednesday, February 2, 2022
Time: 10:00 A.M.
Place: Via Video Conference, State Capitol

Re: H.B. 1960, Relating to Nonprofit Organizations

The Department of Taxation (Department) offers the following comments regarding H.B. 1960 for your consideration.

H.B. 1960 amends section 237-23, Hawaii Revised Statutes (HRS), to provide further general excise tax (GET) exemptions to tax-exempt organizations. The bill repeals language currently denying tax-exempt organizations a GET exemption for fundraising activities. The bill adds language denying tax-exempt organizations a GET exemption for income from unrelated trade or business activity, as defined in the Internal Revenue Code (IRC). The bill is effective upon approval.

Tax-exempt organizations' fundraising activities are exempt from federal and Hawaii income taxation. This is because Hawaii income tax law conforms to the IRC. The federal and Hawaii income tax exemption is limited by imposing tax on income from unrelated trade or business activity. Conversely, a tax-exempt organization's gross receipts from fundraising activities are taxable under the GET.

This bill proposes to add congruity between the income tax and GET treatment of tax-exempt organizations. The bill would exempt tax-exempt organization's fundraising income and other receipts from GET, except those sourced from an unrelated trade or business. This would match the federal and Hawaii income tax treatment.

The Department is able to administer this measure but requests that it be amended to become effective January 1, 2023. This provide the time necessary to make form and instruction changes.

Thank you for the opportunity to provide testimony on this measure.



Hawaii
Children's Action Network Speaks!
Building a unified voice for Hawaii's children

Hawai'i Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.

To: House Committee on Economic Development

Re: **HB 1960 – Relating to Nonprofit Organizations**
Hawai'i State Capitol, Via Videoconference Conference, Room 312
February 2, 2022, 10:00 AM

Dear Chair Quinlan, Vice Chair Holt, and committee members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing in SUPPORT of HB 1960, relating to nonprofit organizations. This bill would clarify the general excise tax (GET) exemption for unrelated trade or business activities of nonprofit organizations.

This bill clarifies the GET exemption by aligning state law with the federal IRS income tax code. It would do that by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS, and, as a result, exempt nonprofit organizations from paying GET on fundraising income.

This bill would help organizations like ours by relieving us from paying GET on our fundraising income, which is of vital importance to funding our charitable operations. Every dollar our organization must pay in general excise taxes is a dollar less that we can devote to our mission of advocating for Hawai'i's children and their families.

Since donors and nonprofit organizations view both the funds raised at fundraising events and direct contributions as donations to the organization, we believe they should be treated the same way for tax purposes. Since the IRS tax code is clear and well-established on this issue, this bill would also simplify accounting for nonprofit organizations in our state.

Mahalo for this opportunity to provide testimony. Please pass this bill.

Thank you,

Nicole Woo
Director of Research and Economic Policy

HAWAII YOUTH SERVICES NETWORK

677 Ala Moana Boulevard, Suite 904 Honolulu, Hawaii 96813

Phone: (808) 489-9549

Web site: <http://www.hysn.org> E-mail: info@hysn.org

Carole Gruskin, President

Judith F. Clark, Executive Director

Bay Clinic

Big Brothers Big Sisters Hawaii

Big Island Substance Abuse Council

Bobby Benson Center

Child and Family Service

Coalition for a Drug Free Hawaii

Collins Consulting, LLC

Domestic Violence Action Center

EPIC, Inc.

Family Programs Hawaii

Family Support Hawaii

Friends of the Children's Justice Center of Maui

Get Ready Hawai'i

Hale Kipa, Inc.

Hale 'Opio Kauai, Inc.

Hawaii Children's Action Network

Hawaii Health & Harm

Reduction Center

Ho'ola Na Pua

Kahi Mohala

Kokua Kalihi Valley

Kokua Ohana Aloha (KOA)

Maui Youth and Family Services

Na Pu'uwai Molokai Native

Hawaiian Health Care Systems

P.A.R.E.N.T.S., Inc.

Parents and Children Together (PACT)

PHOCUSED

PFLAG – Kona Big Island

Planned Parenthood of the

Great Northwest and

Hawaiian Islands

Residential Youth Services

& Empowerment (RYSE)

Salvation Army Family

Intervention Services

Sex Abuse Treatment Center

Susannah Wesley Community Center

The Catalyst Group

February 1, 2022

To: Representative Sean Quinlan Chair,
And members of the Committee on Economic Development

TESTIMONY IN SUPPORT OF HB 1960 RELATING TO NONPROFIT ORGANIZATIONS

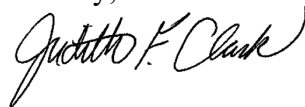
Hawaii Youth Services Network (HYSN), a statewide coalition of youth-serving organizations, supports HB 1960 Relating to Nonprofit Organizations.

Hawaii's nonprofit sector plays a critical role in the social and economic well-being of our state. Youth-serving organizations work with families to ensure that our children and youth grow up safe, healthy, and ready to succeed.

This bill would align the State GET law with the federal income tax code by exempting from the GET any income generated by a nonprofit for "any unrelated trade or business." HYSN believes that fundraising revenue from special events should be treated the same way as donations as they are essentially donations but in different forms. Paying GET on fundraising events takes away funds that would be spent on the nonprofits mission and services.

Thank you for this opportunity to testify.

Sincerely,



Judith F. Clark, MPH
Executive Director



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Sean Quinlan, Chair
The Honorable Daniel Holt, Vice Chair
Members, House Committee on Economic Development

From: Jacce Mikulanec, Director, Government Relations, The Queen's Health Systems

Date: February 2, 2022

Re: Support for HB 1960 – Relating to Nonprofit Organizations

The Queen's Health Systems (Queen's) is a not-for-profit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, 66 health care centers and labs, and more than 1,600 physicians statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's appreciates the opportunity to testify in support of HB 1960, which would align the state general excise tax (GET) law with the federal income tax code by exempting from the State's GET, income generated by a nonprofit organization for any activity defined as an "unrelated trade or business" as defined by the Internal Revenue Code and it would expand the GET available to charitable, religious, and educational organizations. As a registered not-for-profit within the state of Hawai'i, Queen's and its affiliates support bringing the aforementioned federal and state tax code into alignment.

Thank you for allowing The Queen's Health Systems to testify in support of HB 1960.

The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.



TESTIMONY IN SUPPORT OF HB 1960

TO: Chair Quinlan, Vice Chair Holt, & Members – House Committee on Economic Development
FROM: Trisha Kajimura
Deputy Director - Community
DATE: February 2, 2022 at 10:00 AM

Hawai'i Health & Harm Reduction Center (HHRC) **supports** HB 1960. This bill would align the State General Excise Tax (GET) law with the federal IRS income tax code by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS, and, as a result, exempt nonprofit organizations from paying GET on fundraising income.

HHRC's mission is to serve Hawai'i communities by reducing the harm and fighting the stigma of HIV, hepatitis, homelessness, substance use, mental illness, and poverty in our community. We focus our efforts on those disproportionately affected by social determinants of health, including but not limited to: people living with and/or affected by HIV, hepatitis, substance use, and the transgender, LGBTQ and the Native Hawaiian communities. We foster health, wellness, and systemic change in Hawai'i and the Pacific through care services, advocacy, training, prevention, education

Passing this bill will relieve our organization from having to pay general excise tax on our fundraising income, which is of vital importance to funding our charitable operations. This bill would also simplify our accounting of income since the IRS tax code is clear and well-established.

If this bill is passed, the GET savings we would see would allow us to provide additional care to our most vulnerable, such as wound care and outreach to our unsheltered folks, leadership capacity building to our transgender sisters and brothers, hepatitis testing at substance abuse treatment facilities and HIV testing to anyone in need.

Every dollar our organization must pay in general excise taxes is a dollar less that we can devote to our tax exempt, charitable mission and programs.

Thank you for the opportunity to testify in support of this bill.

Helping Hawai'i Live Well

**Testimony to the House Committee on Economic Development
Wednesday, February 2nd, 2022, 10:00 a.m.
Via videoconference**

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HB 1960, Relating to Nonprofit Organizations

Dear Chair Quinlan, Vice Chair Holt, and members of the Committee on Economic Development:

Mental Health America of Hawaii is in **strong support** of HB 1960. This bill would align the State General Excise Tax (GET) law with the federal IRS income tax code by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS, and, as a result, exempt nonprofit organizations from paying GET on fundraising income.

Mental Health America of Hawai'i (MHAH), an affiliate of the renowned national organization, is a highly regarded 501(c)(3) non-profit organization serving the State of Hawai'i. For nearly 80 years, MHAH has been fulfilling its mission "to promote mental health & wellness through education, advocacy, service, and access to care" through its vision of 'mental wellness for all.' We endeavor to reduce the shame and stigma of mental illness and improve the overall care, treatment, and empowerment of those with or at risk for mental health challenges across all stages of life in Hawai'i.

We support the passage of this bill as it would relieve our organization from having to pay general excise tax on our fundraising income, which is of vital importance to funding our charitable operations. This bill would also simplify our accounting of income since the IRS tax code is clear and well-established.

In Calendar Year 2021, our total GET expense was \$1,681 – while this may seem insignificant, it's the equivalent of us covering the registration costs of Mental Health First Aid certifications for nearly 70 individuals; or personnel costs associated with almost 40 one-hour resilience trainings. We strongly urge you to pass this legislation.

Mahalo,



Bryan L. Talisayan
Executive Director



**Testimony to the House Committee on Economic Development
Representative Sean Quinlan, Chair
Representative Daniel Holt, Vice Chair
Wednesday, February 2, 2022, 10:00 a.m.
Via videoconference**

HB 1960, Relating to Nonprofit Organizations

Dear Chair Quinlan, Vice Chair Holt, and members of the Committee on Economic Development:

On behalf of the Hawai'i Alliance of Nonprofit Organizations (HANO), I would like to thank you for hearing **HB 1960**. We testify in **strong support** of this bill.

HANO is a statewide, sector-wide professional association of nonprofits. Our mission is to unite and strengthen the nonprofit sector as a collective force to improve the quality of life in Hawai'i. Our member organizations provide essential services to every community in the state.

Hawaii's nonprofit sector plays a critical role in the social and economic well-being of our residents. Whether it is addressing homelessness, preserving our culture or environment, providing healthcare or education, or promoting arts and culture. Hawaii's nonprofits provide services, goods and resources to meet often neglected community needs.

The purpose of this bill is to align the State GET law with the federal income tax code by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS. This change would simplify and improve a nonprofit's accounting of income, and, more importantly, would exempt fundraising income (that meets the unrelated business income standard) from GET.

Nonprofits must raise funds to carry out its mission and programs. Conducting fundraising events is one critical, mission-related way to raise needed unrestricted operating funds. Events like bake sales, golf tournaments, and dinners are held for this purpose. While the federal government recognizes that such income is not a regularly carried out business and does NOT impose tax on income generated from these events, nonprofits ARE required to pay State GET on this income which in turn reduces the funds raised.

HANO believes income generated by fundraising events should be treated the same as donations as they are essentially both donations but in different forms. Because GET is not paid on donations, if someone donates \$1000 to a nonprofit, no GET applies. But if that same donor gives

\$1000 for a fundraiser dinner, the nonprofit has to pay \$104 in GET. While there may be a distinction between the two for GET purposes, there is no difference from the perspective of the donors and nonprofits. Nonprofits should be encouraged to generate income from fundraising events but the GET disincentivizes them to do so.

Most importantly, the GET paid on fundraising events takes away funds that would be spent on the nonprofit's mission and services. If passed, the GET savings that would result from this bill would go directly towards these missions as testimony from nonprofits describe.

Furthermore, because nonprofits pay GET on the gross income of fundraising events, they are taxed twice: once when the goods and services are bought for the event and then again on the income received for the event.

HANO strongly urges this Committee to pass this bill as amended.

Thank you for the opportunity to testify.

Mahalo,

Lisa Maruyama
President and CEO

HB-1960

Submitted on: 2/1/2022 9:29:36 AM

Testimony for ECD on 2/2/2022 10:00:00 AM

| Submitted By | Organization | Testifier Position | Remote Testimony Requested |
|---------------------|-------------------------------------|---------------------------|-----------------------------------|
| Kara Kusunoki | Read To Me International Foundation | Support | No |

Comments:

Dear Chair Quinlan, Vice Chair Holt and members of the Committee on Economic Development,

We are in strong support of HB 1960. This bill would align the State General Excise Tax (GET) law with the federal IRS income tax code by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS, and, as a result, exempt nonprofit organizations from paying GET on fundraising income.

Read To Me International's mission is to share the love and joy of reading aloud, a simple yet profound act that helps children to flourish academically, socially, and emotionally. We support the passage of this bill as it would relieve our organization from having to pay general excise tax on our fundraising income, which is of vital importance to funding our charitable operations. This bill would also simplify our accounting of income since the IRS tax code is clear and well-established.

If this bill is passed, the GET savings we would see would allow us to provide additional services to Hawaii's highest need communities.

Every dollar our organization must pay in general excise taxes is a dollar less that we can devote to our tax exempt, charitable mission and programs.

We strongly urge you to pass this legislation. Thank you for the opportunity to submit this written testimony.

Mahalo,

Kara Kusunoki

Executive Director

Read To Me International



TO: Chair Quinlan, Vice Chair Holt, and Members of the House Committee on Economic Development

FROM: Ryan Kusumoto, President & CEO of Parents And Children Together (PACT)

DATE/LOCATION: February 2, 2022; 10:00 a.m., Conference Room 312/Video Conference

RE: TESTIMONY IN SUPPORT OF HB 1960– RELATING TO NONPROFIT ORGANIZATIONS

We ask you to support HB 1960 which clarifies the GET exemption for unrelated trade or business activities of nonprofit organizations. This bill would align the State General Excise Tax (GET) law with the federal IRS income tax code by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS, and, as a result, exempt nonprofit organizations from paying GET on fundraising income.

This bill would relieve nonprofit organizations from having to pay general excise tax on our fundraising income, which is of vital importance to funding our mission and ensuring that our dollars raised go directly back to serve our communities. This bill would also simplify our accounting of income since the IRS tax code is clear and well-established.

Founded in 1968, Parents And Children Together (PACT) is one of Hawaii's not-for-profit organizations providing a wide array of innovative and educational social services to families in need. Assisting more than 17,000 people across the state annually, PACT helps families identify, address and successfully resolve challenges through its 20 programs. Among its services are: early education programs, domestic violence prevention and intervention programs, child abuse prevention and intervention programs, childhood sexual abuse supportive group services, child and adolescent behavioral health programs, sex trafficking intervention, poverty prevention and community building programs.

Thank you for the opportunity to testify in **support of HB 1960**, please contact me at (808) 847-3285 or rkusumoto@pacthawaii.org if you have any questions.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Conform Fundraising Income to Federal UBIT Definition

BILL NUMBER: HB 1960, SB 3201

INTRODUCED BY: HB by BELATTI, SB by MORIWAKI

EXECUTIVE SUMMARY: Aligns the state general excise tax law with the federal income tax code by exempting from the State's general excise tax, income generated by a nonprofit organization for any activity defined as an "unrelated trade or business" as defined by the Internal Revenue Code.

SYNOPSIS: Amends section 237-23(b)(3), HRS, such that the GET exemption for qualified nonprofit organizations extends to activities previously classified as fund raising, as long as they are not an "unrelated trade or business" as defined in the Internal Revenue Code. In considering whether an activity is an unrelated trade or business, the modifications to unrelated business taxable income as provided in section 512(b) of the Internal Revenue Code shall not apply.

EFFECTIVE DATE: Upon Approval

STAFF COMMENTS: One of the points of frustration that tax practitioners have when working with nonprofit tax-exempt organizations is the different way that federal and state law define income that is subject to tax even for a nonprofit. The federal code uses the concept of "unrelated business taxable income." State income tax law conforms to that concept. State GET law uses another concept, however, taxing "any activity the primary purpose of which is to produce income even though the income is to be used for or in furtherance of the exempt activities." Thus, the GET taxes such items as:

- Fundraising dinners
- Golf tournaments
- Sales of fundraising items whether or not donated to the organization
- Benefit concerts or carnivals
- Parking fees at hospitals and medical clinics

Perhaps it's now a good time to discuss the relative benefits and detriments of both rules.

Digested: 1/31/2022

LATE

Wednesday, February 2, 2022 at 10:00 AM
Via Video Conference

House Committee on Economic Development

To: Representative Sean Quinlan, Chair
Representative Daniel Holt, Vice Chair

From: Michael Robinson
Vice President, Government Relations & Community Affairs

Re: **HB 1960 – Testimony In Support
Relating to Nonprofit Organizations**

My name is Michael Robinson, and I am the Vice President of Government Relations & Community Affairs at Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system comprised of its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox and over 70 locations statewide with a mission of creating a healthier Hawai'i.

I am writing in SUPPORT of HB 1960 which clarifies the GET exemption for unrelated trade or business activities or nonprofit organizations.

Under federal regulations, nonprofit organizations are exempt from federal income tax because these organizations provide communities with critically needed programs, goods, and services, many of which would otherwise be provided by government agencies. However, the federal regulations do not exempt from federal income tax the income of nonprofit organizations that is generated by an unrelated business activity not substantially related to the nonprofit organization's tax-exempt purpose.

While Hawaii law provides nonprofit organizations with an exemption from the general excise tax for income generated by a nonprofit organization's charitable activities, activity which is used to produce income, even though the income may be in furtherance of exempt activities, is not exempt from the general excise tax. HB 1960 provides clarification as the type of activity that would be taxable, aligning with federal regulations. This would allow nonprofit organizations to streamline their accounting systems.

Thank you for the opportunity to testify.



LATE

**Testimony to the House Committee on Economic Development
Wednesday, February 2, 2022, 10:00 a.m.
Via videoconference**

HB 1960, Relating to Nonprofit Organizations

Dear Chair Quinlan, Vice-Chair Holt, and members of the Committee on Economic Development,

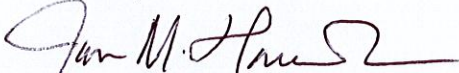
We are in **strong support** of HB 1960. This bill would align the State General Excise Tax (GET) law with the federal IRS income tax code. It will do this by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS. As a result, it will exempt nonprofit organizations from paying GET on fundraising income. The purpose of this bill is to align the State GET law with the federal income tax code by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS.

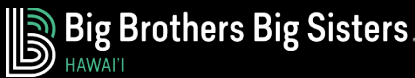
Established in 2005, the H.T. Hayashi Foundation reflects the legacy of visionary hotelier and philanthropist Herbert Takami "H.T." Hayashi. Today, the foundation invests in arts and culture, human development, environmental conservation, and economic security, focusing on programs serving women, children, and the elderly. A core part of our support of nonprofit organizations in the state is our belief that supporting the nonprofit sector's capacity to meet their mission is as equally important as supporting the work itself.

Nonprofits must raise funds to carry out their missions and programs. Conducting fundraising events is one critical, mission-related way to raise needed unrestricted operating funds. We believe that income generated by fundraising events should be treated the same as donations as they are essentially both donations but in different forms. The GET paid on fundraising events takes away funds that would be spent on the nonprofit's mission and services. If passed, the GET savings that would result from this bill would go directly towards these missions.

We strongly urge you to pass this legislation. Thank you for the opportunity to submit this written testimony.

Mahalo,


Jan M. Harada
Executive Director



TOGETHER WE ARE DEFENDERS OF POTENTIAL

LATE

2119 N. King Street Suite 202
Honolulu, Hawai'i 96819

bbbshawaii.org

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**Testimony to the House Committee on Economic Development
Wednesday, February 2, 2022, 10:00 a.m.
Via videoconference
HB 1960, Relating to Nonprofit Organizations**

Dear Chair Quinlan, Vice Chair Holt and members of the Committee on Economic Development,

Big Brothers Big Sisters Hawaii (BBBSH) **strongly supports** HB 1960 which would align our State General Excise Tax (GET) law with the federal IRS income tax code. Passage would make income generated by a nonprofit for any "unrelated trade or business," as defined by the IRS, exempt from the GET meaning Hawaii's nonprofit organizations would keep 100% of their net *fundraising* income to deliver our services.

For 58 years, BBBSH has provided preventive, one-to-one mentoring services to thousands of Hawaii's children who've experienced serious trauma from the loss of a parent to divorce, suicide, or incarceration; or from witnessing the abuse of family members or being abused themselves. Statistics show that a high percentage of those we've served graduate high school, avoid the juvenile justice system, and succeed as responsible adults.

We work hard to raise a portion of the funds we need for our charitable work. We're proud that our fundraising eases the burden on government having to carry our financial load. Passage of HB 1960 would provide an incentive for us to raise even more on our own.

Every dollar our organization must pay in general excise taxes is a dollar less that we can devote to our tax exempt, charitable mission and programs. We strongly urge you to pass this legislation.

Mahalo,

Dennis Brown
President/CEO



Big Brothers Big Sisters Hawai'i is comprised of:

Big Brothers Big Sisters
of Honolulu

Big Brothers Big Sisters
of Kaua'i

Big Brothers Big Sisters
of Maui

HB-1960

Submitted on: 2/1/2022 11:38:18 AM

Testimony for ECD on 2/2/2022 10:00:00 AM

LATE

| Submitted By | Organization | Testifier Position | Remote Testimony Requested |
|---------------------|---------------------|---------------------------|-----------------------------------|
| scott lacasse | Grow Some Good | Support | No |

Comments:

The reporting and payment of taxes related to fundraising efforts that support our non-profit mission are an unnecessary burden that takes valuable resources away from our organization. We respectfully request that legislation is amended to relieve this burden. Thank you!



- 1202 Prospect St. Honolulu, HI 96822
- Phone: 808.927.7923
- Email: info@manamaoli.org

Testimony to the House Committee on Economic Development
Wednesday, February 2, 2022, 10:00 a.m.
Via videoconference

HB 1960, Relating to Nonprofit Organizations

LATE

Dear Chair Quinlan, Vice Chair Holt and members of the Committee on Economic Development,

We are in **strong support** of HB 1960. This bill would align the State General Excise Tax (GET) law with the federal IRS income tax code by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS, and, as a result, exempt nonprofit organizations from paying GET on fundraising income.

We are a 501(c)3 nonprofit named Mana Maoli. We serve 20 schools across 3 islands via our Mana Mele Project, which teaches Academics, Business, and Culture through music and multimedia programs

We support the passage of this bill as it would relieve our organization from having to pay general excise tax on our fundraising income, which is of vital importance to funding our charitable operations. This bill would also simplify our accounting of income since the IRS tax code is clear and well-established.

If this bill is passed, the GET savings we would see would allow us to continue to provide year-long, weekly afterschool and elective classes as part of our Mana Mele Music & Multimedia Academy

Every dollar our organization must pay in general excise taxes is a dollar less that we can devote to our tax exempt, charitable mission and programs.

We strongly urge you to pass this legislation. Thank you for the opportunity to submit this written testimony.

Mahalo Nui,

Keola Nakanishi
Executive Director
Mana Maoli



LATE

Hawaiian Humane Society
People for animals. Animals for people.

2700 Waiialae Avenue Honolulu, Hawaii 96826
808.356.2200 • HawaiianHumane.org

LATE

Date: February 1, 2022

To: Chair Rep. Sean Quinlan
Vice Chair Rep. Daniel Holt
and Members of the Committee on Economic Development

Submitted By: Anna Neubauer, President & CEO
Hawaiian Humane Society, 808-356-2242

RE: Testimony in support of HB 1960, Relating to Nonprofit Organizations
Wednesday, Feb. 2, 2022, 10 a.m., Via Videoconference

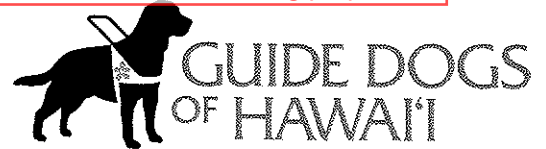
Aloha Chair Quinlan, Vice Chair Holt and Committee Members,

On behalf of the Hawaiian Humane Society, thank you for considering our support for House Bill 1960, which clarifies the GET exemption for unrelated trade or business activities of nonprofit organizations.

This bill would align the State General Excise Tax law with the federal IRS income tax code by exempting from the GET any income generated by a nonprofit for any “unrelated trade or business” as defined by the IRS, exempting nonprofit organizations from paying GET on fundraising income.

For nearly 140 years, the Hawaiian Humane Society has been a leader in animal welfare statewide, offering more than 30 programs and services for the community. Our mission is to promote the human-animal bond and the humane treatment of all animals. As the animal service provider for the City and County of Honolulu and the official pet lost and found for the island of Oahu, we provide a safe haven for thousands of pet animals each year, as well as creating new families through adoption and assisting pet owners in need. Most of our revenue comes from private donations and fundraising events.

We support the passage of this bill as it would relieve our organization from having to pay general excise tax on our fundraising income, which is of vital importance to funding our charitable operations. We urge you to pass HB 1960. Thank you for the opportunity to submit this written testimony.



Adaptive Aids +
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LATE

LATE

Testimony to the House Committee on Economic Development
Wednesday, February 2, 2022, 10:00 a.m.
Via videoconference

HB 1960, Relating to Nonprofit Organizations

Dear Chair Quinlan, Vice Chair Holt and members of the Committee on Economic Development,

We are in **strong support** of HB 1960. This bill would align the State General Excise Tax (GET) law with the federal IRS income tax code by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS, and, as a result, exempt nonprofit organizations from paying GET on fundraising income.

We are Guide Dogs of Hawaii and we've been serving Hawaii's blind and visually impaired residents since 1955. Our mission is to empower the blind and visually impaired residents of Hawaii to conquer barriers by providing guide dog support, technology aids, mobility training, and community access to participate in everyday activities. We believe that with appropriate aids, proper training and opportunity, our blind and visually impaired friends and family members may lead meaningful and productive lives. We work directly with the individuals, their teachers, parents and extended support network to identify needs and create ways to overcome challenges at no cost to the individual or family. In fact, we recently helped blind and visually impaired students statewide with technology aids and accessories that would empower them to fully participate in their distance learning during the COVID-19 pandemic. We strongly feel that blind and visually impaired individuals have much to contribute to our community and our passion is woven into everything we do.

Our organization was started to enable our blind and visually impaired residents to obtain guide dogs during the time when state quarantine regulations made it difficult for guide dogs to come into our state and we have been expanding since. We're looking forward to establishing a permanent home for GDH where our blind and visually impaired residents of any age can come in for continuity services.

We are expanding our youth services by creating more projects and activities to promote continued growth in technology and social skills that will empower them to cope with everyday challenges and prepare them for adulthood.

"Striving to enhance communication, promote equality & create opportunities for the Blind & Visually Impaired"

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We are also taking steps to cultivate more guide dog handlers by bringing active teams together to promote the benefits of working with guide dogs and holding informational sessions for individuals thinking of partnering with one of these intelligent professional canines.

We aim to work more with individuals seeking job training and interpersonal skill building by partnering with community businesses and groups to guide our individuals on their vocational journey.

We are committed to making sure our seniors are not forgotten by ensuring that they have the tools that enable them to continue living independently as well as a program to encourage wellness of body and mind.

We support the passage of this bill as it would relieve our organization from having to pay general excise tax on our fundraising income, which is of vital importance to funding our charitable operations. This bill would also simplify our accounting of income since the IRS tax code is clear and well-established.

If this bill is passed, the GET savings we would see would allow us to continue to carry out our mission to serve the BVI residents of Hawaii, while enabling them to lead independent, fulfilling, and confident lives.

Every dollar our organization must pay in general excise taxes is a dollar less that we can devote to our tax exempt, charitable mission and programs.

We strongly urge you to pass this legislation. Thank you for the opportunity to submit this written testimony.

Mahalo,

Jeanne Torres
Executive Director



HB-1960

Submitted on: 1/31/2022 6:48:19 PM

Testimony for ECD on 2/2/2022 10:00:00 AM

| Submitted By | Organization | Testifier Position | Remote Testimony Requested |
|---------------------|---------------------|---------------------------|-----------------------------------|
| Carolann Biederman | Individual | Support | No |

Comments:

Approval of this bill will mean that Hawaii's critical nonprofit organizations can use 100% of their donated resources to help our community members, instead of paying GET on fundraising revenues. Thank you for your consideration.