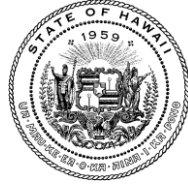


DAVID Y. IGE
GOVERNOR

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 Sylvia Luke, Chair;
The Honorable Kyle T. Yamashita, Vice Chair;
and Members of the House Committee on Finance

From: Isaac W. Choy, Director
Department of Taxation

Date: Monday, April 4, 2022
Time: 1:30 P.M.
Place: Via Video Conference, State Capitol

Re: S.B. 3201, S.D. 1, H.D. 1, Relating to Nonprofit Organizations

The Department of Taxation (Department) offers the following comments regarding S.B. 3201, S.D. 1, H.D. 1, for your consideration.

S.B. 3201, S.D. 1, H.D. 1, 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). H.D. 1 has a defective effective date of October 18, 2050.

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.

If a functional effective date is to be inserted, the Department respectfully requests that the measure be made effective on January 1, 2023. This will provide the time necessary to make form and instruction changes.

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

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 FINANCE
ON
SENATE BILL NO. 3201, S.D. 1, H.D. 1

April 4, 2022
1:30 p.m.
Room 308 and Videoconference

RELATING TO NONPROFIT ORGANIZATIONS

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

Senate Bill No. 3201, S.D. 1, H.D. 1, 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.



PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

March 31, 2022

TO: Representative Sylvia Luke, Chair
Representative Kyle T. Yamashita, Vice Chair
Members of the House Committee on Finance

FROM: Christy MacPherson, PHOCUSED

SUBJECT: Testimony: Relating to Nonprofit Organizations

Hearing: April 4, 2022 at 1:30 pm
Via videoconference

Chair Luke, Vice Chair Yamashita, and Members of the House Committee on Finance,

Thank you for the opportunity to provide testimony in **STRONG SUPPORT** of SB 3201 SD1 HD1.

PHOCUSED is a nonpartisan project of Hawai'i Appleseed Center for Law and Economic Justice and comprises health and human service organizations and the people they serve across the State of Hawai'i. We have been collaborating on advocacy pertaining to critical procurement and service delivery issues that directly impact our providers.

Nonprofits are constantly challenged with raising revenue to provide the services that they so effectively provide for the people of Hawai'i. The pandemic has only exacerbated these challenges and government contracts are simply not enough to help them sustain their services. This legislation would provide more needed income for nonprofits to use towards their mission-based activities that support our residents in purposeful and impactful ways.

It is also important to note that nonprofit purchases and expenditures are already taxed.

We strongly urge you to consider passage of SB 3201 SD1 HD1. Thank you again for the opportunity to submit testimony on this measure.

PHOCUSED IS A PROJECT OF HAWAII APPLESEED

733 BISHOP STREET, SUITE 1180 • HONOLULU, HI 96813 • (808) 587-7605 • PHOCUSED.ORG



SB3201 SD1 HD1 Non-profit fund-raising exempt from state tax similar to federal law

COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Kyle T. Yamashita, Vice Chair

Monday, Apr 4 2022: 1:30 : Videoconference

Hawaii Substance Abuse Coalition Supports SB3201 SD1 HD1:

ALOHA CHAIR, VICE CHAIR AND DISTINGUISHED COMMITTEE MEMBERS. My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide organization for substance use disorder and co-occurring mental health disorder treatment, prevention, and harm reduction agencies.

HSAC urges the Legislature to end GET taxing for non-profits' fund raising, which is used for their mission, and to come into alignment with federal tax laws. Hawaii's nonprofit organizations are essential for Hawaii's well-being, providing critical services in an efficient and cost-saving manner than if government provided the services:

1. A big part of the reason that **non-profits are more cost-effective is that non-profits can fund-raise for their mission**, which the government cannot do.
2. The state is protected from other uses of funds because **Federal law stipulates that a non-profit agency must use their income, fund, or other sources to further the purposes for which they were formed.** For the IRS to grant a non-profit exemption, the agency must use any funds for the charitable purpose for which it was formed.
3. **Government rates including state and federal Medicaid/Medicare are historically low** such that non-profits must perform fund raising activities to sustain their services and support operations.
4. **The amount paid for GET tax is needed for operations** and would help to provide better care to the community.
5. Additional income to the non-profit **would help to increase wages so that all staff are above minimum wage levels.**

We appreciate the opportunity to provide testimony and can answer any questions.

April 1, 2022

SB3201 SD1 HD1 Non-profit fund-raising exempt from state tax similar to federal law

COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Kyle T. Yamashita, Vice Chair

The Coalition for a Drug-Free Hawaii Supports SB3201 SD1 HD1:

Aloha, my name is Greg Tjapkes, and I am the Executive Director of the The Coalition for a Drug-Free Hawaii (CDFH). CDFH asks that the Legislature end GET taxing for non-profit fund raising, which is used to further our mission and tax-exempt work, in order to come into alignment with federal tax laws.

Hawaii's nonprofits provide essential services in an efficient and cost-saving manner that contribute to the overall health of our state. Further:

- Federal laws already stipulate that non-profits must use any funds for the charitable purpose for which it was formed.
- Government contracts and rates are historically low, which require non-profits to do fundraising in order to sustain their services and support operations.

Thank you for the appreciate the opportunity to provide this testimony.

Kind regards,


Greg Tjapkes
Executive Director
Coalition for a Drug-Free Hawaii



Hawaiian Humane Society

People for animals. Animals for people.

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

Date: April 4, 2022

To: Chair Rep. Sylvia Luke
Vice Chair Rep. Kyle T. Yamashita
and Members of the Committee on Finance

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

RE: Testimony in support of SB 3201, SD1, HD1
Relating to Nonprofit Organizations
Monday, April 4, 2022, 1:30 p.m., Room 308 or Videoconference

Aloha Chair Luke, Vice Chair Yamashita and Committee Members,

On behalf of the Hawaiian Humane Society, thank you for considering our support for Senate Bill 3201, SD1, HD1, 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 SB 3201, SD1, HD1. Thank you for the opportunity to submit this written testimony.



**Testimony to the House Committee on Finance
Representative Sylvia Luke, Chair
Representative Kyle T. Yamashita, Vice Chair
Monday, April 4, 2022 – 1:30 pm
Via videoconference; Room 308**

SB 3201, SD1 HD1 - Relating to Nonprofit Organizations

WRITTEN TESTIMONY ONLY

Dear Chair Luke, Vice Chair Yamashita and members of the Committee on Finance:

We are in **strong support** of SB 3201, SD1 HD1. 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.

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.

The nonprofit sector in Hawaii is a critical part of Hawaii's ability to address challenges and pursue opportunities in all areas including housing and homelessness, promoting the arts, preserving culture, engaging in conservation and climate change mitigation, facilitating economic development and growth, providing healthcare and education, supporting some of our most vulnerable residents, and meeting a variety of community needs across the state.

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

SB-3201-HD-1

Submitted on: 4/1/2022 2:34:40 PM

Testimony for FIN on 4/4/2022 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Sarah Fairchild	Outrigger Duke Kahanamoku Foundation	Support	Written Testimony Only

Comments:

Dear House Finance Committee,

I'm writing in support of SB3201 to repeal the General Excise Tax on general fundraising revenue. Nonprofits are fundraising in order to fund programs and services that benefit the community. These programs and services already supplement or replace government funding to serve the community. In other words, nonprofits are saving the government money. Tax money reaped through fundraising is hamstringing the effectiveness of the nonprofit. I can tell you from experience, that past the initial percentage lost to taxes, many more staff hours (and therefore funds) are spent on accounting for the GET. Please repeal the GET on fundraising.

Mahalo,

Sarah Fairchild

Executive Director

Outrigger Duke Kahanamoku Foundation



Testimony to the House Committee on Finance
Monday, April 4, 2022, 1:30 p.m.
Via videoconference; Conf. Room 308

SB 3201, SD1, HD1 Relating to Nonprofit Organizations

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Elizabeth Songvilay
Vivien Stackpole
Kenji Sumida
Arthur Tokin
Ray Tsuchiyama
Suzanne Vares-Lum
Richard Vuylsteke
Francis Wiercinski

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

The Pacific & Asian Affairs Council (PAAC) is in **strong support** of SB 3201, SD1, HD1. 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.

PAAC is a local non-profit organization with the mission to promote understanding and empower engagement on global and international issues with special attention to Hawai'i's role in the Asia-Pacific region. We provide global education programs to Hawai'i high school youth to prepare them for our interconnected world and support our K-12 teachers with workshops to further their knowledge in culture and arts of Asia and the Pacific. We also bring emerging foreign leaders to meet with their local counterparts as part of the premier professional exchange program of the U.S. Department of State.

PAAC supports 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 better support our hard-working staff who tirelessly strive to provide engaging, quality services to our students, teachers, and community.

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,

Niki Shishido
Executive Director



KUMUKAHI

HEALTH + WELLNESS

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Jennifer Rabideau
Secretary

Martin Rathbun
Molly O'Quinn

Executive Director

Peter Tuiolosega Silva

Testimony to the House Committee on Finance

Monday, April 4, 2022, 1:30 p.m.

Via videoconference; Conf. Room 308

SB 3201, SD1, HD1 Relating to Nonprofit Organizations

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

My name is Peter Silva, and I am the Executive Director for Kumukahi Health + Wellness on Hawai'i Island. We are in **strong support** of SB 3201, SD1, HD1. 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.

Rooted in the principles of Harm Reduction, Kumukahi Health + Wellness provides a safe space for people affected by or living with HIV and others in need by addressing the social determinants of health for all underserved communities on Hawai'i Island. Kumukahi Health + Wellness strives to enhance the quality of life for its participants and aspires to be the model of accessible, client-centered, and culturally competent support and care for other service providers across Hawai'i and the Pacific.

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.

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.

East Hawai'i Office
101 Aupuni Street, PH 1014C
Hilo, HI 96720
Phone: 808-982-8800
Fax: 808-982-8802

West Hawai'i Office
74-5620 Palani Road
Suite 101
Kailua-Kona, HI 96740
Phone: 808-331-8177
Fax: 808-331-0762

kumukahiHEALTH.org

A NEW DAY FOR H.I.H.A.F.



KUMUKAHI

HEALTH + WELLNESS

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Peter Tuiolosega Silva

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101 Aupuni Street, PH 1014C
Hilo, HI 96720
Phone: 808-982-8800
Fax: 808-982-8802

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74-5620 Palani Road
Suite 101
Kailua-Kona, HI 96740
Phone: 808-331-8177
Fax: 808-331-0762

kumukahiHEALTH.org

A NEW DAY FOR H.I.H.A.F.



Testimony Before The
House Committee on Finance
IN SUPPORT OF SB 3201 SD1 HD1
April 4, 2022, 1:30AM, Room 308

My name is Kevin Chang and I am the Executive Director of [Kua'āina Ulu 'Auamo \(or KUA\)](#). KUA works to empower grassroots rural and Native Hawaiian mālama 'āina groups -fishers, farmers, families- to celebrate their places and pass on their traditions to better Hawai'i and achieve 'āina momona— an abundant, productive ecological system that supports community well-being.

KUA supports SB 3201 SD1 HD1. 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.

KUA employs a community-driven approach that currently supports a statewide network of 36 mālama 'āina community groups collectively referred to as E Alu Pū (moving forward together), 40 fishpond projects and practitioners called the Hui Mālama Loko I'a, and a growing group of over 60 Limu practitioners and supporters called the Limu Hui. Our vision of 'āina momona includes pathways to empowered community-based natural resource management and governance.

One such pathway or mechanism toward reaching these goals includes the development and support of charitable efforts which incubate community based environmental stewardship projects, potential and innovative ideas for tackling our greatest governance, economic and environmental challenges. Many of the community efforts in our networks are met through the the effort and potential of non-profit organizations. We support the passage of this bill as it would not only relieve KUA but would serve broader network and community efforts statewide from having to pay general excise tax on fundraising income, which is of vital importance to funding their charitable operations. This bill would also simplify accounting of income since the IRS tax code is clear and well-established.

Passing this bill out of your committee will open an essential pathway toward supporting the public good.

Aloha 'Āina Momona.

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

bbbshawaii.org

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Dennis Brown

Testimony to the House Committee on Consumer Protection & Commerce

Monday, April 4, 2022, 1:30 p.m.

Via videoconference; Conf. Room 308

SB 3201, SD1, HD1 Relating to Nonprofit Organizations

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

Big Brothers Big Sisters Hawaii (BBBS Hawaii) is **strongly supports** SB 3201, SD1, HD1 which aligns the State General Excise Tax (GET) law with the federal IRS income tax code. Passage of the bill will exempt nonprofit organizations from paying GET on any income generated by a nonprofit for "unrelated trade or business" as defined by the IRS.

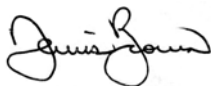
BBBS Hawaii provides empowering one-to-one mentoring services to thousands of Hawaii's children who've experienced serious trauma in their young lives. Data show that a high percentage of youth we serve graduate high school, avoid the juvenile justice system, and succeed as responsible adults.

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

If the bill is passed, we can use the GET savings to support more mentoring relationships between responsible adults and children who need them. We could also expand our services to include parent training and support to families to help reduce the cycle of poverty and domestic abuse.

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

Thank you for the opportunity to submit this written testimony.



Dennis Brown
President/CEO



Hanalei Watershed Hui

April 1, 2022

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

Our organization is in **strong support** of SB 3201, SD1, HD1. 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.

The Hanalei Watershed Hui implements a community authored watershed action plan and has worked since 1998 to preserve, protect and support the cultures, environment and sustainable economies of Hanalei.

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.

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,

Makaala Kaaumoana
Executive Director



**Testimony to the House Committee on Finance
Representative Sylvia Luke, Chair
Representative Kyle Yamashita, Vice Chair
Monday, April 4, 2022, 1:30 p.m.
Via videoconference; Room 308**

SB 3201, SD1, HD1, Relating to Nonprofit Organizations

Dear Chair Luke, Vice Chair Yamashita, and members of the Committee on Finance:

On behalf of the Hawai'i Alliance of Nonprofit Organizations (HANO), I would like to thank you for hearing **SB 3201, SD1, HD1**. 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 general excise tax (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 meet 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 \$47 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.

Finally, HANO takes note of the Department of Budget and Finance comments regarding compliance with the American Rescue Plan Act in its previous testimony. HANO conducted a detailed analysis of the projected GET annual revenue loss from this bill which amounted to approximately \$1.5 million based on 2017/2018 IRS 990 forms of the top 800 Hawaii 501(c)(3) organizations as determined by annual revenues.

HANO strongly urges this Committee to pass this bill.

Thank you for the opportunity to testify.

Mahalo,

Lisa Maruyama
President and CEO

Jeff Nash
EXECUTIVE DIRECTOR



Vincent C. Marino
FOUNDER

HABILITAT
THE PLACE OF CHANGE

Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Kyle T. Yamashita, Vice Chair

Becky Harrison
Habilitat
(808) 221-8550

Monday, Apr 4 2022: 1:30pm: Videoconference

Strong Support to SB3201

Aloha Chair, Vice Chair and Committee Members. For over 50 years, Habilitat has been helping people overcome problems with substance abuse and houselessness. My name is Becky Harrison and I am the Marketing Director for Habilitat. Along with providing workforce development training for over 20 residents in our program, my department is responsible for Habilitat's fundraisers. Habilitat is a self-supporting 501c3 non-profit organization. We do not accept medical insurance and use our fundraising efforts to provide scholarships for people who otherwise couldn't afford treatment. Our longest standing fundraiser has provided our island with beautiful Christmas trees for almost 50 years. We've partnered with Hawaii schools and youth organizations to help them raise over \$1 million with Christmas tree fundraising. Since the pandemic, we have put on an annual drive through haunted house at Aloha Stadium and replaced our annual luau with an online auction. Our fundraising efforts have helped make our community a better, safer place. We do these fundraising projects to avoid having to depend on taxpayers. We also are very aware of the phenomenal return on our investment. We make every single dollar count.

Habilitat is a long-term, over 2.5 years, residential program. Our success rate is 64%, one of the highest in the United States. We are the largest capacity treatment program in the state of Hawaii. We help people who have lost hope change into hardworking, responsible, caring human beings who are a benefit to society. We do this by showing participants how to develop self-esteem, self-worth and self-discipline. Our unique approach incorporates modern evidence-based treatments including cognitive behavioral therapy, motivational interviewing, individualized treatment planning, group sessions, education, curriculum-based work force development programs, computer training, literacy programs, parenting classes, and many more wraparound services designed to teach people to become the best version of themselves possible. We truly empower people to live beyond their addictions and learn to make positive choices in their lives. Our program is designed to get to the root cause of substance use, then teach people how to thrive in a complicated world. Our vocational programs are designed to provide real life skills so that participants can attain gainful employment, at a living wage, in high demand fields.

In the past 10 years Habilitat has saved the state taxpayers around \$75,000,000 in incarceration costs by providing long term, evidenced based treatment to those suffering with substance abuse. It's impossible to calculate the savings we have created by taking people out of the cycle of crime and recidivism and placing them back in the work force as contributing members of our community. We've provided 142,000 nights of safe housing for homeless, we currently serve 275 meals a day to homeless veterans, we've collaborated with 5000 other non-profits, provided 2,000,000 hours of workforce development training, addressed 125,500 medical issues, awarded \$51,000,000 worth of substance abuse scholarships, taught 52,000 hours of GED classes, prepare around 10,000 meals a year for the elderly and we provide 1,095,000 free meals to Hawaii's homeless and formerly incarcerated population.

P.O. Box 801, Kaneohe, Hawaii, 96744 • Phone (808) 235-3691 • Fax (808) 235-3326 • Toll-Free 1-800-USA-2525
e-mail: give@habilitat.com • website: www.habilitat.com

Jeff Nash
EXECUTIVE DIRECTOR



Vincent C. Marino
FOUNDER

HABILITAT
THE PLACE OF CHANGE

Habilitat strongly supports SB3201. Ending the states taxation of nonprofits fundraising would align with the federal government's exemption policies. Our local non-profits really pulled together throughout the pandemic to fill the gaps in our community that the state agencies just couldn't address. Habilitat acted in partnership with numerous other agencies to get food to those who were hungry, we assisted with flood relief on the north shore, and we even prepared thousands of meals for other agencies who were in need due to Covid 19 outbreaks.

Passing legislation that exempts organizations like ours from GET will enable us to do even more. We are lucky to have so many quality non-profits in our state. We all work very hard to fill the gaps between private and public entities. Although we are tax exempt, we still have to pay state tax. We could serve a lot of vulnerable people with that money.

Many of Hawaii's non-profits are struggling due to the pandemic. Some are finding it difficult to get back to pre-covid service levels and some are on the brink of not being around much longer. Creating some tax relief for these agencies would be a big help and go a long way to helping us all move back into normal operations.

Passing this bill will give much needed relief to the non-profits.

Thank you for the opportunity to give testimony in support of SB3201,

Becky Harrison

SB-3201-HD-1

Submitted on: 4/1/2022 7:34:20 PM

Testimony for FIN on 4/4/2022 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Dr. Frank H. Sayre, D.D.S.	Individual	Support	Written Testimony Only

Comments:

We are a small family operated 501 (c) (3) non-profit organization that has been in existence for 25 years. It was formed after the accidental death of our 25 year old son in a hiking accident in Pololu Valley. From that tragic event we learned that the Hawaii Fire Department was woefully under equipped and under trained. This was due to a chronic severe shortage of funds from the County budget. Through community donations and some grants we have been able to raise slightly over \$10 million in that 25 years. Every penny has gone into purchasing lifesaving equipment and training for the HFD. If we have to pay GET on our donations it negatively impacts the safety of our fire fighters, citizens and visitors. Mahalo



"Bringing the arts to Molokai and Molokai to the arts"

1630 Farrington Avenue; Kualapuu, HI 96757 808.567.9696

**Testimony to the House Committee on Consumer Protection & Commerce
Monday, April 4, 2022, 1:30 p.m.
Via videoconference; Conf. Room 329**

SB 3201, SD1, HD1, Relating to Nonprofit Organizations

Dear Chair Representative Sylvia Luke and Vice-Chair Representative Kyle T. Yamashita and members of the Committee on Finance

We are in **strong support** of SB 3201, SD1, HD1. 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 small homegrown organization, our vision is to provide art classes, youth programs, studio and gallery space for adults, children, residents, and visitors to our island. We believe that the artistic spirit is inherent, from youth to novice, professional artists to beginners. Everyone in the community should have the opportunities to develop their creative gift to the extent possible. The mission allows artists to be the consciousness of culture, but if we do not allow people the opportunities to develop their creativity, we as a culture, a society, lose out on our most incredible resource: human potential.

We support the passage of this bill as it would relieve our organization from having to pay a 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 hire more artists, allow artist residence to participate longer, and provide our Executive Director to have benefits to support a family.

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,

A handwritten signature in blue ink, appearing to be 'Iolani Kuoha', written in a cursive style.

'Iolani Kuoha
Chairperson, Moloka'i Arts Center

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

April 2, 2022

To: Representative Sylvia Luke, Chair,
And members of the Committee on Finance

TESTIMONY IN SUPPORT OF SB 3201 SD 1 HD 1 RELATING TO NONPROFIT ORGANIZATIONS

Hawaii Youth Services Network, (HYSN) a statewide coalition of youth-serving organizations, supports SB 3201 SD 1 HD 1 Relating to Nonprofit Organizations.

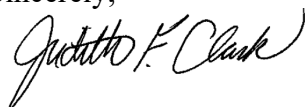
Hawaii's nonprofit organizations provide critically needed services to meet the health, housing, family strengthening, and educational needs of children, youth, and families.

Nonprofits must raise funds to carry out their missions and programs. Conducting fundraising events is one of the ways that nonprofits generate critically needed operating funds. While the IRS 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.

The GET paid on fundraising events takes away funds that would have been spent on the nonprofits mission and services. If the bill is passed, the GET savings would increase funds for services that help our most vulnerable community members. At the same time, increased revenue from fund raising could reduce nonprofit need for state contracts and legislative grants-in-aid, resulting a savings for the State of Hawaii.

Thank you for this opportunity to testify.

Sincerely,



Judith F. Clark, MPH
Executive Director

Jeff Nash
EXECUTIVE DIRECTOR



Vincent C. Marino
FOUNDER

SB3201 SD1 HD1 Non-profit fund-raising exempt from state tax similar to federal law

[COMMITTEE ON FINANCE](#)

Rep. Sylvia Luke, Chair

Rep. Kyle T. Yamashita, Vice Chair

Habilitat, Inc Strongly Supports SB3201 SD1 HD1:

ALOHA CHAIR, VICE CHAIR AND DISTINGUISHED COMMITTEE MEMBERS. My name is Jeff Nash, Executive Director of Habilitat, Inc, Hawaii's largest capacity residential substance abuse treatment program and a locally based nonprofit 501c3.

We currently have 120 participants enrolled in our long-term program, most of whom would be incarcerated at great expense to taxpayers had they not committed to our comprehensive program. We have no contracts with government agencies, opting instead to operate a self-funded, sustainable treatment model which is heavily dependent on fundraising projects. If this bill passes it will literally enable us to save more souls from the scourge of addiction, homelessness and incarceration.

Habilitat, now 51 years in Hawaii, remains a beacon of hope for those who have tried everything else to no avail. We urge the Legislature to end the GET tax for nonprofit fundraising. Let us put those funds to work making Hawaii a safer place. Hawaii's is very lucky to have so many quality nonprofits doing exceptional work for our communities. Covid and the economic challenges caused by the pandemic have challenged us all. This will help enable us to expand our services and bridge the gaps between the public and private sector.

Respectfully,

Jeff Nash
Executive Director

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: SB 3201 HD 1

INTRODUCED BY: House Committee on Economic Development

EXECUTIVE SUMMARY: Aligns the general excise tax law and net income tax law with respect to gross income derived from unrelated trade or business activities of nonprofit organizations and allows fundraising activity of nonprofit organizations that is not unrelated trade or business to be exempted from the general excise tax.

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: October 18, 2050.

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: 4/1/2022



Hanalei Watershed Hui

Testimony to the House Committee on Finance
Monday, April 4, 2022, 1:30 p.m.
Via videoconference; Conf. Room 308

SB 3201, SD1, HD1 Relating to Nonprofit Organizations

Dear Chair Luke, Vice Yamashita and members of the Committee on Finance,

We are in **strong support** of SB 3201, SD1, HD1. 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.

The Hanalei Watershed Hui spearheads disaster resilience and clean water efforts that are making a real difference in the Hanalei Bay community and environment.

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 go toward supporting our operating costs, which pose an ongoing challenge for us because funding sources for our important work are typically government grants, which provide very limited funding for our essential ongoing costs, such as rent, telephone, internet and supplies.

Every dollar our organization must pay in general excise taxes is a dollar less to support our tax exempt, charitable mission.

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

Mahalo,
Richard Copeland
Accountant

Formatted: Font: Bold

E malama kumu wai ~ Protect the source
5299C Kuhio Hwy, P. O. Box 1285, Hanalei, Kaua'i, HI 96714
Phone (808) 828-1205, Email hanaleiwatershedhui@gmail.com
www.hanaleiwatershedhui.org
The Hanalei Watershed Hui is an equal opportunity 501(c)(3) nonprofit.

Monday, April 4, 2022 at 1:30PM
Via Video Conference; Conference Room 308

House Committee on Finance

To: Representative Sylvia Luke, Chair
Representative Kyle Yamashita, Vice Chair

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

Re: **SB 3201, SD1, HD1 – 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 SB 3201, SD1, HD1 which clarifies the GET exemption for unrelated trade or business activities of 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. The bill provides clarification as to 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.



Testimony to the House Committee on Finance

Monday, April 4, 2022, 1:30 p.m.

Via videoconference; Conf. Room 308

SB 3201, SD1, HD1 Relating to Nonprofit Organizations

Dear Chair Luke, Vice Yamashita and members of the Committee on Finance,

We are in **strong support** of SB 3201, SD1, HD1. 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.

Nā Hale O Maui, a Community Land Trust, is a grassroots, membership based 503(C)3 with a **mission to secure and preserve a permanent supply of affordable housing alternatives for low- and moderate-income households in Maui County**. Forty-seven workforce households currently live in these single family CLT homes. Nā Hale O Maui partners with our community, including but not limited to County of Maui Affordable Housing Funds, Federal Neighborhood Stabilization Project funds, philanthropic organizations, private businesses and individuals to address the critical housing shortage in Maui County. The homes are provided at below market prices, and remain affordable in perpetuity, family after family, generation after generation.

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.

Nā Hale O Maui has successfully applied for capital improvement funds for the acquisition, rehabilitation and construction of single-family homes. Sources of operational funds include fundraising and ground lease rent (beginning at \$45/month) that are subject to GET.

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. If this bill is passed, the GET savings will allow us to continue to provide truly affordable housing and help move Nā Hale O Maui toward operational sustainability.

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

Māhalo,

Cassandra Abdul,
Executive Director

Testimony to the House Committee on Finance
Monday, April 4, 2022, 1:30 p.m.
Via videoconference; Conf. Room 308

SB 3201, SD1, HD1 Relating to Nonprofit Organizations

Dear Chair Luke, Vice Yamashita and members of the Committee on Finance,

We are in **strong support** of SB 3201, SD1, HD1. 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.

The Hawaii Children's Cancer Foundation (HCCF) is the only organization in Hawaii whose exclusive focus is children with cancer and their families. The Foundation is dedicated to the children who are battling cancer, to those who have survived, and to those who survive in our hearts. All of HCCF's funds stay in Hawaii to help families cope with childhood cancer. HCCF is a corporation organized under the laws of the state of Hawaii. HCCF was granted IRS 501(c)(3) non-profit status in 1993.

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.

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,

Michelle Meredith

Michelle Meredith, Executive Director
Hawaii Children's Cancer Foundation
1814 Liliha Street
Honolulu, Hawaii 96817



April 3, 2022

Rep. Sylvia Luke, Chair
Rep. Kyle Yamashita, Vice Chair
House Committee on Finance

Re: SB 3201, SD1, HD1 Relating to Nonprofit Organizations

Monday, April 4, 2022, 1:30 p.m.
Via videoconference; Room 308

Dear Chair Luke, Vice Chair Yamashita, and committee members,

We are in strong support of SB 3201, SD1, HD1. 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.

The Aloha Diaper Bank is a local non-profit that has provided over 300,000 essential diapers to over 8,000 low-income families, the homeless, and women in crisis for the past three years. As a 100% volunteer organization with no paid staff, we are dependent on the generosity of donors but also funds we generate through 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. 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 purchase essential diapers, wipes, adult incontinence supplies, and sustain the operation of our diaper distribution program.

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.

Thank you,



Anne Komatsu,

Executive Director



Catherine Kerch,

Vice President



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 Finance

Re: **SB 3201, SD1, HD1 – Relating to Nonprofit Organizations**
Hawai'i State Capitol, Via Videoconference, Conference Room 308
April 4, 2022, 1:30 PM

Dear Chair Luke, Vice Chair Yamashita, and Committee Members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing in SUPPORT of SB 3201, SD1, HD1 relating to nonprofit organizations. This bill would clarify the application of the general excise tax law with regard to gross income derived from unrelated trade or business activities of nonprofit organizations.

This bill clarifies the application of the general excise tax (GET) law 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



TESTIMONY IN SUPPORT OF SB 3201 SD1 HD1

TO: Chair Luke, Vice Chair Yamashita, & Members – House Committee on Finance
FROM: Trisha Kajimura
Deputy Director - Community
DATE: April 4, 2022 at 1:30 PM

Hawai'i Health & Harm Reduction Center (HHHRC) **supports** SB 3201 HD1. 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.

HHHRC'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, LGBQ 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.

SB-3201-HD-1

Submitted on: 4/1/2022 3:25:14 PM

Testimony for FIN on 4/4/2022 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Miguel (Micco) Godinez	Individual	Support	Written Testimony Only

Comments:

I am in strong support of SB 3201, SD1, HD1. 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.

One thing to tax a money making enterprise...but give me a break...non profit are not in that game.

Micco (Miguel D Godinez)

SB-3201-HD-1

Submitted on: 4/1/2022 8:00:11 PM

Testimony for FIN on 4/4/2022 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Dr. RaeDeen M. Keahiolalo	Individual	Support	Written Testimony Only

Comments:

Dear Chair Luke, Vice Chair Yamashita and Members of the Committee of Finance,

I strongly support SB3201. Historically, non-profit organizations have made incredibly significant contributions toward our economy, and services and resources to communities in need. Most operate on lean budgets to prioritize services and maintain the fiscal health of the organization. I urge you to end GET taxing for non-profits' fund raising, which will make a significant difference in their ability to provide services and continue contributing to the health of our economy.

Mahalo nui loa,

Dr. RaeDeen Keahiolalo

SB 3201, SD1 HD1 - Relating to Nonprofit Organizations

WRITTEN TESTIMONY ONLY

Dear Chair Johanson, Vice Chair Kitagawa and members of the Committee on Consumer Protection & Commerce:

I, as a single mother, parent, family outreach worker, and future social worker are in **support** of SB 3201, SD1 HD1, and have no further concerns for the change.

Through out my years working and being apart of different non-profit organizations that has helped me, has been an upmost impact on my life. It has influenced me to want to work for non-profit ogranizations due to the first hand experience that I have encountered during my trying times.

I support his bill because non-profit do provide services for the communities that otherwise government agency would do. They receive their operating expenses through grants, and fundraising. Also they are not allowed too do any type for profit business through the non-profit agency. To be exempt from federal income tax, due to non-porfit status is highly acceptable in order for them to continue operations.

With the State general excise tax (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 improve a nonprofit's accounting of income, and, more importantly, would exempt fundraising income from GET. Fundraising and grants are the stability of our non-profit organizations as a way to reach our community members where they are at. Especially, during these trying times that are unforeseen.

Thank you for your time and consideration in allowing me to testify.

Respectfully,

Kathleen Kaili