

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, March 16, 2022
Time: 10:00 A.M.
Place: Via Video Conference, State Capitol

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

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

S.B. 3201, S.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). 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 will provide the time necessary to make form and instruction changes.

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



**Testimony to the House Committee on Economic Development
Representative Sean Quinlan, Chair
Representative Daniel Holt, Vice Chair
Wednesday, March 16, 2022, 10:00 a.m.
Via videoconference; Room 312**

SB 3201, SD1, 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 **SB 3201, SD1**. We testify in **strong support** of this bill and have no objections to the changes reflected in the SD 1.

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

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 SD 1

INTRODUCED BY: Senate Committee on Ways & Means

EXECUTIVE SUMMARY: Clarifies the application of the general excise tax law with regard to gross income derived from unrelated trade or business activities of nonprofit organizations.

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: 3/14/2022

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
SENATE BILL NO. 3201, S.D. 1

March 16, 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.

Senate Bill No. 3201, S.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.

Wednesday, March 16, 2022 at 10:00M
Via Video Conference; Conference Room 312

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: **SB 3201, SD1 – 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 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.



CATHOLIC CHARITIES HAWAII

**TESTIMONY IN SUPPORT OF SB 3201, SD1: RELATING TO
NON-PROFIT ORGANIZATIONS**

TO: House Committee on Economic Development

FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawaii

Hearing: Wednesday, 3/16/22; 10:00 AM; via videoconference

Chair Quinlan, Vice Chair Holt, and Members, Committee on Economic Development:

Thank you for the opportunity to provide testimony **in Strong Support of SB 3201, SD1**, which exempts a tax-exempt nonprofit organization's fundraising income from the general excise tax (GET). It also clarifies that Hawaii retains the GET for gross income derived by those organizations from any "unrelated trade or business" activities. I am Rob Van Tassell, with Catholic Charities Hawaii.

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 from GET, except those sourced from an unrelated trade or business. This would match the federal and Hawaii income tax treatment. We believe that fundraising income should be considered essentially the same as direct donations to a nonprofit, which are already exempt from the GET.

Catholic Charities Hawaii strongly supports this clarification of the GET. Catholic Charities Hawaii (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawaii for 75 years. CCH has programs serving elders, children, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawaii. Catholic Charities Hawaii has a long history of working in the areas of affordable housing and homelessness.

Hawaii's nonprofits provide essential services to the people of Hawaii with very limited resources. They often must fundraise to continue these services. Nonprofits are already under additional stress due to the pandemic. This bill would simplify nonprofit organizations' accounting of income by exempting fundraising income from the GET. This would result in additional income for services as well as lesser accounting costs. The bill will help to maintain a strong nonprofit sector, dedicated to serving the many diverse needs of the people of Hawaii.

We urge your support for this bill to clarify the GET exemption for fundraising revenues of nonprofit organizations.

Please contact our Legislative Liaison, Betty Lou Larson at alohabettylou@hotmail.com or (808) 373-0356 if you have any questions.





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: **SB 3201, SD1 – Relating to Nonprofit Organizations**
Hawai'i State Capitol, Via Videoconference, Conference Room 312
March 16, 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 SB 3201, SD1 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 to the House Committee on Economic Development
Representative Sean Quinlan, Chair
Representative Daniel Holt, Vice Chair
Wednesday, March 16, 2022 – 10:00 am
Via videoconference; Room 312**

SB 3201, SD1 - Relating to Nonprofit Organizations

WRITTEN TESTIMONY ONLY

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

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

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 note the comments submitted by the Department of Taxation during SB3201's previous hearings. We would support an amendment of the effective date to January 1, 2023 to give the Department sufficient time to implement any needed changes to forms and instructions.

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

Mahalo,

Jan M. Harada
Executive Director



Testimony Before The
House Committee on Economic Development
IN SUPPORT OF SB 3201 SD 1
March 16, 2022, 10:00AM, Room 312

Aloha Chair, Vice-Chair and Committee members

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. 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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Testimony to the House Committee on Economic Development

Wednesday, March 16, 2022, 10:00 a.m.

Via videoconference; Conf. Room 312

SB 3201, SD1, 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) **strongly supports** SB 3201, SD1. This bill aligns 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. As a result, it will exempt nonprofit organizations from paying GET on *fundraising* income.

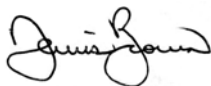
BBBS Hawaii provides preventive, one-to-one mentoring services to thousands of Hawaii's children who've experienced serious trauma in their young lives. Data show that a high percentage of youth we serve graduate high school, avoid the juvenile justice system, and succeed as responsible adults.

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

If this bill is passed, we would be able to 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 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



SB3201 SD1 Non-profit fund-raising exempt from state tax similar to federal law
COMMITTEE ON ECONOMIC DEVELOPMENT
Rep. Sean Quinlan, Chair
Rep. Daniel Holt, Vice Chair
Wednesday, Mar 16 2022: 10:00 am : Videoconference

Hawaii Substance Abuse Coalition Supports SB3201 SD1:

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.

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

March 14, 2022

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

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

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

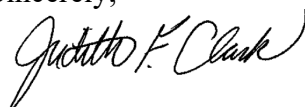
Hawaii's nonprofit organizations provide critically needed services to meet the health, housing, family strengthening, and educational needs of children, youth, and families.

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

**Hawai'i
Arts
Alliance**



*Hawai'i Wolf Trap, an affiliate
of Wolf Trap Institute for
Early Childhood Arts
Integration*

*State Captain/
Americans for the Arts*

*State Arts Advocacy
Network Member*

*Creative States Coalition
Member*

**Testimony to the Senate Committee on Economic Development
Wednesday, March 16, 2022, 10:00 a.m.
Via videoconference**

SB3201 SD1, Relating to Nonprofit Organizations

Dear

Chair Quinlan and Vice Chair Holt and Committee Members,

We are in **strong support** of SB3201 SD1. 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 mission of the Hawai'i Arts Alliance is to advocate for, engage, and transform communities by supporting and cultivating the Arts. Founded by Alfred Preis in 1980, *we are the State Captain for Americans for the Arts and an active member of the State Arts Advocacy Network. Our areas of focus are arts education, community arts, arts collaborations*

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 hire a part time office assistant, one of four positions we lost during the pandemic.

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,

*Teri Skillman
Executive Director*

*P.O. Box 3948
Honolulu, Hawai'i
96812-3948
Phone: (808) 533-2787
Fax: (808) 526-9040
arts@hawaiiartsalliance.org
www.hawaiiartsalliance.org*



**Testimony to the House Committee on Economic Development
Wednesday, March 16, 2022, 10:00 a.m.
Via videoconference; Conf. Room 312**

SB 3201, SD1, Relating to Nonprofit Organizations

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

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

Ho'ola Na Pua is committed to preventing sex trafficking and providing care for youth who have been exploited. We provide statewide services that are vital for the community through mentoring, education and training, group services, advocacy, and a state of the art comprehensive residential treatment campus.

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 *serve more youth and their families, and expand our capacity by adding at least two staff positions.*

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,

Jessica Munoz
CEO/Founder

We are committed to the prevention of sex trafficking and providing care for children who have been exploited.

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Ho'ola Na Pua
P.O. Box 22551
Honolulu, HI 96823
808.445.3131
hoolanapua.org



The Institute for Human Services, Inc.
Ending the Cycle of Homelessness

TO: Honorable Rep. Sean Quinlan
Chair, House Committee on Economic Development

Honorable Rep. Daniel Holt
Vice Chair, House Committee on Economic Development

FROM: Connie Mitchell MS, APRN, BC, Executive Director
IHS, The Institute for Human Services

SUBJECT: S.B. 3201,SD1 - RELATING TO NONPROFIT ORGANIZATIONS

HEARING: March 16, 2022, 10:00 am Via Videoconference, Conf. Room 312 State Capitol

POSITION: IHS supports the passing of S.B. 3201.

The Institute for Human Services, IHS, supports the intent of S.B. 3201. This bill would align the State General Excise Tax (GET) law with the federal IRS income tax code, exempting nonprofit organizations from paying GET on fundraising income.

This bill would allow all funds raised to directly benefit participants of IHS programs including emergency shelters, children's programs, case management, meal program, housing, and employment support services.

We strongly encourage you to pass this legislation to ensure we and other not-for-profit organizations doing mission-critical work for our community are able to utilize the full value of our donors' charitable intent. Thank you for the opportunity to submit this written testimony.

Thank you.





HAWAI'I FOREST INDUSTRY ASSOCIATION (HFIA)

P. O. Box 66 ☒ 'O'ōkala, HI 96774

Phone: 808-933-9411

Email: hfia@hawaiiiforest.org

Website: www.hawaiiiforest.org

Date: 3/14/2022

To: ECD Chair Sean Quinlan, ECD Vice Chair Daniel Holt, ECD Committee members Della Au Belatti, Dale T. Kobayashi, Richard H.K. Onishi, Jackson D. Sayama, Gregg Takayama, Val Okimoto

From: Hawai'i Forest Industry Association (HFIA)

Subject: Testimony in support of SB3201 SD1 Relating to Nonprofit Organizations

Dear Hawaii Legislators,

We ask you to support SB 3201 SD1 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.

Mahalo,

Heather Simmons, Executive Director
Hawai'i Forest Industry Association

Established in 1989, HFIA is a nonprofit organization founded by people committed to sustainable forest management. HFIA's mission is to promote healthy and productive forests and a sustainable forest industry through forest management, education, planning, information exchange, and advocacy. HFIA has over 250 members including woodworkers, landowners, sawyers, foundations, foresters, growers, educators, environmentalists, architects, millers, ranchers, governments and others interested in HFIA's goals and mission.

HFIA Board of Directors

Officers: President Don Bryan, Vice-President Guy Cellier, Secretary Peter D. Simmons, Treasurer Wade Lee Directors: Thomas Calhoun, Jeremy Campbell, Aaron Hammer, Nickolas Koch, Tai Lake, Gilles Lebbe, Michael Sowards, Irene Sprecher, Michael Tam, Jorma Winkler, Ron Wolfe, Aileen Yeh



"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 Economic Development
Wednesday, March 16, 2022, 10:00 a.m.
Via videoconference; Conf. Room 312**

SB 3201, SD1, Relating to Nonprofit Organizations

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

We are in **strong support** of SB 3201, SD1. 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, 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, consisting of several loops and a trailing line.

'Iolani Kuoha
Chairperson, Moloka'i Arts Center

SB-3201-SD-1

Submitted on: 3/15/2022 9:07:52 AM

Testimony for ECD on 3/16/2022 10:00:00 AM

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

Comments:

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

As nonprofits are providing services to the public, it doesn't make sense for the government to tax fundraising to support those services. In addition to the lost fundraising dollars, nonprofits lose further time and money by the extra accounting this tax causes.

If this bill is passed, the GET savings we would see would allow our organization to pass on more money as scholarships and grants to the local community.

We strongly urge you to pass this legislation. Mahalo.

MARK HALL
Kauai Habitat for Humanity Board Member

Testimony to the House Committee on Economic Development
Wednesday, March 16, 2022, 10:00 a.m.
Via videoconference; Conf. Room 312

SB 3201, SD1, Relating to Nonprofit Organizations

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

As a Board Member of the Kauai Habitat for Humanity, I am in **strong support** of SB 3201, SD1. 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.

Since its founding in 1992 in the aftermath of Hurricane Iniki, Kauai Habitat for Humanity has been providing much needed affordable housing solutions. Many families are currently living with extended families in a single-family home, oftentimes one family per bedroom. Habitat for Humanity aims to alleviate this problem by making homeownership a reality. Homeownership is one of the ways in which low-income, hardworking individuals and families can effectively break the cycle of poverty. There are many benefits to homeownership:

- **Economy:** The construction and sale of each home built generates significant impact on the economy including job creation, consumer spending, fees and taxes
- **Health:** Homeownership contributes to improved physical and psychological health
- **Children:** Children of homeowners are 25% more likely to graduate from high school and 116% more likely to graduate from college.
- **Community:** Homeowners are more likely to become active in the community through civic engagement, community service, and more.

I 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 apply more dollars directly to our mission critical work, building homes and creating neighborhoods for families on Kauai.

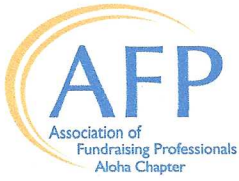
Every dollar our organization must pay in general excise taxes is a dollar less that we can devote to our tax exempt, charitable mission and programs.

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

Mahalo,

A handwritten signature in black ink, appearing to read 'Mark Hall', with a long horizontal stroke extending to the right.

Mark Hall
Kauai Habitat for Humanity Board Member



Our Vision: Charitable organizations have the philanthropic resources necessary to fulfill their missions for a better Hawaii.

Our Mission: We advance philanthropy throughout Hawaii by actively promoting the practice of ethical and effective fundraising with education, training, advocacy, and mentoring for the benefit of all, with the spirit of aloha.

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CHAPTER ADMINISTRATOR

Susan H. Oshiro

Testimony to the House Committee on Economic Development

Wednesday, March 16, 2022, 10 am

Via videoconference

SB 3201 SD1, Relating to Nonprofit Organizations

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

We are in **strong support** of SB 3201. This bill would align the State General Excise Tax (GET) law with the federal income tax law by exempting the fundraising income generated by a tax-exempt nonprofit organization from the GET, while retaining the GET for gross income derived from any "unrelated trade or business," as defined by the Internal Revenue Code.

Our organization, the AFP Aloha Chapter, represents professional nonprofit fundraisers across the State of Hawai'i. We support the passage of this bill as it would relieve our members' nonprofits, as well as our own 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 that Hawai'i nonprofits must pay in general excise taxes is a dollar less that we can devote to our tax-exempt, charitable missions and programs.

If this bill is passed, the GET savings from across the state's nonprofit sector would make a significant difference for communities across Hawai'i during this critical time.

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

Mahalo,

Michelle Morihara, CFRE, MBA
President, AFP Aloha Chapter



Hawaiian Humane Society
People for animals. Animals for people.

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

Date: March 15, 2022

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

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

RE: Testimony in support of SB 3201, SD1,
Relating to Nonprofit Organizations
Wednesday, March 16, 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 Senate Bill 3201, SD1, 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. Thank you for the opportunity to submit this written testimony.



Building homes. Building community. Building 'ohana.

March 15, 2022

**Testimony to the House Committee on Economic Development
Wednesday, March 16, 2022, 10:00 a.m.
Via videoconference; Conf. Room 312**

SB 3201, SD1, Relating to Nonprofit Organizations

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

Kauai Habitat for Humanity, Inc. is in strong support of SB 3201, SD1. 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.

Since 1992 in the aftermath of Hurricane 'Iniki, Kauai Habitat has built 223 new homes and repaired 37 substandard homes. Today, land acquisition and development has become a major component in our housing strategy. We are among the top 40 highest producing Habitat affiliates in the nation and were nationally recognized for our achievements in 2019 and 2020 by Habitat for Humanity Intl..

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 focus our efforts on providing more affordable housing opportunities for our community. We are committed to continue scaling our operations so that even more homebuyers may improve their lives through homeownership.

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 read "Milani Pimental".

Milani Pimental
Executive Director



This institution is an equal opportunity provider and employer. We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, familial status, or national origin.



HAWAII STATE
**COALITION AGAINST
DOMESTIC VIOLENCE**

LATE

March 16, 2022

Members of the House Committee on Economic Development:

Rep. Sean Quinlan, Chair
Rep. Della Au Belatti
Rep. Dale T. Kobayashi
Rep. Richard H.K. Onishi

Rep. Daniel Holt, Vice Chair
Rep. Jackson D. Sayama
Rep. Gregg Takayama
Rep. Val Okimoto

Re: SB3201 SD1 Relating to Nonprofit Organizations

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

The Hawai'i State Coalition Against Domestic Violence (HSCADV) advances the safety and healing of victims, survivors and their families. We are the collective voice of a diverse network of organizations and individuals, working to eliminate all forms of domestic violence in Hawai'i by fostering partnership, increasing awareness of domestic violence, developing the capacity of our member programs and community partners to address the needs of survivors and their families, and advocating for social justice and change.

On behalf of HSCADV and our 26 member programs statewide, we are in **support** of SB3201 SD1. This bill would relieve our member organizations from having to pay general excise tax on their fundraising income, which is of vital importance to funding their charitable operations. This bill would also simplify the accounting of income since the IRS tax code is clear and well-established.

Every dollar organizations must pay in general excise taxes is a dollar less that can be devoted to tax exempt, charitable mission and programs that support our residents in purposeful and impactful ways.

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

Sincerely,
Angelina Mercado, Executive Director

NORTH KOHALA COMMUNITY RESOURCE CENTER

*Providing Local Support, Bridges to Funding & Education for Projects that Benefit the
Community*

55-3393 Akoni Pule Hwy ~ P. O. Box 519, Hawi, Hawaii 96719
Phone: 808 889-5523 ~ Fax: 808 889-5527 ~ www.northkohala.org ~ Email: info@northkohala.org

A great way to love Kohala!

LATE

**Testimony to the House Committee on
Representative Sean Quinlan, Chair
Representative Daniel Holt, Vice Chair
Wednesday, March 16, 2022, 10:00 a.m.
Via videoconference; Room 312**

SB 3201, SD1, Relating to Nonprofit Organizations

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

On behalf of the staff and Board of Directors of North Kohala Community Resource Center, thank you for hearing **SB 3201, SD1**. We testify in **strong support** of this bill and have no objections to the changes reflected in the SD 1. 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.

North Kohala Community Resource Center (NKCRC) was founded in 2002 and continues to serve the community of North Kohala with a mission to support successful community projects that benefit North Kohala. We currently serve as a fiscal sponsor for over 80 community led projects that impact all aspects of life in North Kohala.

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 direct more resources to projects that directly benefit and improve the quality of life for residents of North Kohala.

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,
Leslie Nugent
Co-Director of Operations

DIRECTORS

Kelly Ah Hee
President

Business Owner

Beth Bohn
Secretary

Small Business Owner

Chris Brown

Retired Kohala Teacher

Kynan Kawai

Talent & Culture Manager

Denni Keyes

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Amy Meyer-Sullivan

Nani Svendsen

Kim Takata

CO-DIRECTORS OF OPERATIONS

PROGRAM SPECIALIST

Leslie Nugent

ADMIN SPECIALIST

‘Ekela Kahuanui

FINANCE SPECIALIST

Michelle Kawai



Samaritan Counseling Center Hawaii

LATE

**Testimony to the House Committee on Economic Development
Wednesday, March 16, 2022, 10:00 a.m.
Via videoconference; Conf. Room 312**

SB 3201, SD1, Relating to Nonprofit Organizations

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

On behalf of Samaritan Counseling Center Hawaii, we thank you being present today. We are in **strong support** of SB 3201, SD1. 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.

Samaritan Counseling Center Hawaii is a Hawaii nonprofit that was founded in 1989. Our mission is to provide professional, accessible behavioral health counseling sensitive to the spiritual traditions of individuals, families, and communities in Hawaii, regardless of their ability to pay. We also participate in community outreach and sponsor workshops/webinars to provide mental health education and resources and help reduce the stigma of mental illness.

We do not turn anyone away for financial reasons, and we rely on support from individuals, organizations, and grantors to help bridge the gap between health insurance coverage and a client's ability to pay. Our Client Assistance Fund subsidizes mental health counseling with licensed professionals for people who are uninsured, underinsured, or unable to afford copays and deductibles.

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 mental health care to those with limited or no ability to pay for services, and ultimately contribute to Hawaii's overall mental health, resilience, and quality of life.

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

Mahalo,

A handwritten signature in black ink that reads "Rachelle Chang".

Rachelle Chang
Executive Director

Celebrating Over 30 Years of Service

1020 South Beretania Street, Honolulu, HI 96814 • Phone: (808) 545-2740 • Fax: (808) 545-2852
Email: info@samaritanhawaii.org • Website: www.samaritancounselingcenterhawaii.org

LATE

SB-3201-SD-1

Submitted on: 3/15/2022 12:54:09 PM

Testimony for ECD on 3/16/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Sherry K. Dodson	Habitat for Humanity Maui	Support	Written Testimony Only

Comments:

Aloha,

I am in favor of this bill to alleviate the burden of GET tax for nonprofits. We spend a great deal of energy and time to raise money to support our essential services. These are funds that are used solely for the benefit of our community.

It may not seem like much but every dollar that we pay in taxes is one less dollar we can spend on our clientele.

Sherry K. Dodson

Executive Director

Habitat for Humanity Maui



LATE

**Testimony to the House Committee on Economic Development
Wednesday, March 16, 2022, 10:00 a.m.
Via videoconference; Conf. Room 312
SB 3201, SD1, Relating to Nonprofit Organizations**

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

We **strongly support** of SB 3201, SD1, to 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. 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.

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 for truly affordable workforce housing in perpetuity.

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

Mahalo for all you do for our community,

Cassandra J L Abdul,
Executive Director