

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

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

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 667, S.D. 2, H.D. 1, Relating to Nonprofit Organizations

BEFORE THE:

House Committee on Finance

DATE: Thursday, March 30, 2023

TIME: 3:00 p.m.

LOCATION: State Capitol, Room 308

Chair Yamashita, Vice-Chair Kitagawa, and Members of the Committee:

The Department of Taxation (“Department”) offers the following comments regarding S.B. 667, S.D. 2, H.D. 1, for your consideration.

S.B. 667, S.D. 2, H.D. 1, amends section 237-23(b), Hawaii Revised Statutes (HRS), by repealing language that disallows tax-exempt organizations from claiming a general excise tax (GET) exemption for fundraising activities and replacing it with language that disallows tax-exempt organizations from claiming a GET exemption for income from unrelated trade or business activity, as defined in section 513 of the Internal Revenue Code (IRC), but not to include the modification in section 512(b)(3), IRC. The bill has a defective effective date of June 30, 3000 and shall be repealed on December 31, 2028.

The Department estimates a revenue loss to the general fund as follows (\$ millions):

FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
-1.5	-3.7	-3.7	-3.8	-3.9	-2.3

Further, should the effective date of the measure be amended, the Department requests that it be amended to January 1, 2024.

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



Hawaiian Humane Society
People for animals. Animals for people.

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

Date: March 28, 2023

To: Chair Rep. Kyle T. Yamashita
Vice Chair Rep. Lisa Kitagawa
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 667, SD2, HD1,
Relating to Nonprofit Organizations
Thursday, March 30, 2023, 3 p.m., Room 308 & Videoconference

On behalf of the Hawaiian Humane Society, thank you for considering our support for Senate Bill 677, SD2, HD1, which clarifies 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 would align the state general excise tax law with the federal income tax law, which does not consider fundraising income as unrelated business income and, therefore, fundraising income is not subject to federal income tax. State law has been interpreted to regard fundraising income as subject to the general excise tax, placing an undue burden on nonprofits that must raise the funds needed for the delivery of programs and services.

For nearly 140 years, the Hawaiian Humane Society has been a leader in animal welfare statewide. 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 667, SD2, HD1. Thank you for the opportunity to submit testimony.



KILINAHE FOUNDATION

MEMBER OF THE HAWAII HUI | P.O. Box 892727 | Mililani, HI 96789-8332

Phone: (808) 520-4820

Email: ryan@kilinahe.org

Web: www.kilinahe.org

March 13, 2023

Aloha, Rep. Kyle T. Yamashita, Chair; Rep. Lisa Kitagawa, Vice Chair;
and honorable members of the Committee on Finance:

I support SB667 and its intent 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 thus exempt nonprofit organizations from paying GET on fundraising income.

As noted by the Hawai'i Alliance of Nonprofit Organizations, I also recommend that the language of SB950 be used to address a perceived technicality raised by the former Ige Administration.

As a new nonprofit, 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 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.

Mahalo for your consideration!



Ryan Kawaiiani Ozawa
Founder & Board President



CATHOLIC CHARITIES HAWAII

**TESTIMONY IN SUPPORT OF SB 667 SD2 HD1:
RELATING TO NON-PROFIT ORGANIZATIONS**

TO: House Committee on Finance

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

Hearing: **Thursday, 3/30/2023 at 3:00 PM; CR 308 & via videoconference**

Chair Yamashita, Vice Chair Kitagawa and members of the Committee on Finance

Thank you for the opportunity to provide testimony **in Strong Support of SB 667 SD2 HD1**, which would align the State general excise tax (GET) law with federal IRS 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, this would exempt nonprofit organizations from paying GET on fundraising income. I am Rob Van Tassell, with Catholic Charities Hawaii.

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.

We support the passage of this bill as it would relieve our organization from paying general excise tax on our fundraising income. Funds raised through fundraisers helps organizations fill in the gaps of contract funding and/or allows for innovative services not offered through government or grant funding. This bill would also simplify our accounting of income since the IRS tax code is clear and well-established.

Hawaii's nonprofits provide essential services to the people of Hawaii with very limited resources. Every dollar our organization must pay in general excise tax is a dollar less that we can devote to our mission and programs. We urge your support for this bill in support of nonprofits and the people and communities we serve.

Please contact our Director of Advocacy and Community Relations, Shellie Niles if you have any questions.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eaumoku Street, Honolulu, HI 96822
Phone (808) 527-4813





HAWAI'I STATE
**COALITION AGAINST
DOMESTIC VIOLENCE**

March 30, 2023

Members of the House Committee on Finance:

Chair Kyle T. Yamashita

Vice Chair Lisa Kitagawa

Rep. Micah P.K. Aiu

Rep. Cory M. Chun

Rep. Elle Cochran

Rep. Andrew Takuya Garrett

Rep. Kirstin Kahaloa

Rep. Darius K. Kila

Rep. Bertrand Kobayashi

Rep. Rachele F. Lamosao

Rep. Dee Morikawa

Rep. Scott Y. Nishimoto

Rep. Mahina Poepoe

Rep. Jenna Takenouchi

Rep. David Alcos III

Rep. Gene Ward

Re: SB667 SD2 HD1 Relating to Nonprofit Organizations

Dear Chair Nakashima, Vice Chair Sayama, and Members of the House Committee on Consumer Protection & Commerce:

The Hawai'i State Coalition Against Domestic Violence (HSCADV) addresses the social, political, and economic impacts of domestic violence on individuals, families, and communities. We are a statewide partnership of domestic violence programs and shelters.

On behalf of HSCADV and our 28 member programs statewide, I respectfully submit testimony in **strong support of SB667 SD2 HD1** which 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 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.



HAWAI'I STATE
**COALITION AGAINST
DOMESTIC VIOLENCE**

Sincerely,
Angelina Mercado, Executive Director



SB667 SD2 HD1 Non-profit fund-raising exempt from state tax
COMMITTEE ON FINANCE
Rep. Kyle T. Yamashita, Chair
Rep. Lisa Kitagawa, Vice Chair
Thursday, Mar 30 2022: 3:00 : Room 308

Hawaii Substance Abuse Coalition Supports SB667 SD2 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.



American Heart Association testimony in **SUPPORT** of SB 667, SD2, HD1 Relating to Nonprofit Organizations

Chairman of the Board

Jason Fujita

President

Zia Khan, MD

Board Members

Rick Bruno, MD, FACEP

Greg Christian

Jackie De Luz

Michael Lui, MD

Michael Rembis, FACHE

Andrew S. Rosen

Ben Salazar

David Underriner

Jennifer Walker

Serving Hawaii since 1948

Our Mission:

“To be a relentless force for a world of longer, healthier lives.”

For more information on the AHA’s educational or research programs, visit www.heart.org or contact your nearest AHA office.

The American Heart Association strongly supports SB 667, SD2, HD1.

Since 1948, the American Heart Association has provided vital services in Hawai‘i to reduce cardiovascular diseases (the state’s leading causes of death and major disabilities) and improve health and quality of life. Since 1950 through the beginning of the pandemic in 2020, age-adjusted death rates from cardiovascular disease (CVD) declined 60%, representing one of the most important public health achievements of the 20th century.

However, the COVID-19 pandemic reversed that positive trend. More people died from cardiovascular-related causes in 2020, the first year of the COVID-19 pandemic, than in any year since 2003. The number of people dying from cardiovascular disease (CVD) in the U.S.

escalated during the first year of the COVID-19 pandemic, from 874,613 CVD-related deaths recorded in 2019 to 928,741 in 2020. A tsunami of chronic health conditions resulting from the SARS-CoV-2 pandemic, especially cardiometabolic disease, has produced an enormous wave of death and disability that demands immediate, comprehensive strategies. It’s societal and economic impact will be present for generations. COVID has also unmasked striking disparities and opportunities for transformation. But, while the pandemic’s effects on death rates may be noticed for several years, lessons learned offer major opportunities to address structural and societal issues that drive health disparities.

The Association is dedicated to ensuring equitable health in all communities.

Through collaboration with numerous organizations, and powered by millions of volunteers, we fund innovative research, advocate for the public’s health, and share lifesaving resources.

Some of our recent successes include adopting Hawai‘i’s Federally Qualified Health Centers (FQHCs) to support their efforts to better control hypertension, in their patients. Hypertension continues to be a serious concern and is one of the Association’s priority issues in driving equitable health impact in the community. Over 100 million Americans – nearly half of all adults – are living with high blood pressure. Left undetected or uncontrolled, high blood pressure can lead to heart attacks, strokes, heart failure, and other health threats. In 2019, 29.09% of patients who utilize FQHCs have diagnosed hypertension. The numbers are even worse in some areas of Hawai‘i. For instance, on Kauai, 77% of residents have been on high blood pressure medications [Behavioral Risk Factor Surveillance System, 2017]. This puts those patients at high risk for heart attack and stroke in usual circumstances, but it may put them at even greater risk from complications from COVID-19 if they were to be infected.

Through its Adopt-A-Clinic program, the Association is providing equipment, education, training, and improved hypertension management in the communities that FQHCs serve. The Adopt-A-Clinic program empowers patients to manage their hypertension independently from home, as well as reinforce the FQHC's staff support of those patients.

In addition, The Strategically-Focused Research Network on the Science of Diversity in Clinical Trials of the American Heart Association last year announced a research funding collaboration with Pfizer and Gates Ventures to award a ground-breaking \$20 million research project to study barriers that prevent people of diverse race and ethnicity from being represented and included in clinical research trials. The project's goal is to identify best practices that can be easily replicated to ensure people of all races and ethnicities are fully included. Research scientists from the University of Hawai'i at Manoa John A. Burns School Department of Native Hawai'ian Health, in partnership with colleagues from nine universities and health care systems, will help lead the research efforts, with the Hawaii researchers focusing on Native Hawai'ian and Pacific Islander participants. This is the latest initiative in the Association's unprecedented pledge to aggressively address social determinants of health while working to improve health equity for all communities.

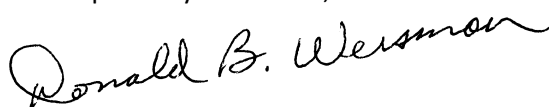
And those are just two of the many projects continuing in Hawaii's schools, hospitals, workplaces and communities in which the Association is engaged to improve health and quality of life in our state.

SB 667, SD2, HD1 would help support our organization's vital efforts by aligning the State general excise tax law with the federal income tax code by exempting from GET any income generated by the Association's fundraising efforts deemed as "unrelated trade or business" as defined by the IRS. The bill would simplify and improve the Association's accounting of income, and most importantly, would exempt its fundraising income that meets the unrelated business income standard from the Hawai'i GET.

It's important to note that the Association does not receive state or local government funding in Hawai'i and relies solely on its fundraising events, and individual and corporate donations, so passage of this bill would provide additional resources to its lifesaving work that might otherwise be borne by our local governments and taxpayers.

Mahalo for considering this request and for supporting Hawai'i's non-profit community and the important services it provides.

Respectfully submitted,



Donald B. Weisman
Government Relations/Communications and Marketing Director



TO: Chair Yamashita
Vice Chair Kitagawa
Members of the Committee on Finance
FR: Nanci Kreidman, M.A.
Chief Executive Officer
RE: SB 667 SD2 HD1

Aloha. We are most grateful for the hearing of this Bill. Community based organizations are at a critical juncture in the work to support programs in great demand and raise sufficient funds to sustain a balanced budget. The costs of doing business are increasing and the rising inflation exceed contract funding, which is not keeping pace with costs.

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 organization's 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, community based mission and programs. It is worth noting that the total amount earned by community based organizations is a very small taxable amount, in the total state budget.

We shall look forward to favorable action on SB 667 SD2 HD1. Thank you.

DOMESTIC VIOLENCE ACTION CENTER
ADDRESS: P.O. BOX 3198, HONOLULU, HI 96801-3198
LEGAL HELPLINE: (808) 531-3771
TOLL-FREE NEIGHBOR ISLAND HELPLINE: (800) 690-6200
WEBSITE: WWW.DOMESTICVIOLENCEACTIONCENTER.ORG
EMAIL: DVAC@STOPTHEVIOLENCE.ORG



DOMESTIC VIOLENCE ACTION CENTER

ADDRESS: P.O. BOX 3198, HONOLULU, HI 96801-3198

LEGAL HELPLINE: (808) 531-3771

TOLL-FREE NEIGHBOR ISLAND HELPLINE: (800) 690-6200

WEBSITE: WWW.DOMESTICVIOLENCEACTIONCENTER.ORG

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**Testimony to the House Committee on Finance
Representative Kyle Yamashita, Chair
Representative Lisa Kitagawa, Vice-Chair
Thursday, March 30, 2023, 3:00 p.m.
Conference Room 308 & Videoconference**

SB 667, SD2, HD1 Relating to Nonprofit Organizations

Dear Chair Yamashita, Vice-Chair Kitagawa 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 667, SD2, HD1**. We testify in **strong support** of this bill.

An identical bill to SB 667 (SB 3201, SD1, HD1, CD1) was passed by the Legislature last session and vetoed by Governor Ige. HANO notes that the former Department of Tax Director raised a last minute concern during conference negotiations and, although there is a difference of interpretation on this technicality, this HD1 version incorporates an amendment to address the perceived issue. HANO has met with the current Department of Tax Director and reached an understanding on this issue.

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 as these funds are directly used to further the nonprofit's tax-exempt purpose.

To accurately estimate the potential loss to the State, HANO conducted a detailed analysis of the projected GET annual revenue loss from this bill which amounted to approximately \$1.5 million

based on the 2017/2018 IRS 990 forms of the largest 800 Hawaii 501(c)(3) organizations as determined by annual revenues. HANO notes that fundraising activity sharply decreased during the COVID-19 pandemic years and has still not recovered fully and, therefore, believes these 2017/2018 numbers – while currently high – more accurately predict revenue loss in future years. While \$1.5 million is a very small amount to part with, of the overall \$4 billion GET revenues projected in coming years, huge mission impact can be achieved by these community based organizations if they are able to hold onto this revenue.

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. To make matters even worse, nonprofits in Hawaii only net about 20% of the gross income from fundraising activities due to the high cost of staging such events but must pay GET on 100% of the gross income.

HANO strongly urges this Committee to pass this bill.

Thank you for the opportunity to testify.

Mahalo,

Lisa Maruyama
President and CEO



HALE KIPA

TESTIMONY IN SUPPORT OF SB 667, SD2, HD1 (HSCR1565): RELATING TO NON-PROFIT ORGANIZATIONS

Executive Staff

Venus K. Rosete-Medeiros,
President & CEO
Gwen Okamoto, CFO
Tracy Janowicz, COO
Dori Tyau, CAO
Michelle Jenkins, CPO
Laura Brucia Hamm, CQIO

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Richard J. Sakoda

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TO: House Committee on Finance
Representative Kyle T. Yamashita, Chair
Representative Lisa Kitagawa, Vice Chair

FROM: Tracy Janowicz, Chief Operating Officer, Hale Kipa, Inc.

HEARING: Thursday, 03/30/2023; 3:00 PM; Conference Rm 308 & via videoconference

Aloha Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee on Finance

Thank you for scheduling this hearing and the opportunity to provide testimony **in strong support of SB 667, SD 2, HD1 (HSCR1565)**, which would align the State general excise tax (GET) law with 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. As a result, this would exempt nonprofit organizations from paying GET on fundraising income.

Hale Kipa, Inc. is a tax exempt, non-profit agency founded in 1970 by a group of concerned Oahu citizens and community groups to operate a single group shelter for runaway, throwaway, and homeless adolescents in need. Today, after consistently responding to an array of community needs focusing on at-risk youth and their families, it now offers over 20 programs statewide, serving over 1,500 youth annually (unduplicated) that includes independent and transitional living, street & community outreach, foster care, therapeutic services, mentoring programs, and other services for youth and young adults, ages 5-27, in child welfare, juvenile justice, and children’s mental health services. The agency’s mission is to provide opportunities and environments that strengthen and encourage youth, their families, and the community to actualize their potential and social responsibility.

Hawaii’s nonprofits provide essential services to the people of Hawaii with very limited resources. They often must fundraise to continue these services and fill in the gaps of contract funding. Nonprofits are already under additional stress due to the pandemic. This bill proposes to relieve our organization from having to pay GET on our fundraising income, which is vital to funding our charitable operations. This bill would also simplify our accounting of income since the IRS tax code is clear and well-established. The bill will help to maintain a strong nonprofit sector, dedicated to serving the many diverse needs of the people of Hawaii.

We strongly urge your support for this bill in support of nonprofit organizations, and the people and communities we serve.

Please contact Tracy Janowicz, Chief Operating Officer, at (808) 589-1829 x130 or tracy@halekipa.org should you have any questions. Mahalo.



American Cancer Society
Cancer Action Network
2370 Nu'uauu Avenue
Honolulu, HI 96817
808.460.6109
www.fightcancer.org

House Committee on Finance
Representative Kyle Yamashita, Chair
Representative Lisa Kitagawa, Vice Chair

Hearing Date: Thursday, March 30, 2023

ACS CAN SUPPORTS SB 667 SD2 HD1 – RELATING TO NONPROFIT ORGANIZATIONS.

Cynthia Au, Government Relations Director – Hawaii Guam
American Cancer Society Cancer Action Network

Thank you for the opportunity to testify in STRONG **SUPPORT** of SB 667 SD2 HD1 – RELATING TO NONPROFIT ORGANIZATIONS, which exempts certain income from the general excise tax for nonprofit organizations.

The American Cancer Society Cancer Action Network (ACS CAN), the nonprofit, non-partisan advocacy affiliate of the American Cancer Society advocates for public policies that reduce death and suffering from cancer. ACS CAN works with federal, state, and local government bodies to support evidence-based policy and legislative solutions designed to eliminate cancer as a major health problem.

Non-profit organizations rely on fundraising efforts to use for mission related purposes. The American Cancer Society uses funds raised through social galas and other events for cancer research grants, patient services, cancer information through the website and 24-hour hotline, as well as to support the operations of the Clarence T.C. Ching Hope Lodge Hawai'i, which provides free lodging for cancer patients and caregivers travelling to O'ahu for treatment.

Currently under the general excise tax law, donations provided through a fundraiser are subject to the tax while a monetary donation would not. To maximize fundraising opportunities, non-profit organizations engage in fundraising events to engage potential donors, highlight and educate the benefits of donated funds to the community, and to provide social engagement and networking for donors. This measure would exempt gross receipts from our events so that we can use the funds to further our mission to save lives, celebrate lives, and lead the fight for a world without cancer.

Thank you again for the opportunity to provide testimony in strong SUPPORT on this important matter. Should you have any questions, please do not hesitate to contact Government Relations Director Cynthia Au at 808.460.6109, or Cynthia.Au@Cancer.org.



**Parents And
Children Together**

**BUILDING THE RELATIONSHIPS
THAT MATTER MOST**

ParentsAndChildrenTogether.org

TESTIMONY IN SUPPORT OF SB 667 SD2 HD1

TO: Chair Yamashita, Vice-Chair Kitagawa, & Members,
House Committee on Finance
FROM: Ryan Kusumoto, President & CEO
DATE: March 30, 2023 at 3:00 PM

Parents and Children Together (PACT) supports SB 667, SD2 HD1 Relating to Nonprofit Organizations, which 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, and, as a result, exempt nonprofit organizations from paying GET on fundraising income.

Founded in 1968, PACT is a statewide community-based organization providing a wide array of innovative and educational social services to families in need. Assisting more than 15,000 people across the state annually, we help identify, address, and successfully resolve challenges through our 20 programs. Among our services are early education programs, domestic violence prevention and intervention programs, child abuse prevention and intervention programs, childhood sexual abuse supportive group services, child and adolescent behavioral health programs, sex trafficking intervention, poverty prevention and community building programs.

The passage of 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. It would also simplify our accounting of income by bringing state policy into alignment with federal policy. 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.

Thank you for the opportunity to testify. Please contact me at (808) 847-3285 or rkusumoto@pacthawaii.org if you have any questions.



Testimony Before The
House Committee on Finance
IN SUPPORT OF SB 667 SD 2 HD1
March 30, 2023, 3:00PM, Room 308

Aloha 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 667 SD2 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 our 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 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.

**Testimony of The Nature Conservancy
Supporting SB 667 SD2 HD1, Relating to Nonprofit Organizations.**

**Committee on Finance
Thursday, March 30, 2023, 3:00 p.m.
Conference Room 308 & Videoconference**

Dear Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

The Nature Conservancy (TNC) strongly supports SB 667 SD2 HD1, which would align the State General Excise Tax (GET) law with the federal Internal Revenue Service (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 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.

The Nature Conservancy of Hawai'i and Palmyra is a non-profit organization dedicated to the preservation of the lands and waters upon which all life depends. The Conservancy has helped protect more than 200,000 acres of natural lands in Hawai'i and Palmyra Atoll. We manage 40,000 acres in 13 nature preserves and work in over 50 coastal communities to help protect and restore the nearshore reefs and fisheries of the main Hawaiian Islands. We forge partnerships with government, private parties, and communities to protect forests and coral reefs for their ecological values and for the many benefits they provide to people.

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in your neighborhood

PO Box 1902, Wailuku, HI 96793

(808)215-9228

www.GrowSomeGood.org

Testimony to the House Committee on Finance

Thursday, March 30, 2023, 3:00 p.m.

Conference Room 308 & Videoconference

SB 667, SD2, HD1, Relating to Nonprofit Organizations

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

We are in **strong support** of SB 667, SD2, HD1, which 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 the Executive Director, I represent Grow Some Good, a 501(c)(3) organization based out of my home office in Wailuku, HI. Our Farm to School Program introduces students to and teaches them about Maui County's unique foodsheds while integrating agriculture, natural resources, and science learning into their existing curriculum at every grade level, from PreK-12. We aim to thread project-based learning, STEAM, and entrepreneurship skills into braided learning pathways that connect preschool, elementary, and intermediate-level garden programs to existing secondary education agricultural programs and workforce opportunities. This strengthened, interdisciplinary connection will ultimately lead to increased student interest in college and career pathways in various agricultural sectors while improving the overall health and well-being of the participants.

In addition to helping establish food gardens and living science labs in local schools through our Farm to School Program, GSG has recently launched a new Community Food Systems Program, *Nā Māla Kaiāulu*. This program was created to align with our mission by building sustainable, long-term community food gardens, programs, and systems that connect, serve, and feed underprivileged communities across Maui.

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

If this bill is passed, the GET savings we see will help provide a living wage for our dedicated, passionate, and highly educated school garden teachers that annually serve over 8,000 Maui youth.

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.

Grow Some Good is a 501(c)(3) organization. All donations are tax-deductible to the extent allowed by the IRS.



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

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Lacasse".

Scott Lacasse
Executive Director



VOLCANO ART CENTER

WHERE PEOPLE, ART AND NATURE MEET

OUR MISSION

Volcano Art Center (VAC) is a nonprofit 501 (c) (3) organization founded in 1974 to develop, promote and perpetuate the artistic, cultural and environmental heritage of Hawai'i's people through the arts and education.

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CONTACT VAC

Volcano Art Center
19-4074 Old Volcano Road
PO Box 129
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(808) 967-8222

info@volcanoartcenter.org

www.volcanoartcenter.org



Testimony to the House Committee on Finance

Thursday, March 30, 2023, 3:00 p.m.

Conference Room 308 & Videoconference

SB 667, SD2, HD1, Relating to Nonprofit Organizations

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

We are in **strong support** of SB 667, SD2, HD1 which 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.

In addition to our mission statement of the Volcano Art Center continues to provide opportunities to multi-generational patrons, low-income groups as well as Keiki for the Hawaii Island to experience variety aspects of art in our communities and families.

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,

Michael A. Nelson
CEO

Testimony to the House Committee on Finance
Thursday, March 30, 2023, 3:00 p.m.
Conference Room 308

SB 667, SD2, HD1, Relating to Nonprofit Organizations

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

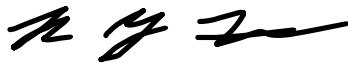
Lanakila Pacific strongly **supports** of SB 667, SD2, HD1 which would align the State General Excise Tax (GET) law with the federal IRS income tax code by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS, and, as a result, exempt nonprofit organizations from paying GET on fundraising income.

Lanakila Pacific is a 501(c)(3) nonprofit organization that provides services and social enterprise programs to build independence and improve the quality of life for individuals with cognitive, physical, social, or age-related challenges. We are proud of our employment programs and the Lanakila Meals on Wheels program.

We support the passage of this bill as it would preserve fundraised dollars for mission directed services. Government contracts do not fully reimburse our organization for the cost of programs like Meals on Wheels and require our organization to fundraise to fill the gap. This gap widens as the cost of doing business increases - especially in this economic climate, and reimbursement is slow or never catches up. This bill would help fill the gaps so we can focus on meals. It also simplifies our accounting of income since the IRS tax code is clear and well-established, further helping our organization remain fiscally and structurally sound.

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

Respectfully,



Rona Yagi Fukumoto
President & CEO

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LANDLORD TENANT MEDIATION SPECIALIST
Erika Ginnis

ADMINISTRATIVE & PROGRAM ASSISTANT
Kaitlyn Lacombe

a partner agency of the



Ku'ikahi Mediation Center is a 501(c)(3) nonprofit organization, donations to which are tax-deductible. We welcome your support!

Testimony to the House Committee on Finance
Thursday, March 30, 2023, 3:00 p.m.
Conference Room 308 & Videoconference

RE: Support of SB 667, SD2, HD1, Relating to Nonprofit Organizations

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

As a local non-profit serving our Hawai'i communities, we **strongly support SB 667, SD2, HD1**, which 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.

Passing this bill will relieve our non-profit community mediation center from having to pay general excise tax on our fundraising income, which is of vital importance to funding our charitable operations—now more than ever. 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 serving record numbers of low-income clients, whose situations have been exacerbated by the pandemic and subsequent economic events.

Our new cases opened count for the fiscal year 2021-2022 (513) was higher than any other year due to the Act 57 Landlord Tenant Eviction Mediation Program, followed by fiscal year 2012-2013 (507) during the Foreclosure Mediation Pilot Project in the Third Circuit, and by fiscal year 2020-2021 (505) during the first year of the coronavirus pandemic and when we were running the Rapid Response Landlord Tenant Mediation 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.

Founded in 1983 as a program of the Island of Hawai'i YMCA, and becoming an independent organization in 2006, Ku'ikahi Mediation Center has a 40-year track record of providing conflict prevention and resolution services to our diverse communities. We are the sole non-profit mediation center serving East Hawai'i, and one of only five in the state. Our purpose is "Finding Solutions, Growing Peace."

Ku'ikahi's mission statement reads, "We empower people to come together—to talk and to listen, to explore options, and to find their own best solutions. To achieve this



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CASE MANAGER
Molly O'Quinn

LANDLORD TENANT MEDIATION SPECIALIST
Erika Ginnis

ADMINISTRATIVE & PROGRAM ASSISTANT
Kaitlyn Lacombe

mission, we offer mediation, facilitation, and training to strengthen the ability of diverse individuals and groups to resolve interpersonal conflicts and community issues.”

In the area of mediation, between 50-60% of our clients have annual household incomes under \$20,000. Census data shows that the Ka'u and Puna districts, which are among those we serve, house some of the poorest populations in the state. Sample opportunities include: 1) domestic mediations to help parents put kids first after separations and divorces, 2) debt meditations for credit cards or medical bills to negotiate debt reduction, payment plans, or forgiveness due to hardship, and 3) landlord/tenant mediations to prevent eviction and homelessness.

Local non-profit legal services and court self-help centers receive more inquiries than they can process. Mediation is integral to Hawai'i's "Access to Justice" framework, which strives to ensure that all people have access to civil processes.

We strongly urge you to pass this legislation. Thank you for reading this testimony.

Mahalo,

Julie Mitchell
Executive Director

a partner agency of the



Ku'ikahi Mediation Center is a 501(c)(3) nonprofit organization, donations to which are tax-deductible. We welcome your support!



Zonta Club of Hilo Foundation
P.O. Box 1915 • Hilo, HI 96721
foundation@zontahilo.org
www.ZontaHilo.org

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President

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Julie Mitchell
Treasurer

Julie Engelhardt
Director &
Club President

Julie Tulang
Fundraising
Committee Chair

Testimony to the House Committee on Finance
Thursday, March 30, 2023, 3:00 p.m.
Conference Room 308 & Videoconference

RE: Support of SB 667, SD2, HD1, Relating to Nonprofit Organizations

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

We are in **strong support of SB 667, SD2, HD1**, which 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.

Zonta’s mission to build a better world for women and girls. Since 1950, Zonta Club of Hilo has provided resources and funds to empower women and expand access to education, economic opportunities, social services, and more.

Our foundation’s volunteer-powered charitable work, made possible largely through fundraising income, includes:

- **Amelia Earhart Girls in Engineering Day** to encourage girls grades 4-8 to continue STEM curriculum.
- **Magnificent Me** middle school conference to introduce adolescent girls to confidence-building strategies and tools.
- **Hands Are Not For Hitting, Hands Are for Helping** non-violent education and book project for preschoolers.
- **3 Scholarships & 3 Awards** for women in business, nursing, public affairs, STEM, excellence, and entrepreneurship.
- **Pay it Forward Microgrants** for women entrepreneurs in need of a small financial boost.

We support the passage of SB 667, SD2, HD1 as it would relieve our all-volunteer charitable foundation from having to pay general excise tax on our fundraising income, which is of vital importance to funding our good works in the community. This bill also simplifies our accounting of income since the IRS tax code is clear and well-established.



Zonta Club of Hilo Foundation
P.O. Box 1915 • Hilo, HI 96721
foundation@zontahilo.org
www.ZontaHilo.org

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 to improve the lives of women and girls locally and globally.

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

Sincerely,

A handwritten signature in black ink that reads 'Janet L. Fujioka'.

Janet Fujioka
Foundation President

A handwritten signature in black ink that reads 'Julie Engelhardt'.

Julie Engelhardt
Club President

A handwritten signature in blue ink that reads 'Julie Mitchell'.

Julie Mitchell
Treasurer

SB-667-HD-1

Submitted on: 3/29/2023 11:05:15 AM

Testimony for FIN on 3/30/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Adriann Gin	Individual	Support	Written Testimony Only

Comments:

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

I am in **strong support** of SB 667, SD2, HD1 which 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.

I support the passage of this bill as it would relieve nonprofit organizations 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.

Every dollar nonprofit organizations must pay in general excise taxes is a dollar less that they can devote to their tax exempt, charitable mission and programs.

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

Mahalo,

Adriann Gin

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 667 HD 1

INTRODUCED BY: House Committee on Economic Development

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)(3) of the Internal Revenue Code shall not apply.

EFFECTIVE DATE: June 30, 3000; Repeals December 31, 2028.

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

A similar bill was vetoed by the Governor last year. Concern was expressed about the proviso to the unrelated business income definition, which in last year’s bill covered income described in section 512(b) generally. The Department of Taxation read the proviso in the prior bill as making everything in 512(b) taxable, which we do not agree is a reasonable reading.

The concern raised by the former DoTAX Director dealt with language that appears in the second proviso of the language proposed to be added:

(3) To the fraternal, religious, charitable, scientific, educational, communal, or social welfare activities of such persons, or to the activities of hospitals, infirmaries,

sanitaria, and potable water companies, as such[, and not to 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 of such persons.]; provided that gross income derived from any "unrelated trade or business", as defined in section 513 of the Internal Revenue Code of 1986, as amended, shall not be exempt under this section; **provided further that in considering whether an activity is an "unrelated trade or business", the modifications to unrelated business taxable income, as provided in section 512(b)(3) of the Internal Revenue Code of 1986, as amended, shall not apply.**

This proviso relates to certain modifications to UBTI as provided in Section 512(b) of the IRC. Section 512(b) describes certain kinds of income, such as rent and royalties, that are not included in UBTI and are thus NOT subject to taxation. The former DOTAX Director interpreted the proviso, which then cited all of subsection 512(b), to say that the income in section 512(b) would thereby be taxable for GET purposes in all instances. We, as well as the bill's proponents, strenuously disagreed with that interpretation. The Department's proposed interpretation was then made known to the University of Hawaii, because research grants are described in section 512(b)(7), (8), and (9). Unsurprisingly, the University wanted to protect the GET-exempt status of its research grants and joined in asking Governor Ige for a veto.

The bill in its current form, unlike last year's bill, restricts the second proviso to section 512(b)(3), namely rents. This language would allow the State to continue applying GET to rents unrelated to the mission of the tax-exempt organization, while removing all doubt regarding the exemption of research grants and other items in the other paragraphs in section 512(b).

Digested: 3/21/2023



March 29, 2023

House Representative Kyle T. Yamashita, Chair

House Representative Lisa Kitagawa, Vice Chair

Testimony to the House Committee on Finance

Thursday, March 30, 2023; 3:00 pm. State Capitol, Conf. Room 308 & via Videoconference

RE: Senate Bill 667 SD2 HD1 – RELATING TO NONPROFIT ORGANIZATIONS

Aloha Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

On behalf of the Epilepsy Foundation of Hawaii (EFH), we are in **STRONG SUPPORT of Senate Bill 667 SD2 HD1, RELATING TO 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.

The Epilepsy Foundation of Hawaii is an independent 501(c)(3) non-profit organization whose mission is to advocate and provide services for the almost 14,000 individuals living with epilepsy throughout Hawaii, along with their caregivers and community. Collectively, we foster the wellbeing of children and adults affected by seizures through research programs, educational activities, advocacy, and direct services. Epilepsy is a medical condition characterized by seizures, which are sudden surges of electrical activity in the brain, that affects a variety of mental and physical functions. Approximately 1 in 26 Americans will develop epilepsy, and approximately 1 in 10 people will experience a seizure, at some point in their lifetime.

We rely heavily on fundraising efforts throughout the year to support our mission and services. Every dollar we raise in Hawaii, stays in Hawaii. 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. We strongly urge you to pass this vital legislation as 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.

On behalf of the Epilepsy Foundation of Hawaii and our Board of Directors, we humbly thank you for the opportunity to testify and respectfully urge this Committee to **Support Senate Bill 667 SD2 HD1**.

Mahalo nui loa,

A handwritten signature in blue ink that reads "Naomi Manuel".

Naomi Manuel

Executive Director

Epilepsy Foundation of Hawaii

Our mission is to lead the fight to overcome the challenges of living with epilepsy and to accelerate therapies to stop seizures, find cures, and save lives. **Please learn more about our advocacy work at epilepsy.com/advocacy.**



TOGETHER, WE ARE DEFENDERS OF POTENTIAL

Big Brothers Big Sisters Hawaii ♦ 2119 N King St, Suite 202 ♦ Honolulu, Hawaii 96819 ♦ bbbshawaii.org

Testimony to the House Committee on Finance Thursday, March 30, 2023, 3:00 p.m. Conference Room 308 & Videoconference

SB 667, SD2, HD1, Relating to Nonprofit Organizations

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Dennis Brown
President/CEO

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

Big Brothers Big Sisters Hawaii **strongly supports** SB 667, SD2, HD1, which 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. The result would be to exempt nonprofit organizations from paying GET on fundraising income.

For 60 years, Big Brothers Big Sisters Hawaii has provided one-to-one mentoring services for youth who have experienced serious trauma in their lives. An overwhelming percentage of these youth have graduated high school and gone on to become responsible citizens.

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 realized would help us to expand our mentoring services to teenagers who can benefit from guidance on their futures beyond high school. It would also give them a friend to raise their self-esteem and eventually, reach their full potential in life.

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

Mahalo,

Dennis Brown
President/CEO





1130 N. NIMITZ HWY, SUITE C-210, HONOLULU, HI 96817
PHONE: (808) 838-7752 TOLL FREE: (866) 636-1644 FAX: (808) 838-1653

We are in **strong support** of SB 667, SD2 which 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.

Although EPIC 'Ohana does not regularly have fund raising or sales events that require a GE tax, we are member of HANO, and we work closely with many community based organizations who are more directly impacted by the GET. We depend on that collaboration in order to serve our families and children. Our community based organizations are often stretched thin, and our government contracts do not always cover the true costs of our operations.

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

Mahalo
Laurie Arial Tochiki, JD, Ph.D
Executive Director

PARTNERS IN CARE

Oahu's Continuum of Care

Our mission is to eliminate homelessness through open and inclusive participation and the coordination of integrated responses.

TESTIMONY IN SUPPORT OF SB 667 SD2, HD1 RELATING TO NONPROFIT ORGANIZATIONS

TO: House Committee on Finance

FROM: Partners In Care (PIC)


Hearing: Thursday, March 30, 2023, 3pm, Conference Room 308/videoconference

Chair Yamashita and Members of the House Committee on Finance:

Thank you for the opportunity to provide testimony in **SUPPORT of SB 667, SD2, HD1 Relating to NonProfit Organizations**. As a convener for Homeless Services Providers on Oahu, Partners In Care is a membership organization of amazing providers and individuals who work tirelessly to provide shelter and care for all of our neighbors on the streets, beaches and shelters. For every dollar that is paid to taxes is one less dollar that can be utilized to support this work. Non Profit agencies run on shoestring budgets and must constantly search for monies to support their good work. By aligning with federal income tax code entities are able continue their work and receive the benefit of not paying taxes on fundraising.

Partners In Care (PIC), a coalition of more than 60 non-profit homelessness providers and concerned organizations, works on Oahu to end homelessness and we thank you for the opportunity to testify today in SUPPORT OF SENATE BILL 677.

Sincerely,



Laura E. Thielen
Executive Director
Partners In Care



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State of Hawai'i, Deputy Public
Defender

HIPHI Initiatives

Coalition for a
Tobacco-Free Hawai'i

Community Health
Worker Initiative

COVID-19 Response

Hawai'i Drug & Alcohol Free
Coalitions

Hawai'i Farm to School Hui

Hawai'i Oral Health Coalition

Hawai'i Public Health Training Hui

Healthy Eating + Active Living

Kūpuna Collective

Date: March 29, 2023

To: Representative Kyle T. Yamashita, Chair
Representative Lisa Kitagawa, Vice Chair
Members of the Committee on Finance

Re: Support SB 667 SD1 HD1 Relating to Non Profit Organizations

Hrg: Thursday, March 30, 2023, 3:00 PM

The Hawai'i Public Health Instituteⁱ (HIPHI) is in **support of SB 667 SD2 HD1**, which clarifies the application of State general excise tax (GET) concerning gross income a nonprofit generates for any unrelated trade or business.

HIPHI is a 501(c)(3) nonprofit organization and a hub for building healthy communities, providing issue-based advocacy, education, and technical assistance through partnerships with government, academia, foundations, business, and community-based organizations. Grants and private donations fuel our work. While income raised through fundraisers is exempt from the federal GET, this income is still subject to the state GET, reducing the impact potential of money raised for the organization's mission. SB 667 SD2 aligns state law with the federal IRS income tax code and allows nonprofits to put more of the money they raise towards their programs and services. Exempting fundraising income from the GET means that more money will be spent on programs and services that benefit Hawai'i's communities.

For these reasons, HIPHI respectfully requests that the Committee **PASS** SB 667 SD2 HD1.

Mahalo,

A handwritten signature in black ink that reads 'Peggy Mierzwa'.

Peggy Mierzwa
Director of Policy & Advocacy
Hawai'i Public Health Institute

ⁱ Hawai'i Public Health Institute is a hub for building healthy communities, providing issue-based advocacy, education, and technical assistance through partnerships with government, academia, foundations, business, and community-based organizations.



Samaritan Counseling Center Hawaii

Testimony to the House Committee on Finance

Thursday, March 30, 2023, 3:00 p.m.

Conference Room 308 & Videoconference

SB 667, SD2, HD1, Relating to Nonprofit Organizations

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

We are in **strong support** of SB 667, SD2, HD1 which 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.

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.

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 voice our support.

Mahalo,

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
www.samaritancounselingcenterhawaii.org • Email: info@samaritanhawaii.org



**Testimony to the House Committee on Finance
Thursday, March 30, 2023, 3:00 p.m.
Conference Room 308 & Videoconference**

SB 667, SD2, HD1, Relating to Nonprofit Organizations

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

We are in **strong support** of SB 667, SD2, HD1 which 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 prepare Hawai'i's high school youth for our interconnected world and support our K-12 teachers with workshops to bring cultural understanding and appreciation into the classroom.

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

If this bill is passed, the GET savings we would see would allow us to provide richer opportunities for our neighbor island PAAC Club members by flying them to O'ahu for our interschool summits and action projects.

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



**Testimony to the House Committee on Finance
Thursday, March 30, 2023, 3:00 p.m.
Conference Room 308 & Videoconference**

SB 667, SD2, HD1, Relating to Nonprofit Organizations

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

We are in strong support of SB 667, SD2, HD1 which 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 (CLT), is a grass-roots, membership based 501(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 the single family CLT homes.

We partner with our community, including but not limited to the State of Hawaii, 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 sold to income-qualified workforce families at below market prices. Nā Hale O Maui has had seven resales, validating the CLT model's ability for its homes to 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.

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. The passage of SB667, SD2, HD1 will result in GET savings on fundraising income that will increase operational support to sustain a truly affordable housing program that secures and preserves safe, secure housing for our island families in perpetuity.

We strongly urge you to pass this legislation. Thank you for the opportunity to submit this written testimony and for your support of affordable housing in *Hawai'i nei*.

Mahalo,

Cassandra Abdul,
Executive Director

Changing Lives One Home at a Time!

SB-667-HD-1

Submitted on: 3/29/2023 12:35:29 PM

Testimony for FIN on 3/30/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Patrick F. Hurney	Habitat for Humanity Hawaii Island	Support	Written Testimony Only

Comments:

Aloha Finance Chairs and Committee Members,

Habitat for Humanity strongly supports SB 667.

Nonprofit organizations across the state are suffering financially due to the recent economic inflation. Now as the impacts of Covid continue to unfold, the number of nonprofits struggling to make ends meet is only growing. Staffing is another major barrier for nonprofits. Payroll expenses are the main expenditures for most businesses. If nonprofits could be exempt from GE Taxes, we could invest more in paying staff members a living wage and retaining good employees.

We need to do everything we can to support small nonprofit organizations like Habitat for Humanity.

Thank you for your support of SB 667.

Mahalo nui loa

Patrick Hurney

Executive Director

Habitat for Humanity



**Testimony to the House Committee on Finance
Thursday, March 30, 2023, 3:00 p.m.
Conference Room 308 & Videoconference**

SB 667, SD2, HD1, Relating to Nonprofit Organizations

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

On behalf of Child & Family Service (CFS), I submit this letter in **strong support** of SB 667, SD2, HD1 which would align the State General Excise Tax (GET) law with the federal IRS income tax code by exempting from the GET on 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 unrestricted fundraising income.

CFS is a local, "Hawaii-born," nonprofit dedicated to strengthening Hawaii's families since 1899. Our statewide programs are designed to prevent child abuse and neglect, help individuals and families heal from trauma, and help to end the intergenerational cycle of poverty. As a local nonprofit, 100% of the funds we raise is put to use right here in Hawaii through the work we do, the people we employ, and the goods and services we purchase on behalf of those we serve.

As the Chief Advancement Officer for CFS, I understand the challenges facing Hawaii's human service sector and sustainability is key to impacting families and communities during times of crisis. A human service organization does not have a *natural private donor base* and fundraisers give us the ability to diversify our income. As such, we are double-taxed—once on the goods and services we purchase for our fundraising events, and again when we pay tax on gross revenue. Over a 10-year fiscal period, CFS paid \$250,000 of unrestricted donor dollars to GET. This tax equated to \$25,000 per year which could have been invested in one of the following examples:

1. Provided tutoring and social emotional learning for 25 elementary through high school students.
2. Funded a part-time parent educator to help 10 families heal from trauma and thrive with tools to help break intergenerational poverty.
3. Supported the operating needs to ensure sustainability and quality of the organization.

When weighing the value of \$250,000 in tax revenue versus the impact these dollars could have on Hawaii's most vulnerable families, my hope is that you agree that thriving families are a worthwhile investment. I encourage your support to pass this legislation. Thank you for the opportunity to submit this written testimony.

Respectfully,

Anne Marie Rizzo
Chief Advancement Officer
Child & Family Service
91-1841 Fort Weaver Road
Ewa Beach, HI 96706

TESTIMONY OF PACIFIC WHALE FOUNDATION

HOUSE OF REPRESENTATIVES
COMMITTEE ON FINANCE
Thursday, MARCH 30, 2023
3:00 PM

IN SUPPORT OF SENATE BILL 667 SD2 HD1

Aloha Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee,

On behalf of Pacific Whale Foundation (PWF), a non-profit with 4,000 members, we stand in **strong support** of Senate Bill 667 SD2 HD1 – Relating to Nonprofit Organizations.

Senate Bill 667 would allow fundraising revenue to directly benefit our organization's mission of protecting the ocean through science and advocacy and inspiring environmental stewardship. Under current state law, nonprofits are subject to the general excise tax on any gross income derived from their unrelated trade or business activities. Every dollar that nonprofits must pay in general excise taxes is a dollar less, that we can devote to our tax-exempt, charitable missions and programs. By exempting nonprofits from the GET tax, more funding can serve our community and the work we are passionate about.

Pacific Whale Foundation respectfully asks the committee to take favorable action on Senate Bill 667. Mahalo for the opportunity to provide testimony on this measure.



Protecting the ocean through science and advocacy, and inspiring environmental stewardship



Testimony to the House Committee on Finance
Thursday, March 30, 2023, 3 pm
Via Videoconference, Conference Room 308

SB 667, SD2, HD1 Relating to Nonprofit Organizations

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

We are in **strong support** of SB 667, SD2, HD1, which would help to increase vital resources for community organizations and services — with minimal fiscal impact for the state.

Family Promise of Hawai'i is a 501(c)3 nonprofit working to prevent and end homelessness for families with children. Like other nonprofits in the state, we don't pay the state General Excise Tax (GET) on most donations. But people are often surprised to learn that nonprofits *are* required to pay GET on money raised through fundraising events, like galas, golf tournaments, and bake sales.

SB 667 would exempt nonprofit fundraising revenue from GET, which would align state law with the federal tax code, simplify our accounting, and allow us to direct more funding to our charitable mission and programs. This bill would cost the state just \$1.5 million annually, according to an estimate by the Hawai'i Alliance of Nonprofit Organizations (HANO), while unlocking a far greater community impact by removing barriers to important nonprofit fundraising strategies.

If this bill is passed, the GET savings we would see would go directly back to our programs, allowing us to help even more families attain stable housing. The amount of GET we currently pay annually would be, on average, enough to help one more family return to permanent housing. Every additional family we can help makes a big difference, given the scope of the challenge: An estimated 1 in 30 young children in Hawai'i experience homelessness annually, according to the latest federal estimate, and children under age 1 in the US are more likely to experience homelessness than people of any other age.

Since 2006, we have served more than 6,000 children, parents, and family members through emergency shelter, case management and housing navigation, rental assistance, and other compassionate, holistic services. Last year, we served 297 families, or 866 individuals, helping them quickly return to permanent housing and achieve lasting independence.

Every dollar our organization must pay in GET 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 that reads "Ryan Catalani".

Ryan Catalani
Executive Director



LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

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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Testimony to the House Committee on Finance
Thursday, March 30, 2023, 3:00 p.m.
Conference Room 308 & Videoconference

SB 667, SD2, HD1, Relating to Nonprofit Organizations

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

We are in **strong support** of SB 667, SD2, HD1 which 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.

Our organization, the Association of Fundraising Professionals 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.

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.

Every dollar Hawai'i's nonprofit organizations must pay in general excise taxes is a dollar less that can be devoted to their 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 Morihara
President, Board of Directors



March 29, 2023

Re: SB667 SD2 HD1 Non-profit fund-raising exempt from state tax

COMMITTEE ON FINANCE
Rep. Kyle T. Yamashita, Chair
Rep. Lisa Kitagawa, Vice Chair
Thursday, Mar 30 2022: 3:00 : Room 308

The Coalition for a Drug-Free Hawaii strongly supports SB667 SD2 HD1

Aloha Chair, Vice Chair and distinguished committee members my name is Greg Tjapkes, and I am the Executive Director of the Coalition for a Drug-Free Hawaii (CDFH), and we strongly support **SB667 SD2 HD1 Non-profit fund-raising exempt from state tax.**

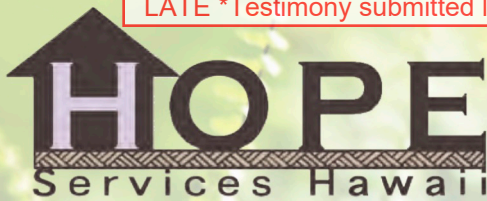
This bill would align the State General Excise Tax (GET) law with the federal IRS income tax code by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS, and, as a result, exempt nonprofit organizations from paying GET on fundraising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

The mission of CDFH is to reduce and prevent drug abuse in Hawai'i through awareness, education, and action. We are a private, non-profit, 501(c) 3 organization. Relieving our organization from having to pay general excise tax on our fundraising income, would help us to provide more innovative programs and services that help keep Hawai'i's children and families healthy, strong, and resilient against drug and alcohol abuse

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

Sincerely,

Greg Tjapkes
Executive Director
Coalition for a Drug-Free Hawaii



TESTIMONY IN SUPPORT OF SB 667: RELATING TO NONPROFITS

TO: Committee Chair, Vice-Chair and Members
FROM: Brandee Menino, CEO, Hope Services Hawai'i, Inc.
Hearing: FIN, 3/30/23

Aloha,

My name is Brandee Menino and I am the CEO of Hope Services Hawai'i, which is Hawai'i Island's largest nonprofit homeless services provider. We use evidence-based practices to help our neighbors avoid and overcome homelessness, and achieve above-average results in helping people get housed and stay housed.

We know that functionally ending homelessness is within reach. However, there are two major barriers:

1. lack of access to affordable housing for local residents
2. **inadequate funding for effective programs to help people avoid and overcome homelessness**

By passing SB667, you will help address the second barrier, by allowing us to dedicate more funding to helping our neighbors avoid and overcome homelessness.

We know that the programs Hope Services and our nonprofit partners offer, including **diversion, prevention, street outreach, street medicine, rapid rehousing, housing first, rent assistance, and permanent supportive housing**, are successful.

By passing this legislation, you can ensure that more funding goes to evidence-based programs that offer effective and long-term solutions to homelessness. you can help more of our residents avoid and overcome homelessness. Please pass SB667.

Mahalo,

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

Brandee Menino,
Chief Executive Officer



The Thirty-Second Legislature, State of Hawaii
House Committee on Finance
Honorable Chair Kyle Yamashita
Honorable Vice Chair Lisa Kitagawa
Committee Members

Thursday, March 30, 2023, 3:00 pm

RE: Support for SB667 SD2 HD1 - Relating to Nonprofit Organizations

Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the Committee,

Ma'i Movement Hawai'i **strongly supports SB667 SD2 HD1**, a bill which aligns 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. Ma'i Movement Hawai'i is a locally grown organization committed to addressing menstrual inequity and ending period poverty, or the inability to buy and access menstrual products, due to factors including but not limited to financial constraints, lack of education, societal shame or stigma, and inadequate access to a clean facilities to maintain proper hygiene.

My sisters and I founded our nonprofit at the end of 2020. It was clear from the very beginning the critical role our nonprofit played in providing programs, services, and resources to marginalized and neglected communities. Although we are a small nonprofit, we carry out statewide operations and distributed nearly 363,000 period products in 2022, a 60% increase over the prior year. We also provide education through online webinars and in-person events. Our primary source of income has been through grants and donations, but we must raise additional funds in order to meet the increasing demand for our services and carry out our mission.

Conducting fundraising events is one important way to do this, but the GET is a major deterrent because it takes away from the income raised. It may seem like an insignificant amount, but every cent and dollar matters for small nonprofits like us. In addition, we are taxed twice when we pay GET on the goods and services bought for the event and then again on the income received for the event.

This bill will finally bring state policy into alignment with federal policy. We urge you to support **SB667 SD2 HD1** and pass this bill. Mahalo for your leadership and service to Hawai'i!

Mahalo,

A handwritten signature in black ink that reads "Nikki-Ann Yee". The signature is written in a cursive, flowing style.

Nikki-Ann Yee, Co-Founder
Ma'i Movement Hawai'i



W. M. KECK OBSERVATORY
Maunakea, Island of Hawai'i

March 30, 2023

Testimony to the Finance Committee
Thursday, March 30, 2023, 3:00 p.m.
Conference Room 308 & Videoconference

SB 667, SD2, HD1, Relating to Nonprofit Organizations

Dear Chair Yamashita, Vice Chair Kitagawa, and members of the Finance Committee,

We strongly support SB 667, SD2, HD1 which 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.

Our organization, W. M. Keck Observatory, is a charitable 501(c)(3) nonprofit with a mission to foster scientific interaction among educational and research institutions and to foster high school, college, and university educational research in astronomy.

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 cover the expected inflationary growth in our operating, compensation, and benefit costs.

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,

Margarita Scheffel
WMKO Chief Financial Officer
California Association for Research
in Astronomy

SB-667-HD-1

Submitted on: 3/29/2023 8:28:03 AM

Testimony for FIN on 3/30/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Esther Smith	Individual	Support	In Person

Comments:

Tax policy should reflect the overall goals of the government to care for the people. Services that improve the wellbeing of the community should be treated favorably, this bill is in keeping with that philosophy.

Testimony to the House Committee on Finance
Thursday, March 30, 2023, 3:00 p.m.
Conference Room 308 & Videoconference

SB 667, SD2, HD1, Relating to Nonprofit Organizations

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

I am in **strong support** of SB 667, SD2, HD1 which 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.

I work with conservation nonprofits in Hawai'i and funding is crucial to the much needed and critical work to save the remaining fragile and unique ecosystems and wildlife of our biodiverse island chain, Hawai'i is in desperate need to reverse the losses and change the current moniker of "The Endangered Species Capital of the World."

I support the passage of this bill as it would relieve Hawai'i wildlife conservation organizations from having to pay general excise tax on their already limited fundraising income, which is of vital importance to funding these charitable operations. This bill would also simplify the accounting of income since the IRS tax code is clear and well-established.

If this bill is passed, the GET savings would allow these conservation organization to focus the limited funds they raise to go directly to the urgent programs to protect Hawaii's natural resources that we all depend upon.

Every dollar these nonprofit organizations must pay in general excise taxes is a dollar less that can be devoted to the tax exempt, charitable mission and critical conservation programs.

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

Mahalo,
Linda Elliott
Wildlife Biologist
P.O. Box 506
Hāwī, HI 96719

SB-667-HD-1

Submitted on: 3/29/2023 10:38:50 AM

Testimony for FIN on 3/30/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
rachel figueroa	Individual	Support	Written Testimony Only

Comments:

Testimony to the House Committee on Finance

Thursday, March 30, 2023, 3:00 p.m.

Conference Room 308 & Videoconference

SB 667, SD2, HD1, Relating to Nonprofit Organizations

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

I am in strong support of SB 667, SD2, HD1 which 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.

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

Sincerely,

Rachel Figueroa

Testimony to the House Committee on Finance
Thursday, March 30, 2023, 3:00 p.m.
Conference Room 308 & Videoconference

SB 667, SD2, HD1, Relating to Nonprofit Organizations

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

My name is Brooke Oyadomari, and I am an intern at the Epilepsy Foundation of Hawai'i currently attending graduate school at The University of Hawai'i at Mānoa.

I am in **strong support** of SB 667, SD2, HD1 which 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 Epilepsy Foundation of Hawai'i currently serves approximately 14,000 individuals with epilepsy, which includes approximately 2,000 children. The mission of the Epilepsy Foundation of Hawaii is "leading the fight to overcome the challenges of living with epilepsy and to accelerate therapies to stop seizures, find a cure and save lives." Some of the services currently provided are various seizure first aid trainings virtually or at local schools, annual epilepsy educational conferences, referrals to epilepsy healthcare professionals, 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 the Epilepsy Foundation of Hawai'i to provide more education and awareness to the community with epilepsy and to provide funding for innovative research and treatments to save lives.

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

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

Mahalo,

Brooke Oyadomari
Epilepsy Foundation of Hawai'i Intern

SB-667-HD-1

Submitted on: 3/29/2023 5:49:33 PM

Testimony for FIN on 3/30/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Caroline Kunitake	Individual	Support	Written Testimony Only

Comments:

I support SB667 SD2 HD1. Please support this bill.