

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
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GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

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

TESTIMONY ON THE FOLLOWING MEASURE:

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

BEFORE THE:

Senate Committee on Ways and Means

DATE: Tuesday, February 28, 2023

TIME: 10:00 a.m.

LOCATION: State Capitol, Room 211

Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Committee:

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

S.B. 667, S.D. 1 amends section 237-23, Hawaii Revised Statutes (HRS), to conform state general excise tax (GET) exemption provisions, for tax-exempt organizations, with Hawaii and federal income tax as relates to fundraising income. The bill repeals language currently denying tax-exempt organizations a GET exemption for fundraising activities, while adding language denying tax-exempt organizations 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 The bill is effective on January 1, 2024, and repealed on December 31, 2028.

This bill is similar to S.B. 3201, which was vetoed by the Governor in 2022 due to the Governor's determination that passage of the bill could result in undesirable consequences that go beyond the purpose of the bill which is solely to exempt certain nonprofit organization fundraising income from the GET.

The Department estimates an expected 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

The Department further notes that it is able to administer this measure with the effective date of January 1, 2024.

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



**Testimony to the Senate Committee on Ways and Means
Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice-Chair
Tuesday, February 28, 2023, 10:00 a.m.
Conference Room 211 & Videoconference**

SB 667, SD1, Relating to Nonprofit Organizations

Dear Chair Dela Cruz, Vice-Chair Keith-Agaran, and members of the WAM Committee:

On behalf of the Hawai'i Alliance of Nonprofit Organizations (HANO), I would like to thank you for hearing **SB 667, SD1**. 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 SD 1 version incorporates an amendment to address the perceived 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.

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.

As far as 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 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.

HANO strongly urges this Committee to pass this bill.

Thank you for the opportunity to testify.

Mahalo,

Lisa Maruyama
President and CEO



American Heart Association testimony in **SUPPORT** of SB 667, SD1 Relating to Nonprofit Organizations

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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, SD1.

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.

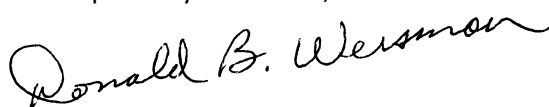
And those are just two of the many projects continuing in Hawaii's schools, hospitals, workplaces and communities in which the Association is engaged to improve health and quality of life in our state.

SB 667, SD1 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

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 SD 1

INTRODUCED BY: Senate Committee on Commerce and Consumer Protection

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

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

EFFECTIVE DATE: January 1, 2024; 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 was income described in section 512(b) generally. The Department of Taxation read the prior bill as making everything in 512(b) taxable, which we do not agree is a reasonable reading.

This bill is different from last year’s bill in that the proviso is restricted to IRC 512(b)(3) income, namely rents. We do not believe that the bill as drafted makes all rents taxable. Rents can be exempt function income; for example, if an organization whose exempt purpose is to provide

Re: SB 667 SD1

Page 2

facilities to the underprivileged or other exempt organizations receives rent from such a tenant. See Tax Facts 98-3, Q&A 14. We do not read this bill as upsetting this conclusion.

Digested: 2/23/2023



Samaritan Counseling Center Hawaii

**Testimony to the Senate Committee on Ways and Means
Tuesday, February 28, 2023, 10:00 a.m.
Conference Room 415 & Videoconference**

SB 667, SD1, Relating to Nonprofit Organizations

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee on Ways and Means,

We are in **strong support** of SB 667, SD1 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

SB-667-SD-1

Submitted on: 2/24/2023 1:43:13 PM

Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Cleota Brown	Testifying for Hawaii Fetal Alcohol Spectrum Disorders FASD Action Group	Support	Written Testimony Only

Comments:

Dear Chair Dela Cruz, Vice Chair Keith-Araran and members of the Committee on Ways and Means,

We are in strong support of SB 667, SD1 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 pay GET on fundraising income.

Hawai'i Fetal Alcohol Spectrum Disorders FASD Action Group is a 501 c 3 with a mission to raise awareness through education, advocacy, and research on the impact of Fetal Alcohol Spectrum Disorders (FASD) on individuals, their families, and the communities of Hawai'i.

As a small nonprofit organization, every dollar we raise counts and should go towards our mission focused on FASD. The passage of this bill would relieve our organization from having to pay general excise tax on our fundraising income, which is vital to support our mission. 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 legislation.** Thank you for the opportunity to submit written testimony.

Sincerely,

Cleota G. Brown, President

FASDHawaii.org



**Parents And
Children Together**

**BUILDING THE RELATIONSHIPS
THAT MATTER MOST**

ParentsAndChildrenTogether.org

TESTIMONY IN SUPPORT OF SB 667 SD1

TO: Chair Dela Cruz, Vice-Chair Keith-Agaran, & Members
Senate Committee on Ways and Means
FROM: Ryan Kusumoto, President & CEO
DATE: February 28, 2023 at 10:00 AM

Parents and Children Together (PACT) supports SB 667, SD1 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.



in your neighborhood

PO Box 1902, Wailuku, HI 96793

(808)215-9228

www.GrowSomeGood.org

**Testimony to the Senate Committee on Ways and Means
Tuesday, February 28, 2023, 10:00 a.m.
Conference Room 415 & Videoconference**

SB 667, SD1, Relating to Nonprofit Organizations

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means,

We are in **strong support** of SB 667, SD1, 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. Our overall goal is 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 specifically created to directly 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 having to pay a general excise tax on our fundraising income, which is of vital importance to funding our charitable operations. This bill would also simplify our 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.

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". The signature is written in a cursive style with a large initial "S".

Scott Lacasse
Executive Director



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 Senate Committee on Commerce and Consumer Protection

Tuesday, February 28, 2023, 10:00 a.m.

Conference Room 415 & Videoconference

SB 667, SD1, Relating to Nonprofit Organizations

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Dennis Brown
President/CEO

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee on Ways and Means,

We **strongly support** SB 667, SD 1, that would align the State General Excise Tax (GET) law with the federal IRS income tax code. The result would exempt any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS, from the GET. In turn, registered nonprofit organizations would not have to pay GET on fundraising income.

For 60 years, Big Brothers Big Sisters Hawaii has provided and supported 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.

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

The GET savings would increase our capacity to serve more families. Savings can fund expenses that restricted government and other grants do not allow such as rental of office and program space, insurance, and child safety measures.

We work hard to raise unrestricted income through fundraisers and donors don't expect that we must pay GET on their gifts. Every dollar we pay in GET is one dollar less that we can devote to our tax exempt programs.

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

Mahalo,

Dennis Brown, President/CEO



Big Brothers Big Sisters
of Honolulu

Big Brothers Big Sisters
of Kaua'i

Big Brothers Big Sisters
of Maui



HALE KIPA

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Aloha United Way
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TESTIMONY IN SUPPORT OF SB 667, SD1: RELATING TO NON-PROFIT ORGANIZATIONS

TO: Senate Committee on Ways and Means
Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice Chair

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

HEARING: Tuesday, 02/28/2023; 10:00 AM; Conference Rm 211 & via videoconference

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means

Thank you for scheduling this hearing and the opportunity to provide testimony in strong support of SB 667, SD 1, 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 1500 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 Hawai`i.

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.



**Testimony to the Senate Committee on Ways and Means
Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice-Chair
Tuesday, February 28, 2023, 10:00 a.m.
Conference Room 211 & Videoconference**

SB 667, SD1, Relating to Nonprofit Organizations

WRITTEN TESTIMONY ONLY

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means:

We are in **strong support** of SB 667, SD1.

An identical bill to SB 667 (SB3201, SD1, HD1, CD1) was passed by the Legislature last session and vetoed by Governor Ige due to some last-minute concerns raised by the former Department of Tax Director. An amendment to address the former Director's technicality concern has been made in SD1 to address the perceived issue.

Established in 2005, the H.T. Hayashi Foundation reflects the legacy of visionary hotelier and philanthropist Herbert Takami "H.T." Hayashi. Today, the foundation invests in arts and culture, animal welfare, economic stability/homeless prevention, the support of women at-risk, and food security/local food production. A core part of our support of nonprofit organizations in the state is our belief that supporting the nonprofit sector's capacity to meet its mission is as equally important as supporting the work itself.

The nonprofit sector in Hawaii is a critical part of Hawaii's ability to address challenges and pursue opportunities in all areas. These areas include housing and homelessness, promoting the arts, preserving culture, engaging in conservation, facilitating economic development and growth, providing healthcare and education, taking care of animals and indigenous species, supporting some of our most vulnerable residents, and meeting various community needs across the state.

Nonprofits must raise funds to carry out their missions and programs. Conducting fundraising events is one critical, mission-related way to raise needed unrestricted operating funds. We believe that income generated by fundraising events should be treated the same as donations, as they are essentially both donations but in different forms. The GET paid on fundraising events takes away funds that would be

spent on the nonprofit's mission and services. If passed, the GET savings from this bill would go directly toward these missions.

This bill aims 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, among other things, exempt fundraising income (that meets the unrelated business income standard) from GET.

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

Mahalo,

Jan M. Harada
Executive Director



Hawaiian Humane Society

People for animals. Animals for people.

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

Date: Feb. 24, 2023

To: Chair Sen. Donovan M. Dela Cruz
Vice Chair Sen. Gilbert S.C. Keith-Agaran
and Members of the Committee on Ways and Means

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

RE: Testimony in support of SB 667, SD1,
Relating to Nonprofit Organizations
Tuesday, Feb. 28, 2023, 10 a.m., Room 415 & Videoconference

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and Committee Members,

On behalf of the Hawaiian Humane Society, thank you for considering our support for Senate Bill 677, SD1, 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, SD1. Thank you for the opportunity to submit testimony.



**Testimony to the Senate Committee on Ways and Means
Tuesday, February 28, 2023, 10:00 a.m.
Conference Room 415 & Videoconference**

SB 667, SD1, Relating to Nonprofit Organizations

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee on Ways and Means,

We are in **strong support** of SB 667, SD1 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.

Oahu Economic Development Board (OEDB) is a non-profit organization, funded primarily by the private sector, contracts and the asset management of New Markets Tax Credit. Our organization's efforts support a healthy economy on Oahu by being a leading agent in the growth, retention and recruitment of businesses that support meaningful jobs for the people of Hawaii. OEDB is actively involved in infrastructure, planning and professional development for our residents as a significant part of the foundation for a thriving economy. OEDB's leadership recognizes that the strength of a community's true economy is anchored in the strength of its people and relationships. To that end, we are grounded in aloha.

We support the passage of this bill as it would relieve our organization, and many of our nonprofit partners, from having to pay general excise tax on our fundraising income, which is of vital importance to funding 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 approve this legislation. Mahalo for your consideration.

A handwritten signature in black ink, appearing to read "Molly Mamaril".

Molly Mamaril

Community Innovation Connector, Oahu Economic Development Board



FOR YOUTH DEVELOPMENT®
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY

February 6, 2023

TO: Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice Chair
Committee on Ways and Means

FR: Greg Waibel
President and CEO
YMCA of Honolulu

RE: **TESTIMONY-SB667, SD1, RELATING TO NONPROFIT ORGANIZATIONS – SUPPORT**

We are in strong support of SB667, SD1, 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 YMCA of Honolulu is one of the largest non-profit organizations on Oahu and was founded in 1869 and incorporated under the laws of the Kingdom of Hawaii in 1882. Annually, we serve more than 50,000 individuals in a variety of programs. With a commitment to nurturing the potential of kids, promoting healthy living and fostering a sense of social responsibility, the YMCA ensures that every individual has access to the essentials needed to learn, grow and thrive.

We believe that all kids deserve the opportunity to discover who they are and what they can achieve. That's why, through the YMCA, thousands of youth today are cultivating the values, skills and relationships that lead to positive behaviors, better health and educational achievement.

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

If this bill is passed, the GET savings we would see would allow us to serve more families. 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.



HAWAI'I FOREST INDUSTRY ASSOCIATION (HFIA)

P. O. Box 66 ❖ 'O'ōkala, HI
96774 Phone: 808-933-9411
Email: hfia@hawaiiiforest.org
Website: www.hawaiiiforest.org

Date: 02/24/2023

TO: Chair Dela Cruz, Vice Chair Keith-Agaran and WAM Committee Members

FROM: the Hawai'i Forest Industry Association (HFIA)

SUBJECT: In Support of SB667 SD1 Relating to Nonprofit Organizations

Dear Chair Dela Cruz and Committee Members,

On behalf of the Directors of the Hawai'i Forest Industry Association, please support SB667 SD1. This bill would 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 bill would relieve nonprofit organizations, such as the Hawai'i Forest Industry Association and numerous others, from having to pay general excise tax on our fundraising income, which is of vital importance to funding our mission and ensuring that our dollars raised go directly back to serve our communities. Here are just some of HFIA's projects via which we are serving the community and the 'aina:

- Restoration and outreach at Ka'ūpūlehu Dryland Forest & Kalaemanō Cultural Center and La'i'Ōpua Dryland Preserve, in West Hawai'i
- Hawai'i's Woodshow
- Discovery Forests at the Pana'ewa Zoo and the Keauhou Bird Conservation Center in East Hawai'i and at the Honolulu Zoo in Waikiki
- Go Native: Growing a Native Hawaiian Urban Forest, Statewide
- 'Aina Mauna Christmas Tree Demonstration Project
- Healthy & Productive Forests Initiative

Being soft funded, with a mission to achieve is not easy, and every dollar that we are able to use rather than pay in GET, and put into our programs and into the community the better. For this reason, we hope that you will support SB667 SD1.

Mahalo for your time and consideration,

Guy Cellier, Acting President

Hawai'i Forest Industry Association

Established in 1989, HFIA's is a nonprofit organization founded by people committed to sustainable forest management. HFIA's mission is to promote healthy and productive forests and a sustainable forest industry through management, education, planning, information exchange, and advocacy. HFIA has over 130 members including woodworkers, landowners, sawyers, foundations, foresters, growers, educators, environmentalists, architects, millers, ranchers, and others interested in HFIA's mission and goals.

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HAWAI`I YOUTH SERVICES NETWORK

677 Ala Moana Blvd., Suite 904

Honolulu, Hawai`i 96813

Phone: (808) 489-9549

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

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Network Membership

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Big Brothers Big Sisters Hawai`i
Big Island Substance Abuse
Council
Bobby Benson Center
Child and Family Service
Coalition for a Drug-Free Hawai`i
Collins Consulting, LLC
Domestic Violence Action Center
EPIC `Ohana, Inc.
Family Programs Hawai`i
Family Support Hawai`i
Friends of the Children's Justice
Center of Maui
Get Ready Hawai`i
Hale Kipa, Inc.
Hale `Opio Kaua`i, Inc.
Hawai`i Children's Action
Network
Hawai`i Health & Harm
Reduction Center
Ho`ola Na Pua
Ho`okele Coalition of Kaua`i
Ka Hale Pomaika`i
Kahi Mohala
Kokua Kalihi Valley
Kaua`i Planning and Action
Alliance
Maui Youth and Family Services
Na Pu`uwai Molokai Native
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Great Northwest, Hawaii
Alaska, Kentucky, Indiana
Residential Youth Services
& Empowerment (RYSE)
Salvation Army Family
Intervention Services
Sex Abuse Treatment Center
Susannah Wesley Community
Center
The Catalyst Group

February 25, 2023

To: Senator Donovan Dela Cruz, Chair
And members of the Committee on Ways and Means

TESTIMONY IN SUPPORT OF SB 667 SD 1 RELATING TO NONPROFIT ORGANIZATIONS

Hawaii Youth Services Network, a statewide coalition of youth-serving organizations, strongly supports SB 667 SD 1 Relating to Nonprofit Organizations

This bill will literally benefit thousands of nonprofit organizations in Hawaii and the many children, youth, families, and kupuna that they serve by eliminating excise tax on the revenues from fund raising events and solicitations. The funds now paid in taxes would increase the amount of funding that meets the health, human service, and educational needs of our most vulnerable residents.

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

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

Thank you for this opportunity to testify.

Sincerely,

Judith F. Clark, MPH
Executive Director

SB-667-SD-1

Submitted on: 2/25/2023 11:13:08 AM

Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Megan Fox	Testifying for Malama Kaua'i	Support	Written Testimony Only

Comments:

We are in strong support of SB 667, SD1 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.



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

February 23, 2023

Dear Senator Donovan M. Dela Cruz, Chair; Senator Gilbert S.C. Keith-Agaran, Vice Chair; and members of the Committee on Ways and Means:

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 Kawailani Ozawa
Founder & Board President



**OUTRIGGER
DUKE KAHANAMOKU
FOUNDATION**

P. O. BOX 160924
HONOLULU, HI 96816

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Testimony to the Senate Committee on Ways and Means

Tuesday, February 28, 2023, 10:00 a.m.

Conference Room 415 & Videoconference

SB 667, SD1, Relating to Nonprofit Organizations

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee on Ways and Means,

We are in **strong support** of SB 667, SD1 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 Outrigger Duke Kahanamoku Foundation provides scholarships and grants to local Hawaii college students, teams, and community events involved in ocean sports, volleyball, and aquatic safety.

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 operations. This bill would also simplify our accounting of income and save staffing resources from the onerous bookkeeping associated with GET.

If this bill is passed, the direct GET savings of about \$4,500 per year would allow us to grant at least two scholarships to local Hawaii college students. Every dollar our organization must pay in general excise taxes is a dollar less that we can devote to our community.

We strongly urge you to pass this legislation.

Thank you,

Sarah Fairchild

Executive Director

DUKE'S CREED:

"In Hawai'i, we greet friends, loved ones or strangers with Aloha, which means with love. Aloha is the key word to the universal spirit of real hospitality, which makes Hawai'i renowned as the world's center of understanding and fellowship. Try meeting or leaving people with Aloha. You'll be surprised by their reaction. I believe it and it is my creed. Aloha to you."

DUKE PAOA KAHANAMOKU



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

Senate Committee on Ways and Means
Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice Chair

Hearing Date: Tuesday, February 28, 2023

ACS CAN SUPPORTS SB 667 SD1 – 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 SD1 – 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.



Testimony to the Senate Committee on Ways and Means
Tuesday, February 28, 2023, 10:00 a.m.
Conference Room 211 & Videoconference

SB 667 SD 1, Relating to Nonprofit Organizations

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means,

We are in **strong support** of SB 667 SD1, 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.

Family Promise of Hawai'i is a 501(c)3 nonprofit working to prevent and end homelessness. 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.

We support the passage of this bill as it would relieve our organization from having to pay GET 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.

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. Family homelessness is an urgent social challenge, and if this bill is passed, the GET savings we would see would go directly back to our programs and services, allowing us to help even more families attain stable housing.

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

**Testimony of The Nature Conservancy
Supporting SB 667 SD1, Relating to Nonprofit Organizations.**

**Committee on Ways and Means
Tuesday, February 28, 2023, 10:00 a.m.
Conference Room 211 & Videoconference**

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Nature Conservancy (TNC) strongly supports SB 667 SD1, 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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**Testimony to the Senate Committee on Ways and Means
Tuesday, February 28, 2023, 10:00 a.m.
Conference Room 415 & Videoconference**

SB 667, SD1, Relating to Nonprofit Organizations

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee on Ways and Means,

On behalf of Child & Family Service (CFS), I submit this letter of **strong support of SB 667, SD1** 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. Over a 10-year fiscal period, CFS paid \$250,000 of unrestricted donor giving to GET. A human service organization does not have a *natural private donor base*, therefore, every portion of unrestricted donations matter to the work we do to address community needs. This tax equated to \$25,000 per year paid as GET rather than investing in our mission of *strengthening families and fostering the healthy development of children*.

The following are examples of how CFS could have deployed \$25,000 in unrestricted funds:

1. Provided a "private match" to help secure a multi-year (government) contract which requires an annual private revenue match.
2. Provided tutoring and social emotional learning for 25 elementary through high school students.
3. Funded a part-time parent educator to help 10 families heal from trauma and thrive with tools to help break intergenerational poverty.
4. Funded a part-time specialist to help child survivors of domestic violence heal from trauma.
5. Supported the operating needs and 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



LATE

February 27, 2023

Senator Donovan Dela Cruz, Chair

Senator Gilbert Keith-Agaran, Vice Chair

Testimony to the Senate Committee on Ways and Means

Tuesday, February 28, 2023; 10:00 am. State Capitol, Conf. Room 211 & via Videoconference

RE: Senate Bill 667 SD1 – RELATING TO NONPROFIT ORGANIZATIONS

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the WAM Committee:

On behalf of the Epilepsy Foundation of Hawaii (EFH), we urge your **SUPPORT** of Senate Bill 667 SD1, 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.

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 pass Senate Bill 667 SD1.

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.**



LATE

CATHOLIC CHARITIES HAWAII

**TESTIMONY IN SUPPORT OF SB 667 SD1:
RELATING TO NON-PROFIT ORGANIZATIONS**

TO: Senate Committee on Ways and Means

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

Hearing: **Thursday, 2/28/2023 at 10:00 AM; CR 211 & via videoconference**

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee on Ways and Means,

Thank you for the opportunity to provide testimony **in Strong Support of SB 667 SB1**, 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 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 more direct assistance to individuals and families, fill in for gap needs that contract services do not cover, and allow for innovative services to meet the unique needs of various communities and service populations.

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

Please contact our Director of Advocacy and Community Relations, Shellie Niles at (808) 527-4813 or shellie.niles@catholiccharitieshawaii.org if you have any questions.





LATE

Our Vision: Charitable organizations have the philanthropic resources necessary to fulfill their mission.
Our Mission: We advance philanthropy throughout Hawaii by actively promoting the practice of ethical fundraising with education, training, advocacy, and mentoring for the benefit of all, with the spirit of aloha.

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Testimony to the Senate Committee on Ways and Means
Tuesday, February 28, 2023, 10:00 a.m.
Conference Room 211 & Videoconference

SB 667, SD1, Relating to Nonprofit Organizations

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee on Ways and Means,

We are in **strong support** of SB 667, SD1 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.

Every dollar that Hawai'i nonprofits must pay in general excise taxes is a dollar less that we can devote to our tax-exempt, charitable missions and programs.

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

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



LATE

**Testimony to the Senate Committee on Ways and Means
Tuesday, February 28, 2023, 10:00 a.m.
Conference Room 415 & Videoconference**

SB 667, SD1, Relating to Nonprofit Organizations

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee on Ways and Means,

We are in **strong support** of SB 667, SD1 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 Aloha Diaper Bank is a local non-profit that has provided over 500,000 essential diapers to over 10,000 low-income families, the homeless, and women in crisis for the past four years. As a volunteer organization, we are dependent on the generosity of donors but also funds we generate through fundraising events. Without fundraising we would be unable to continue our mission and help the families we serve on Oahu, Maui, Kauai and Molokai.


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

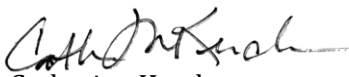
If this bill is passed, the GET savings we would see would allow us to purchase essential diapers, wipes, formula, and sustain the operation of our diaper distribution program.

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

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

Thank you,


Anne Komatsu,
Executive Director


Catherine Kerch,
Vice President

**Testimony to the Senate Committee on Ways and Means
Tuesday, February 28, 2023, 10:00 a.m.
Conference Room 415 & Videoconference**

To: Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee on Ways and Means

From: Brenda S. Ho
CEO
Hawai'i Care Choices

Re: **Strong Support**
SB 667, SD1, Relating to Nonprofit Organizations

We are in strong support of SB 667, SD1 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.

Hawai'i Care Choices, formerly known as Hospice of Hilo, established in 1983, serves to improve the lives of those we touch by offering support, guidance and compassionate care of body, mind, and spirit. We are a non-profit organization composed of over 150 staff and volunteers that stand for exceptional care that gives focused support and aligns with patient choices. We provide palliative care, hospice care, and bereavement care services for East Hawai'i County.

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 increase salary for our healthcare workers and enhance end-of-life care and grief support programs for the East Hawai'i community.

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

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

Mahalo,

Brenda S. Ho
CEO



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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!

February 28, 2023

Testimony to the Senate Committee on Ways and Means
Tuesday, February 28, 2023, 10:00 a.m.
Conference Room 415 & Videoconference

RE: Support of SB 667 SD1, Relating to Nonprofit Organizations

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee on Ways and Means:

As a local non-profit serving our Hawai'i communities, we **strongly encourage you to support SB 667 SD1**, 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, 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."



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LANDLORD TENANT MEDIATION SPECIALIST
Erika Ginnis

ADMINISTRATIVE & PROGRAM ASSISTANT
Kaitlyn Lacombe

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 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!

SB-667-SD-1

Submitted on: 2/24/2023 11:46:57 AM

Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Monika Frazier	Individual	Support	Written Testimony Only

Comments:

I am writing in strong support of SB667. Our nonprofits support critical community needs that our government is not able to take on. Nonprofits have been heavily impacted by the COVID pandemic and need all the help they can get to maintain financial sustainability. This would take away one financial burden that nonprofits have to deal with.

I urge your support of SB667.

Mahalo for your time and consideration,

Monika Frazier

SB-667-SD-1

Submitted on: 2/24/2023 11:49:34 AM

Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Thomas Brandt	Individual	Support	Written Testimony Only

Comments:

Strong support!

SB-667-SD-1

Submitted on: 2/24/2023 11:55:22 AM

Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Adam Coles, MD	Individual	Support	Written Testimony Only

Comments:

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee on Ways and Means,

I am in strong support of SB 667, SD1 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 our many non-profit mental health organizations from having to pay general excise tax on their fundraising income, which is of vital importance to delivering needed education and mental health care in our overburdened community.

I cooperate with and rely on several non-profit organizations including Mental Health America of Hawaii, the Ai Pono Foundation, Maui Economic Opportunity and United Way as partner organizations that provide critical support and services to the citizens of the State of Hawaii. Relieving some of their tax burden would put that many more dollars where it should be: in community support, treatment and education.

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

Mahalo,

Adam Coles, MD

General Child and Adolescent Psychiatrist, Maui

SB-667-SD-1

Submitted on: 2/24/2023 11:59:03 AM

Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Wes Wong	Individual	Support	Written Testimony Only

Comments:

We are in strong support of SB 667, SD1 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'm a Board member for Sustainable Coastlines Hawaii as well as a small business owner and we need more support and monetary assistance from our local government, rather than taking monies from us which has been the case and continued trend (e.g. tax schedule rate increases).

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 SURVIVE and have a chance to thrive.

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.

**Testimony to the Senate Committee on Ways and Means
Tuesday, February 28, 2023, 10:00 a.m.
Conference Room 415 & Videoconference**

SB 667, SD1, Relating to Nonprofit Organizations

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee on Ways and Means,

I am in **strong support** of SB 667, SD1 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, also with the unfortunate moniker of "The Endangered Species Capital."

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-SD-1

Submitted on: 2/24/2023 3:48:27 PM

Testimony for WAM on 2/28/2023 10:00:00 AM

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

Comments:

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee on Ways and Means,

I am in **strong support** of SB 667, SD1 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 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 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

SB-667-SD-1

Submitted on: 2/24/2023 4:28:59 PM

Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Carolyn Lee	Individual	Support	Written Testimony Only

Comments:

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee on Ways and Means,

I am in strong support of SB 667, SD1 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 nonprofits from having to pay general excise tax on our fundraising income, which is of vital importance to their charitable operations. This bill would also simplify accounting of income since the IRS tax code is clear and well-established.

Thank you for the opportunity to submit this written testimony.

SB-667-SD-1

Submitted on: 2/25/2023 7:52:28 AM

Testimony for WAM on 2/28/2023 10:00:00 AM

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

Comments:

Please support SB667 SD1

**Testimony to the Senate Committee on Ways and Means
Tuesday, February 28, 2023, 10:00 a.m.
Conference Room 415 & Videoconference**

SB 667, SD1, Relating to Nonprofit Organizations

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee on Ways and Means,


I am in **strong support** of SB 667, SD1 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 Hawaii's nonprofits from having to pay general excise tax on their fundraising income, which is of vital importance to funding their charitable operations. This bill would also simplify their accounting of income since the IRS tax code is clear and well-established.

Every dollar Hawaii's nonprofits 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,



ChiaKo Hung

*Assistant Professor of Nonprofit Management and Public Budgeting
Public Administration Program
University of Hawai'i at Mānoa*

SB-667-SD-1

Submitted on: 2/27/2023 8:49:46 AM

Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
John A. H. Tomoso	Individual	Support	Written Testimony Only

Comments:

02-27-23

RE: SB 667

Aloha kakou

As a retired Social Worker and Non-Profit Administrator/Executive, I am in favor of exempting General Excise Tax (GET) on nonprofit fundraising revenue. This is important to the solubility of Non-profit 501-C-3's throughout Hawai'i Nei.

Mahalo

John A. H. Tomoso+, MSW

51 Ku'ula Street, Kahului, Maui, HI 96732-2906

808-280-1749, john.a.h.tomoso@gmail.com