

STAND. COM. REP. NO.

1565

Honolulu, Hawaii

MAR 24, 2023

RE: S.B. No. 667
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 667, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO NONPROFIT ORGANIZATIONS,"

begs leave to report as follows:

The purpose of this measure is to amend, until December 31, 2028, the application of the general excise tax law with regard to gross income derived from unrelated trade or business activities of nonprofit organizations.

Your Committee received testimony in support of this measure from the American Heart Association; Partners in Care; Parents and Children Together; Family Promise of Hawai'i; American Cancer Society Cancer Action Network; Hawai'i Children's Action Network Speaks!; Hawai'i Public Health Institute; Kilinahe Foundation; Nā Hale O Maui; Hawai'i Bicycling League; Pacific American Foundation; W.M. Keck Observatory; YMCA of Honolulu; Domestic Violence Action Center; Catholic Charities Hawai'i; When We Shine Foundation; Ku'ikahi Mediation Center; Hawai'i State Coalition Against Domestic Violence; Hawai'i Forest Industry Association; After-School All-Stars Hawaii; Hawaiian Humane Society; Big Brothers Big Sisters Hawaii; Hawaii Substance Abuse Coalition; The Success Factory; Zonta Club of Hilo Foundation; Hale Kipa, Inc.; Ma'i Movement

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Hawai'i; Grow Some Good; Lanakila Pacific; Hawai'i Health & Harm Reduction Center; Hawaii Fetal Alcohol Spectrum Disorders Action Group; Epilepsy Foundation of Hawaii; Coalition for a Drug-Free Hawaii; Samaritan Counseling Center Hawaii; The Mediation Center of the Pacific, Inc.; Goodwill Hawaii; The Nature Conservancy; Aloha United Way; Child & Family Service; Association of Fundraising Professionals Aloha Chapter; Hawai'i Foodbank; Hawai'i Youth Services Network; Windward Choral Society; Hawai'i Alliance of Nonprofit Organizations; Residential Youth Services & Empowerment; and eight individuals. Your Committee received testimony in opposition to this measure from the Volcano Art Center. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that this measure will align the state general excise tax law with the federal income tax code by exempting from the State's general excise tax the income generated by a nonprofit organization for any activity considered an "unrelated trade or business", as defined by the federal Internal Revenue Code. Your Committee further finds that clarifying the state general excise tax law in this manner will relieve the additional burden on nonprofit organizations having to account for income in disparate ways.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 667, S.D. 2, H.D. 1, and recommends that it be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



MARK M. NAKASHIMA, Chair



State of Hawaii
House of Representatives
The Thirty-second Legislature

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Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: SB 667 SD2 HD1	Committee Referral: ECD, CPC, FIN	Date: 03-23-23		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)	/			
2. SAYAMA, Jackson D. (VC)	/			
3. AMATO, Terez	/			
4. BELATTI, Della Au	/			
5. HASHEM, Mark J.				/
6. HUSSEY-BURDICK, Natalia	/			
7. GATES, Cedric Asuega	/			
8. LOWEN, Nicole E.				/
9. ONISHI, Richard H.K.	/			
10. TAM, Adrian K.	/			
11. PIERICK, Elijah	/			
TOTAL (11)	9			2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				