
HOUSE CONCURRENT RESOLUTION

REQUESTING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND
TOURISM TO CONDUCT A STUDY ANALYZING THE IMPACTS OF RETAIL
ON HAWAII'S ECONOMY, WITH A FOCUS ON THE PURCHASE OF GOODS
THROUGH THE INTERNET.

1 WHEREAS, small businesses in Hawaii make up eighty percent
2 of Hawaii's economic landscape and many of these businesses are
3 part of the Hawaii retail industry, therefore understanding and
4 analyzing the impacts of retail on Hawaii is critical to the
5 State's overall economy; and
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7 WHEREAS, as one of the top three industries in the State,
8 currently the largest generator of general excise tax, and an
9 industry contributing to one in four jobs, retail has proven to
10 be a huge part of Hawaii's economic engine; and
11

12 WHEREAS, Hawaii's retail sector is currently in the process
13 of revolutionary change in which new forms of retailing are
14 replacing old ones with the advance of the digital age and the
15 introduction of various platforms in which to purchase goods;
16 and
17

18 WHEREAS, in looking at Hawaii's two parallel retailing
19 revolutions, one in the local consumer market and the other in
20 the tourism sector, there is one common change that must be
21 reviewed, which is commerce brought forth by the online
22 marketplace; and
23

24 WHEREAS, the Internet now contributes billions of dollars
25 each year to the economy and many states have already
26 implemented e-fairness requirements, which allow states to tax
27 products sold and purchased online; and



1 WHEREAS, an analysis of the State's retail economy,
 2 including the impact of purchases of goods on the Internet and
 3 determination of the specific amount of taxes that are lost to
 4 large online retail entities such as Amazon will assist the
 5 State's policymakers in formulating prudent economic policies in
 6 regards to the State's retail sector; now, therefore,

7
 8 BE IT RESOLVED by the House of Representatives of the
 9 Twenty-eighth Legislature of the State of Hawaii, Regular
 10 Session of 2016, the Senate concurring, that the Department of
 11 Business, Economic Development and Tourism is requested to
 12 conduct a study reviewing developments in the retail sector that
 13 are projected for the next five to ten years and analyzing the
 14 economic impact of retail on the State's economy and workforce,
 15 including:

- 16
 17 (1) Current trends in tax policy related to retail sales,
 18 including the amount of tax revenue that the State
 19 loses annually to online retailers;
 20
 21 (2) The overall impact of gross domestic product on the
 22 State in relation to retail;
 23
 24 (3) An analysis of retail job activity in the State;
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 26 (4) The structure and organization of Hawaii retailing;
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 28 (5) Retail growth trends; and
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 30 (6) The Hawaii consumer profile; and
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32 BE IT FURTHER RESOLVED that certified copies of this
 33 Concurrent Resolution be transmitted to the Director of
 34 Business, Economic Development and Tourism and the Director of
 35 Taxation.

36
 37
 38
 OFFERED BY:

[Handwritten signatures and initials over the text "OFFERED BY:"]





DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
LUIS P. SALAVERIA
Director

Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

Thursday, March 17, 2016
10:00 A.M.
State Capitol, Room 312

in consideration of
HCR89/HR51
REQUESTING DBEDT TO ANALYZE THE IMPACTS OF RETAIL ON HAWAII'S
ECONOMY, WITH A FOCUS ON THE PURCHASE OF GOODS THROUGH THE
INTERNET.

Chair Kawakami, Vice Chair Kong, and Members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) appreciates the intent and offers comments on HCR89/HR51, which requests DBEDT to analyze the impacts of the retail industry on Hawaii's Economy, with a focus on the purchase of goods through the internet. DBEDT appreciates the intent of this bill, but would like to provide the following comments:

1. We would be happy to conduct a study on Hawaii's retail industry based on the U.S. Census Bureau's economic census data. The latest census data available is for 2012.
2. Data on internet sales, especially by detailed merchandise are not available. Data can be collected by conducting surveys of Hawaii's businesses and residents. DBEDT does not have the adequate resources to conduct such a survey.
3. We estimate that the survey would cost \$200,000.

Thank you for the opportunity to provide the above comments.



RETAIL MERCHANTS OF HAWAII
P. O. Box 1956
Honolulu, Hawaii 96805
admin@rmhawaii.org
Website www.RMHawaii.org

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Representative Derek Kawakami, Chair
Representative Sam Kong, Vice Chair
House Committee on Economic Development & Business

Thursday, March 17, 2016
Conference room 312; 10:00 AM

RE: HCR 89/HR 51 – REQUESTING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM TO CONDUCT A STUDY ANALYZING THE IMPACTS OF RETAIL ON HAWAII'S ECONOMY, WITH A FOCUS ON THE PURCHASE OF GOODS THROUGH THE INTERNET – IN SUPPORT

Aloha Chair Kawakami, Vice Chair Kong and Members of the Committee:

Retail Merchants of Hawaii (RMH) is a not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

RMH strongly supports HCR 89/HR 51, which requests the Department of Business, Economic Development & Tourism to conduct a study analyzing the impacts of retail on Hawaii's economy, with a focus on the purchase of goods through the Internet.

The impact of retail on Hawaii's economy cannot be overstated. Consumerism is two-thirds of the gross state product: retail sales in FY2015 were \$30 billion. And retail, as the largest single contributor to the general excise tax base, accounted for \$1.2 billion in GET.

As electronic commerce continues its dramatic increase, traditional brick and mortar retailers, which are required by law to collect taxes for government, are experiencing continued erosion of their sales base to remote sellers, which, under most circumstances, are not subject to tax mandates. The unfair disadvantage our local small businesses are experiencing leads to less commerce at brick-and-mortar establishments that most certainly negatively affects employment.

Over the past fifteen or so years, through our affiliation with the National Retail Federation, the world's largest retail trade association, and a major participant in the Streamlined Sales Tax Project and Main Street Fairness Act, Marketplace Fairness Act and Marketplace Equity Act, RMH has watched the development of this national initiative and has supported Hawaii's initiatives to participate in the multi-state discussions.

We are in an era of omnichannel retailing, with brick and mortar retailers leveraging innovative digital technologies to improve the consumer experience. But unlike our omnichannel counterparts, brick and mortar retailers must comply with 7,600 different state and local sales tax systems.

The members of RMH and Hawaii's retail industry welcome this opportunity to further define and quantify retail's contribution to and impact on Hawaii's economy. We respectfully request that you **pass HCR 89/HR 51**.

Thank you for your consideration and for the opportunity to comment on this measure.

Carol Pregill
President