

**Before the Committee on Ways and Means**

Tuesday, February 6, 2018; 10:00 a.m.

Conference Room 211, State Capitol

**Re: Support for SB2968 with Amendment**

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

I am a Certified Public Accountant (CPA) and Attorney, who has practiced public accounting for over 39 years in Hawaii. I am testifying on behalf of my CPA firm on Maui, Niwao & Roberts, CPAs, a Professional Corporation.

My firm supports SB2968, with amendment, which is to assist in the collection of Hawaii taxes from nonresidents who own and rent property in Hawaii. Over the years, my firm has frequently become aware of nonresident owners of Hawaii rental property who did not file and pay Hawaii General Excise taxes and Transient Accommodation taxes. Many of these nonresident owners advised us that they had not been informed by their mainland tax preparers of their obligations to file and pay for Hawaii General Excise taxes, Transient Accommodation taxes on Hawaii rental income, nor were they advised to file nonresident Hawaii income tax returns to report their Hawaii rental and Hawaii business income.

Although noncompliance in paying Hawaii taxes by nonresident owners of Hawaii rental property is a problem, there are some nonresident owners who collect rent for their Hawaii properties without a third party agreement, and who already are complying with Hawaii tax laws. As such, we suggest the following amendment be considered for section 237-30.5 (e):

The proposed amendment to HRS Section 237-30.5(e) should be amended to read as follows:

(e) Every nonresident owner of real property located within the State who receives rental income attributable to that property shall enter into a rental collection agreement under this section, unless the nonresident owner has a current Hawaii General Excise tax number and has filed returns reporting the rental income and paid the required Hawaii General Excise taxes, Hawaii Transient Accommodation taxes, and Hawaii income taxes on the rental income.

Thank you for this opportunity to testify. Please do not hesitate to contact me if you have any questions concerning the above matter.

Very truly yours,

A handwritten signature in black ink, reading "Marilyn M. Niwao". The signature is written in a cursive style with a horizontal line underneath the name.

Marilyn M. Niwao, M.S.P.H., J.D., CPA, CGMA, ATA  
President