

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

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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:

H.B. No. 798, Relating to Nonprofit Organizations

BEFORE THE:

House Committee on Economic Development

DATE: Wednesday, February 8, 2023

TIME: 10:15 a.m.

LOCATION: State Capitol, Room 423

Chair Holt, Vice-Chair Lamosao, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding H.B. 798 for your consideration.

H.B. 798 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 laws 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 upon approval.

This bill is similar to SB 3291, 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 is able to administer this measure with the current effective date.

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

HB-798

Submitted on: 2/6/2023 1:36:19 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Alan Urasaki	Shinshu Kyokai Buddhist Temple	Support	Written Testimony Only

Comments:

I stand in support of this measure and urge the committee to pass this bill. Church fundraisers are important to provide funding in the annual budget. Fundraisers such as BBQ chicken sales, rummage sales, food sales, etc. should be exempt from state GE tax. This will save churches time and money. Thank you.

HB-798

Submitted on: 2/6/2023 2:19:34 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
"Phil" Augustus Acosta	Aloha Harvest	Support	Written Testimony Only

Comments:

We are in strong support 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.



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Testimony to the House Committee on Economic Development
Wednesday, February 8, 2023, 10:15 a.m.
Conference Room 423 & Videoconference

HB 798, Relating to Nonprofit Organizations

Dear Chair Holt, Vice Chair Lamosao, and members of the Committee on Economic Development,

We are in **strong support** of HB 798, 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



CATHOLIC CHARITIES HAWAII

**TESTIMONY IN SUPPORT OF HB 798:
RELATING TO NON-PROFIT ORGANIZATIONS**

TO: House Committee on Economic Development

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

**Hearing: Thursday, 2/08/2023; 10:15 AM;
Conference Rm 423 & via videoconference**

Chair Holt, Vice Chair Lamosao and members of the Committee on Economic Development

Thank you for the opportunity to provide testimony **in Strong Support of HB 798**, 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. 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.

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 non-profit organizations from having to pay GET on our fundraising income, which is vital to funding charitable operations. This bill would also simplify our accounting of income since the IRS tax code is clear and well-established. The bill will help to maintain a strong nonprofit sector, dedicated to serving the many diverse needs of the people of Hawaii.

We 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.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eaumoku Street, Honolulu, HI 96822
Phone (808) 527-4813 or shellie.niles@catholiccharitieshawaii.org





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

February 6, 2023

Testimony to the House Committee on Economic Development
Wednesday, February 8, 2023, 10:15 a.m.
Conference Room 423 & Videoconference

RE: Support of HB 798, Relating to Nonprofit Organizations

Dear Chair Holt, Vice Chair Lamosao, and members of the Committee on Economic Development:

As a local non-profit serving our Hawai'i communities, we **strongly encourage you to support HB 798**, 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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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!

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: HB 798, SB 950

INTRODUCED BY: HB by SAIKI; SB by KEOHOKALOLE

EXECUTIVE SUMMARY: Clarifies the GET exemption for unrelated trade or business activities of nonprofit organizations.

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

EFFECTIVE DATE: Upon Approval.

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 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.

Re: HB 798
Page 2

Digested: 2/6/2023



HALE KIPA

TESTIMONY IN SUPPORT OF HB 798: RELATING TO NON-PROFIT ORGANIZATIONS

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Aloha United Way
Kaua'i United Way
Hawai'i Island United Way



TO: House Committee on Economic Development

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

HEARING: Wednesday, 02/08/2023; 10:15 AM; Conference Rm 423 & via videoconference

Aloha Chair Holt, Vice Chair Lamosao, and Members of the Committee on Economic Development

Thank you for the opportunity to provide testimony in Strong Support of HB 798, 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 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.



TOGETHER, WE ARE DEFENDERS OF POTENTIAL

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

**Testimony to the House Committee on Economic Development
Wednesday, February 10, 2023, 10:15 a.m.
Conference Room 423 & Videoconference
HB 798, Relating to Nonprofit Organizations**

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Dennis Brown
President/CEO

Dear Chair Holt, Vice Chair Lamosao and members of the Committee on Economic Development,

We **strongly support** HB 798, which would align the State General Excise Tax (GET) law with the federal IRS income tax code. The result would exempt 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 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.

We support passage of this bill because it 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 of income since the IRS tax code is clear and well-established.

If this bill is passed, the GET savings would increase our capacity to serve more children, youth, and families. The savings can fund expenses that restricted government and other grants do not cover such as rental of space for programs and staff, and employee compensation.

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

We respectfully and strongly 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



**Testimony to the House Committee on Economic Development
Wednesday, February 8, 2023, 10:15 a.m.
Conference Room 423 & Videoconference
HB 798, Relating to Nonprofit Organizations**

Dear Chair Holt, Vice Chair Lamosao and members of the Committee on Economic Development,

We are in **strong support** of HB 798 which would align the State General Excise Tax (GET) law with the federal IRS income tax code by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS, and, as a result, exempt nonprofit organizations from paying GET on fundraising income.

Nā Hale O Maui, a Community Land Trust (CLT), is a grass-roots, membership based 501(C)3 with **a mission to secure and preserve a permanent supply of affordable housing alternatives for low- and moderate-income households in Maui County**. Forty-seven workforce households currently live in the single family CLT homes. We partner with our community, including but not limited to County of Maui Affordable Housing Funds, Federal Neighborhood Stabilization Project funds, philanthropic organizations, private businesses and individuals to address the critical housing shortage in Maui County. The homes are provided at below market prices. Nā Hale O Maui has had seven resales, validating the CLT model's ability for its homes to remain affordable in perpetuity, family after family, generation after generation.

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

Nā Hale O Maui has successfully applied for capital improvement funds for the acquisition, rehabilitation and construction of single-family homes. Sources of operational funds include fundraising and ground lease rent (beginning at \$45/month) that are subject to GET. If this bill is passed, the GET savings on fundraising income will allow us to continue to provide truly affordable housing and help move Nā Hale O Maui toward operational sustainability.

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 for your support of nonprofit organizations,

Cassandra Abdul, Executive Director



Samaritan Counseling Center Hawaii

**Testimony to the House Committee on Economic Development
Wednesday, February 8, 2023, 10:15 a.m.
Conference Room 423 & Videoconference**

HB 798, Relating to Nonprofit Organizations

Dear Chair Holt, Vice Chair Lamosao and members of the Committee on Economic Development,

We are in **strong support** of HB 798 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



Testimony to the House Committee on Economic Development
Representative Daniel Holt, Chair
Representative Rachele Lamosao, Vice Chair
Wednesday, February 8, 2023, 10:15 a.m.
Conference Room 423 & Videoconference

HB 798, Relating to Nonprofit Organizations

Dear Chair Holt, Vice Chair Lamosao, and members of the Committee on Economic Development:

On behalf of the Hawai'i Alliance of Nonprofit Organizations (HANO), I would like to thank you for hearing **HB 798**. We testify in **strong support** of this bill.

A nearly identical bill to HB 798 (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, an amendment was made in this bill to eliminate 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



Testimony to the House Committee on Economic Development
February 08, 2022, 10:15 a.m.
Via videoconference or Conf. Room 423

HB798 2023 - Relating to Non-profit Organizations

Dear Chair Holt, Vice Chair Lamosao, and the members of the Committee on Economic Development:

We are in **strong support** of HB798.

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 non-profit for any "unrelated trade or business" as defined by the IRS, and, as a result, exempt non-profit organizations from paying GET on fundraising income.

Bikeshare Hawaii – aka Biki – has provided over 400,000 persons with emission free transport for almost 6 million rides to date between Iwilei, Downtown, Waikiki, Kakaako, Waikiki, Makiki to Diamond Head. This is an equivalent of almost 13 million miles – over half of which used to be car trips by members. These avoided car trips in town allow for more roadway lane and parking space here in ‘the city’ for those driving in from ‘the country’, often those who cannot bike or bus in but drive in to urban Honolulu for work, essential shopping, medical appointments etc. Biki as ‘bike transit’ is the state’s 2nd largest transit service.

We support the passage of this bill as it would relieve our local non-profit organization, and many others in Hawaii, from having to pay general excise tax on our fundraising income. This bill would also simplify our accounting of income.

Every \$ our organization must pay in general excise taxes is a \$ less that we can devote to our tax exempt, charitable mission and programs. So far to date we have been able to hold our Biki fares steady since 2017 for kama’aina members to the same \$15 per month for unlimited 30-minute rides...that is like 5 Biki passes for the price of 1 adult bus pass!!!

We strongly urge you to pass this legislation. Thank you for the opportunity to submit this written testimony and your kokua in the past for starting Biki.

Mahalo nui loa,

Todd Boulanger
Executive Director

A handwritten signature in black ink that reads "Boulanger".

PS. For more info on Biki, Honolulu’s bikeshare transit service, go to: www.gobiki.org

Todd Boulanger,
Executive Director

Ranked
as a Top US
Bikeshare Service
by NACTO
since 2017

Mail:
PO Box 2362
Honolulu, HI 96804

888-340-2454

info@
bikesharehawaii.org

GoBiki.org

@GoBikiHI



Hawaiian Humane Society

People for animals. Animals for people.

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

Date: Feb. 6, 2023

To: Chair Rep. Daniel Holt
Vice Chair Rep. Rachele F. Lamosao
and Members of the Committee on Economic Development

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

RE: Testimony in support of HB 798, Relating to Nonprofit Organizations
Wednesday, Feb. 8, 2023, 10:15 a.m., Room 423 & Videoconference

On behalf of the Hawaiian Humane Society, thank you for considering our support for House Bill 798, 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 and it is all spent right here in Hawai'i.

The tax relief represented by HB 798 would be of enormous help as we open our second campus and bring much-needed jobs to Central and West O'ahu. This bill would also simplify our accounting of income since the IRS tax code is clear and well-established.

We urge you to pass HB 798. Thank you for the opportunity to submit this written testimony.



**Testimony to the House Committee on Economic Development
Wednesday, February 8, 2023, 10:15 a.m.
Conference Room 423 & Videoconference**

HB 798, Relating to Nonprofit Organizations

Dear Chair Holt, Vice Chair Lamosao and members of the Committee on Economic Development,

On behalf of Child & Family Service (CFS), we are in **strong support of HB 798** 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 Chief Advancement Officer for CFS, I have firsthand knowledge of the challenges facing Hawaii's nonprofit sector. Our nonprofit, which has been serving Hawaii's families since 1899, operates programs statewide focused on strengthening families, preventing child abuse and neglect, and helping to end the intergenerational cycle of poverty.

Over the past 10 fiscal years, CFS has paid \$250,000 out of valuable unrestricted donor giving to GET, rather than to the pressing community needs the organization addresses. For a human service organization that does more with less funding each year, the \$25,000 per year paid as GET could have instead supported our mission of *strengthening families and fostering the healthy development of children*.

The following are true examples of how CFS could have deployed \$25,000 per year in unrestricted funds in one or more of the following ways each year:

1. Allowed us to secure a multi-year contract that required an annual revenue match of \$25k.
2. Provided 25 elementary through high school age students with tutoring and social emotional learning over the course of a year.
3. Funded a part-time parent educator to work with 10 families per year to heal from trauma, prevent child abuse and interrupt the cycle of intergenerational trauma.
4. Funded a part-time mother/child specialist to work with survivors of domestic violence to heal from trauma and strengthen the mother/child relationship.

When weighing the value of \$250,000 in tax revenue, versus the impact these dollars could have on Hawaii's most vulnerable families, we hope you would agree that thriving families are a worthwhile investment.

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

Respectfully,

A handwritten signature in blue ink that reads "Anne Marie Rizzo". The signature is fluid and cursive, with the first name "Anne" and last name "Rizzo" clearly legible.

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



FOR YOUTH DEVELOPMENT®
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY

February 6, 2023

TO: Representative Daniel Holt, Chair
Representative Rachele Lamosao, Vice Chair
Committee on Economic Development

FR: Greg Waibel
President and CEO
YMCA of Honolulu

RE: **TESTIMONY-HB798, RELATING TO NONPROFIT ORGANIZATIONS – SUPPORT**

We are in strong support of HB798 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.



**Parents And
Children Together**

BUILDING THE RELATIONSHIPS THAT MATTER MOST

TO: Chair Holt, Vice Chair Lamosao, and Members of the House Committee on Economic Development

FROM: Ryan Kusumoto, President & CEO of Parents And Children Together (PACT)

DATE/LOCATION: February 8, 2023; 10:15am, Conference Room 423

RE: TESTIMONY IN SUPPORT OF HB 798 – RELATING TO NONPROFIT ORGANIZATIONS

We ask you to support HB 798 which seeks to exempt General Excise Tax (GET) on nonprofit fundraising revenue. We are in **strong support** of HB 798 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.

This bill would align the State General Excise Tax (GET) law with the federal IRS income tax code by exempting 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.

This bill would relieve nonprofit organizations 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. This bill would also simplify our accounting of income since the IRS tax code is clear and well-established.

Founded in 1968, Parents And Children Together (PACT) is one of Hawaii's not-for-profit organizations providing a wide array of innovative and educational social services to families in need. Assisting more than 15,000 people across the state annually, PACT helps families identify, address and successfully resolve challenges through its 20 programs. Among its 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.

Thank you for the opportunity to testify in **support of HB 798**, please contact me at (808) 847-3285 or rkusumoto@pacthawaii.org if you have any questions.



**Testimony to the House Committee on Economic Development
Wednesday, February 8, 2023, 10:15 a.m.
Conference Room 423 & Videoconference**

HB 798, Relating to Nonprofit Organizations

Dear Chair Holt, Vice Chair Lamosao and members of the Committee on Economic Development,

My name is Jessica Histo, I am the founder and president of Hawai'i Diaper Bank and am writing in **strong support** of HB 798 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 Hawai'i Diaper Bank is Hawai'i's first diaper bank and the only organization of its kind serving Hawai'i Island. Our mission is to serve and support the keiki of Hawai'i by providing diapers, wipes, and other basic essentials to organizations that assist low-income families with young children. Since our founding in 2016 we have distributed over 1.6 million donations (over 500,000 of which were diapers) and are serving more than 550 keiki a month.

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 diapers at a discounted rate through wholesale pricing, pay for a larger office/storage space, and much needed salary for the hardworking individuals that have brought this organization to where it is now (up until recently it was mainly volunteer run). 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 so that we can continue to cover the keiki of Hawai'i. Thank you for the opportunity to submit this written testimony.

Mahalo-Nui Loa,

Jessica Histo

Founder and President



jessica@hawaiidiaperbank.org

65-1204 Lindsey Road Suite A Kamuela, HI 96743 | info@hawaiidiaperbank.org | hawaiidiaperbank.org



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

House Committee on Economic Development
Representative Daniel Holt, Chair
Representative Rachele Lamosao, Vice Chair

Hearing Date: Wednesday, February 8, 2023

ACS CAN SUPPORTS HB 667 – 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 **SUPPORT** of HB 798 – 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 Hawaiʻi, which provides free lodging for cancer patients and caregivers travelling to Oʻahu 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 **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.

HB-798

Submitted on: 2/7/2023 4:37:41 AM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Amanda Kirchgessner	Clients and Friends of Nonprofit GrowthGen	Support	Written Testimony Only

Comments:

Dear Chair Holt, Vice Chair Lamosao and members of the Committee on Economic Development,

We are in strong support of HB 798 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 someone who spent several years working to fundraise and build capacity for a Museum in Hawai'i, I know first hand just how much GET intereferes with being able to serve our mission. I am someone who strives to source things locally when there are local resources that can get the job done, however, many of the specialized resources required by Museums to function effectively are either only available outside of the state or are, locally, so cost-prohibitive and time-restrained that we cannot afford to pay the local vendors and service providers to fill that need. It's a balancing act, and nonprofit organizations should not be put in the position of having to forego new projects that serve our communities and missions because we cannot afford to complete the work with the added layer of GET. Specifically, in my case, it was nearly impossible to run a new grant, upon multiple occassions, without having to sacrifice local wages and local collaborator honoraria to the difference that GET incurs on projects.

Although my life has taken me to places outside of the state, I am still working to support nonprofits there. I continue to see this be a challenge and struggle for many organizations, large and small. I genuinely believe that if you were to exempt nonprofits from GET, that you would see the money return back into the Hawai'i economy because it would be directed to the people and businesses in the state.

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

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

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

Mahalo,

Mandy Kirchgessner

CoFounder of Nonprofit GrowthGen



Testimony to the House Committee on Economic Development

HB 798, Relating to Nonprofit Organizations

Wednesday, February 8, 2023 at 10:15 A.M.

Dear Chair Holt, Vice Chair Lamosao and members of the Committee on Economic Development,

We are in **strong support** of HB 798 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". The signature is fluid and cursive.

Molly Mamaril
Community Innovation Connector, Oahu Economic Development Board



To: Committee on Economic Development

Hearing Date/Time: Wednesday, February 8, 2023 10:15 am

Re: Testimony in Support of HB 798

From: Heather Lusk, Hawaii Health and Harm Reduction Center

Dear Chair Holt, Vice Chair Lamosao and Members of the Committee

The Hawaii Health & Harm Reduction Center (HHHRC) supports HB 798 which would clarify the exemption of General Excise Tax (GET) for unrelated trade or business activities of non-profit organizations. This bill would align Hawaii with the IRS code which indicates that fundraising for non-profits is “unrelated trade or business”

HHHRC’s mission is to *reduce harm, promote health, create wellness and fight stigma in Hawaii and the Pacific*. We focus our efforts on those disproportionately affected by social determinants of health, including but not limited to: people living with and/or affected by HIV, hepatitis, substance use, and the transgender, LGBTQ and the Native Hawaiian communities.

HHHRC supports HB 798 as it would stop the taxation of our fundraising income, which is essential for us and other non-profits as we continue to diversify our funding and not be solely reliant upon grants. The more GET we pay on our fundraising for our non-profits, the less resources can go to fulfilling our mission and supporting our communities. Thank you for supporting the non-profit sector, which is already struggling with workforce issues, rising costs with static contracts and increase need from those suffering in our community.

Thank you for the opportunity to testify.

Heather Lusk, Executive Director, Hawaii Health and Harm Reduction Center



February 7, 2023

House Representative Daniel Holt, Chair

House Representative, Rachele Lamosao, Vice Chair

Testimony to the House Committee on Economic Development

Wednesday, February 8, 2023; 10:15 am. State Capitol, Conf. Room 423 & via Videoconference

RE: House Bill 798 – RELATING TO NONPROFIT ORGANIZATIONS

Aloha Chair Holt and Vice Chair Lamosao:

On behalf of the Epilepsy Foundation of Hawaii (EFH), we urge your **SUPPORT** of House Bill 798, 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.

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.**

Helping Hawai'i Live Well

Testimony to the House Committee on Economic Development Wednesday, February 8, 2023, 10:15 a.m. Conference Room 423 & Videoconference

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HB 798, Relating to Nonprofit Organizations

Aloha Chair Holt, Vice Chair Lamosao, and members of the Committee on Economic Development!

We write in strong support of HB798 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.

Mental Health America of Hawai'i (MHAH), an affiliate of the renowned national organization, is a highly regarded 501(c)(3) non-profit organization serving the State of Hawai'i. For nearly 80 years, MHAH has been fulfilling its mission "to promote mental health & wellness through education, advocacy, service, and access to care" through its vision of 'mental wellness for all.' We endeavor to reduce the shame and stigma of mental illness and improve the overall care, treatment, and empowerment of those with or at risk for mental health challenges across all stages of life in Hawai'i.

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 realize would allow us to cover the registration costs of nearly 70 individuals to be trained in Mental Health First Aid.

Helping Hawai'i Live Well

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

We strongly urge you to pass this legislation, and we are grateful for the opportunity to submit written testimony.

Respectfully,



Bryan L. Talisayan
Executive Director

Bryan.Talisayan@mentalhealthhawaii.org



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: 02/06/2023

TO: Chair Holt, Vice Chair Lamosao and ECD committee members

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

SUBJECT: In Support of HB798 Relating to Nonprofit Organizations

Dear Chair Holt and Committee Members,

On behalf of the Directors of the Hawai'i Forest Industry Association, please support HB798. 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 HB798.

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 120 members including woodworkers, landowners, sawyers, foundations, foresters, growers, educators, environmentalists, architects, millers, ranchers, and others interested in HFIA's mission and goals.

HFIA Board of Directors

Officers: Acting President/Vice-President Guy Cellier, Secretary Peter D. Simmons, Treasurer Wade Lee
Directors: Thomas Calhoun, Jeremy Campbell, Aaron Hammer, Nickolas Koch, Tai Lake, Michael Sowards, Irene Sprecher, Michael Tam, Jorma Winkler, Ron Wolfe, Aileen Yeh



ADDRESS
3442 Waiālae Ave., Suite 1
Honolulu, HI 96816

PHONE
808-735-5756

EMAIL
bicycle@hbl.org

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
Wednesday, February 8, 2023 – 10:15am

Hawai'i Bicycling League Supports HB 798, Relating to Nonprofit Organizations

Aloha Chair Holt, Vice Chair Lamosao, and members of the Committee on Economic Development,

My name is Travis Counsell, and I am the Executive Director of the Hawai'i Bicycling League. We are a non-profit organization founded in 1975 with the mission of enabling more people to ride bicycles for health, recreation, and transportation. We oversee the BikeEd Hawaii program which teaches bike safety to over 8000 4th graders annually. We also host large events to promote cycling and awareness.

Hawai'i Bicycling League is in strong support of HB 798, which would align the State General Excise Tax (GET) law with the federal IRS income tax code by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS, and, as a result, exempt nonprofit organizations from paying GET on fundraising income.

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

If this bill is passed, the GET savings we would see would allow us to focus the funds raised on benefiting our mission. 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. Mahalo for the opportunity to submit this written testimony.

Ride Aloha,

Travis Counsell
Executive Director
Hawai'i Bicycling League



Testimony to the House Committee on Economic Development

HB 798, Relating to Nonprofit Organizations

7 February 2023
Kihei, Maui, Hawaii

Dear Chair Holt, Vice Chair Lamosao, and members of the Committee on Economic Development,

We are in **strong support** of HB 798 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 Maui Nui Marine Resource Council has worked to support the goals of healthy coral reefs, clean ocean water, and abundant native fish in Maui County for over 15 years. Since 2016, we have managed a community water quality monitoring program, the [Hui O Ka Wai Ola](#), that supports the Department of Health's ability to warn residents and visitors of potential health-threatening conditions along our beaches. We further work to restore watersheds and wetland function to protect the coral reef habitats that are critical to the country's food security and that draw tourists from around the world.

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 better serve our mission by improving job security for our employees, without whom we could not achieve our mission. Although we do well ensuring our staff salaries through grant awards, these awards are less certain than our donors' support. Being able to decouple employee costs from grant project goals will further make us more competitive in grant applications, as our program income becomes a local "match" to funders' dollars and allow us to bring in additional mission-related revenue to the state through grant projects.

Every dollar our organization must pay in general excise taxes is a dollar less that we can devote to our tax-exempt, charitable mission and programs. The ability to put every donated dollar to work, tax-free, generates hundreds of thousands of federal dollars to fund our projects on Maui and spreads out through the community in dollars to vendors and self-employed small businesses that in turn provide the state with GET tax revenue.

We strongly urge you to pass HB 798. Thank you for the opportunity to submit this written testimony.

Mahalo nui for allowing me to testify on this important matter.

A handwritten signature in blue ink, appearing to be the initials 'J.S.' with a stylized flourish.

Chief Scientist and Communications and Development Coordinator,
Maui Nui Marine Resource Council



in your neighborhood

PO Box 1902, Wailuku, HI 96793

(808)215-9228

www.GrowSomeGood.org

Testimony to the House Committee on Economic Development

Wednesday, February 8, 2023, 10:15 a.m.

Conference Room 423 & Videoconference

HB 798, Relating to Nonprofit Organizations

Dear Chair Holt, Vice Chair Lamosao, and members of the Committee on Economic Development,

We are in **strong support** of HB 798, which would align the State General Excise Tax (GET) law with the federal IRS income tax code by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS, and, as a result, exempt nonprofit organizations from paying GET on fundraising income.

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

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

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

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

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

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



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

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Lacasse". The signature is fluid and cursive, with a large initial "S" and "L".

Scott Lacasse
Executive Director



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

Vonnell Ramos, President
Cyd Hoffeld, Vice President
Sione Ford Naeata, Treasurer
Jefferson Gourley, Secretary

Judith F. Clark, Executive
Director

Network Membership

Bay Clinic

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

Hawaiian Health Care

Systems

P.A.R.E.N.T.S., Inc.

Parents and Children Together

PHOCUSED

PFLAG – Kona, Big Island

Planned Parenthood of the

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 7, 2023

To: Representative Daniel Holt, Chair
And members of the Committee on Economic Development

TESTIMONY IN SUPPORT OF HB 798 RELATING TO NONPROFIT ORGANIZATIONS

Hawaii Youth Services Network, a statewide coalition of youth-serving organizations, strongly supports HB 798 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.

HYSN prefers the language in SB 950 and respectfully recommends replacing the language in this bill with the contents of SB 950.

Thank you for this opportunity to testify.

Sincerely,

A handwritten signature in black ink that reads "Judith F. Clark".

Judith F. Clark, MPH
Executive Director



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 6, 2023

Dear Rep. Daniel Holt, Chair; Rep. Rachele F. Lamosao, Vice Chair;
and members of the Committee on Economic Development:

I support HB798 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 HB798 be used to address a perceived technicality raised by the former Ige Administration.

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

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

Mahalo for your consideration!



Ryan Kawaiiani Ozawa
Founder & Board President



**Testimony to the House Committee on Economic Development
Wednesday, February 8, 2023, 10:15 a.m.
Conference Room 423 & Videoconference**

HB 798, Relating to Nonprofit Organizations

Dear Chair Holt, Vice Chair Lamosao and members of the Committee on Economic Development,

We are in **strong support** of HB 798 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.

Founded in 2005, the mission of Māla'ai is to cultivate connections between people, land, culture, and food in school gardens. We operate the one-acre Culinary Garden of Waimea Middle School and lead the Hawai'i Island School Garden Network (HISGN), which provides professional development, advocacy, mentorship, and technical assistance to school garden teachers throughout Hawai'i County.

We rely on community support and small fundraisers to keep our operations sustainable. 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 funding for school gardens and educational programs for our constituents.

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 nui loa,

Zoe Kosmas
Executive Director



The Nature Conservancy, Hawai'i and Palmyra
923 Nu'uuanu Avenue
Honolulu, HI 96817

Tel (808) 537-4508
Fax (808) 545-2019
nature.org/HawaiiPalmyra

LATE

**Testimony of The Nature Conservancy
Supporting HB 798, Relating to Nonprofit Organizations.**

**Committee on Economic Development
Wednesday, February 8, 2023, 10:15 a.m.
Conference Room 423 & Videoconference**

Dear Chair Holt, Vice Chair Lamosao, and Members of the Committee:

The Nature Conservancy (TNC) supports HB 798, 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.

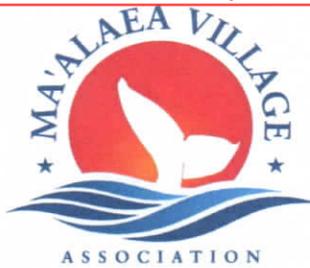
The Nature Conservancy of Hawai'i and Palmyra is a non-profit organization dedicated to the preservation of the lands and waters upon which all life depends. The Conservancy has helped protect more than 200,000 acres of natural lands in Hawai'i and Palmyra Atoll. We manage 40,000 acres in 13 nature preserves 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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LATE

LATE

**Testimony to the House Committee on Economic Development
Wednesday, February 8, 2023, 10:15 a.m.
Conference Room 423 & Videoconference**

HB 798, Relating to Nonprofit Organizations

Dear Chair Holt, Vice Chair Lamosao and members of the Committee on Economic Development,

MVA supports HB 798 which would align the State General Excise Tax (GET) law with the federal IRS income tax code by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS, and, as a result, exempt nonprofit organizations from paying GET on fundraising income.

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

Every dollar MVA 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,

Lyndon Ibele
President, Maalaea Village Association
February 8, 2023

335 MERCHANT STREET No.2537
HONOLULU, HI 96804
PH: 808-271-9296 **EMAIL - INFO@501C3PARTNERS.ORG**



February 7, 2023

Re: HB-798

Date: Feb. 8, 2023

Time: 10:15 A.M.

Rm: 423

TESTIMONY IN STRONG SUPPORT

Chair Holt, Vice Chair Lamosao and members to the Committee of Economic Development. 501c3 Partners is a boutique consulting organization that specializes in supporting nonprofit organizations with their mission, whether it's developing grant proposals, creating an outreach initiative, or recommendation changes to their mission structure in order to be more effective.

We are in full agreement and support the testimony provided by HANO, that the general excise tax need to be aligned with the federal income tax code pertaining to "unrelated trade or business".

I would like to remind the committee that it was the "nonprofit sector" that stepped up to plate and continued to provide critical services during the COVID crisis. Passing HB-798 will enable nonprofit organizations better serve their respective constituencies.

Yours,

A handwritten signature in black ink, appearing to read "G. Massengale".

George S. Massengale
Managing Partner

HB-798

Submitted on: 2/6/2023 3:12:35 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Franz Weber	Individual	Support	Written Testimony Only

Comments:

Dear Chair Holt, Vice Chair Lamosao and members of the Committee on Economic Development,

We are in strong support of HB 798 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.

(Insert background information on your organization – its mission, services, impacts, etc.)

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 (describe additional services, personnel, etc.)

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,

Franz Weber

President

Hawaii Cycling Club

President

Kids Matter - Children's Justice Center of West Hawaii

President

Full Life

Board Member

Kona Coffee Farmers Association

Board member

Kiwanis Club of Kailua Kona

President

Visitors' Aloha Society of Hawaii - Hawaii Island

HB-798

Submitted on: 2/6/2023 6:14:25 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

I support HB798.