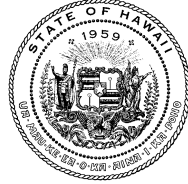


**JOSH GREEN, M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

*Ka 'Oihana 'Auhau*

P.O. BOX 259  
HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1530  
FAX NO: (808) 587-1584

**GARY S. SUGANUMA**  
DIRECTOR

**KRISTEN M.R. SAKAMOTO**  
DEPUTY DIRECTOR

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

**TESTIMONY ON THE FOLLOWING MEASURE:**

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

**BEFORE THE:**

Senate Committee on Commerce and Consumer Protection

**DATE:** Friday, February 3, 2023

**TIME:** 9:30 a.m.

**LOCATION:** State Capitol, Room 229

Chair Keohokalole, Vice-Chair Fukunaga, and Members of the Committee:

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

S.B. 667 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 the Internal Revenue Code (IRC). The bill is effective on January 1, 2024, and repealed on December 31, 2028.

This bill is similar to SB3201, 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 effective date of January 1, 2024.

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

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Conform Fundraising Income to Federal UBIT Definition

BILL NUMBER: SB 667

INTRODUCED BY: SAN BUENAVENTURA, DECOITE, MCKELVEY

EXECUTIVE SUMMARY: Clarifies the application of the general excise tax law with regard to gross income derived from unrelated trade or business activities of nonprofit organizations.

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

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

EFFECTIVE DATE: January 1, 2024; Repeals December 31, 2028.

STAFF COMMENTS: One of the points of frustration that tax practitioners have when working with nonprofit tax-exempt organizations is the different way that federal and state law define income that is subject to tax even for a nonprofit. The federal code uses the concept of “unrelated business taxable income.” State income tax law conforms to that concept. State GET law uses another concept, however, taxing “any activity the primary purpose of which is to produce income even though the income is to be used for or in furtherance of the exempt activities.” Thus, the GET taxes such items as:

- Fundraising dinners
- Golf tournaments
- Sales of fundraising items whether or not donated to the organization
- Benefit concerts or carnivals
- Parking fees at hospitals and medical clinics

Perhaps it’s now a good time to discuss the relative benefits and detriments of both rules.

Digested: 2/1/2023



**Testimony to the Senate Committee on Commerce and Consumer Protection**

**Senator Jarrett Keohokalole, Chair**

**Senator Carol Fukunaga, Vice Chair**

**Friday, February 3, 2023, 9:30 a.m.**

**Conference Room 229 & Videoconference**

**SB 667, Relating to Nonprofit Organizations**

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Dear Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection:

On behalf of the Hawai'i Alliance of Nonprofit Organizations (HANO), I would like to thank you for hearing **SB 667**. We testify in **strong support** of this bill.

An identical bill to SB 667 (SB 3201, SD1, HD1, CD1) was passed by the Legislature last session and vetoed by Governor Ige. HANO notes that the former Department of Tax Director raised a last minute concern during conference negotiations and, although there is a difference of interpretation on this technicality, an amendment was made in SB 950, Relating to Nonprofit Organizations. **As such, HANO recommends using the language of SB 950.**

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 meets 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





## 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](mailto:info@hysn.org)

Vonnell Ramos, President  
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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*

January 31, 2023

To: Senator Jared Keohokalole, Chair,  
And members of the Committee on Commerce and Consumer  
Protection

### **TESTIMONY IN SUPPORT OF SB 667 RELATING TO NONPROFIT ORGANIZATIONS**

Hawaii Youth Services Network strongly supports SB 667 Relating to  
Nonprofit Organizations

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

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

Thank you for this opportunity to testify.

Sincerely,

Judith F. Clark, MPH

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

**Committee on Commerce and Consumer Protection  
Friday, February 3, 2023, 9:30 a.m.  
Conference Room 229 & Videoconference**

Dear Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee:

The Nature Conservancy (TNC) supports SB 667, as well as SB 950, both of 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 recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.

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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## Hawaiian Humane Society

People for animals. Animals for people.

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

Date: January 31, 2023

To: Chair Sen. Jarrett Keohokalole  
Vice Chair Sen. Carol Fukunaga  
and Members of the Committee on  
Commerce & Consumer Protection

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

RE: Testimony in support of SB 667, Relating to Nonprofit Organizations  
Friday, Feb. 3, 2023, 9 a.m., Room 229 & Videoconference

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Aloha Chair Keohokalole, Vice Chair Fukunaga and Committee Members,

On behalf of the Hawaiian Humane Society, thank you for considering our support for Senate Bill 677, which clarifies the application of the general excise tax law with regard to gross income derived from unrelated trade or business activities of nonprofit organizations.

This bill would align the state general excise tax law with the federal income tax law, which does not consider fundraising income as unrelated business income and, therefore, fundraising income is not subject to federal income tax. State law has been interpreted to regard fundraising income as subject to the general excise tax, placing an undue burden on nonprofits that must raise the funds needed for the delivery of programs and services.

For nearly 140 years, the Hawaiian Humane Society has been a leader in animal welfare statewide. We provide a safe haven for thousands of pet animals each year, as well as creating new families through adoption and assisting pet owners in need. Most of our revenue comes from private donations and fundraising events.

We support the passage of this bill as it would relieve our organization from having to pay general excise tax on our fundraising income, which is of vital importance to funding our charitable operations. We urge you to pass SB 667. Thank you for the opportunity to submit this written testimony.



**OUTRIGGER  
DUKE KAHANAMOKU  
FOUNDATION**

P. O. BOX 160924  
HONOLULU, HI 96816

[DUKEFOUNDATION.ORG](http://DUKEFOUNDATION.ORG)

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**Testimony to the Senate Committee on Commerce and Consumer Protection**

Friday, February 3, 2023, 9:30 a.m.

Conference Room 229 & Videoconference

SB 667, Relating to Nonprofit Organizations

Dear Chair Keohokalole, Vice Chair Fukunaga and members of the Committee on Commerce and Consumer Protection,

We are in strong support of SB 667, as well as SB 950, both of 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 recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.

The Outrigger Duke Kahanamoku Foundation provides scholarships and grants to local Hawaii college students, teams, and community events involved in ocean sports, volleyball, and aquatic safety.

We support the passage of this bill as it would relieve our organization from having to pay general excise tax on our fundraising income, which is of vital importance to funding our operations. This bill would also simplify our accounting of income and save staffing resources from the onerous bookkeeping associated with GET.

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

We strongly urge you to pass this legislation.

Thank you,

Sarah Fairchild

Executive Director

**DUKE'S CREED:**

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

DUKE PAOA KAHANAMOKU





Testimony to the Senate Committee on Commerce and Consumer Protection  
Friday, February 3, 2023, 9:30 a.m.  
Conference Room 229 & Videoconference  
SB 667, Relating to Nonprofit Organizations

---

Dear Chair Keohokalole, Vice Chair Fukunaga and members of the Committee on Commerce and Consumer Protection,

We are in **strong support** of SB 667, as well as SB 950, both of 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 recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.**

Nā Hale O Maui, a Community Land Trust, is a grassroots, membership based 503(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 these single family CLT homes. Nā Hale O Maui partners 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, and remain affordable in perpetuity, family after family, generation after generation.

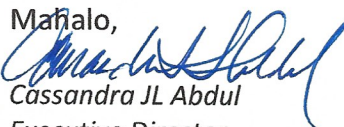
We support the passage of this bill as it would relieve our organization from having to pay general excise tax on our fundraising income, which is of vital importance to funding our charitable operations. This bill would also simplify our accounting of income since the IRS tax code is clear and well-established.

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 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.

Mañalo,

  
Cassandra JL Abdul  
Executive Director



# TOGETHER, WE ARE DEFENDERS OF POTENTIAL

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

## Testimony to the Senate Committee on Commerce and Consumer Protection

Friday, February 3, 2023, 9:30 a.m.

Conference Room 229 & Videoconference  
SB 667, Relating to Nonprofit Organizations

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*President/CEO*

Dear Chair Keohokalole, Vice Chair Fukunaga and members of the Committee on Commerce and Consumer Protection,

We **strongly support** SB 667, as well as SB 950, to align the State General Excise Tax (GET) law with the federal IRS income tax code. The result would exempt any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS, from the GET. In turn, registered nonprofit organizations would not have to pay GET on fundraising income. **We recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.**

For 60 years, Big Brothers Big Sisters Hawaii has provided and supported one-to-one mentoring services for youth who have experienced serious trauma in their lives. An overwhelming percentage of these youth have graduated high school and gone on to become responsible citizens.

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

The GET savings would increase our capacity to serve more families. The savings can fund expenses that restricted government and other grants do not allow such as rental of space and employee compensation.

Every dolla **President/CEO** ET is a dollar less that we can devote to our tax exempt, charitable mission and programs.

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

Mahalo,

Dennis Brown, President/CEO



Big Brothers Big Sisters  
of Honolulu

Big Brothers Big Sisters  
of Kaua'i

Big Brothers Big Sisters  
of Maui



**BOYS & GIRLS CLUB**  
OF HAWAII

Administrative Office  
1000 Bishop Street  
Suite 505  
Honolulu HI 96813-4205  
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Fax 808-955-4496  
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Paddy Kauhane



**Testimony to the Senate Committee on Commerce and Consumer Protection**  
**Friday, February 3, 2023, 9:30 a.m.**  
**Conference Room 229 & Videoconference**

**SB 667, Relating to Nonprofit Organizations**

Dear Chair Keohokalole, Vice Chair Fukunaga and members of the Committee on Commerce and Consumer Protection,

We are in **strong support** of SB 667, as well as SB 950, both of 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 recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.**

Boys & Girls Club of Hawaii has been keeping youth safe when they are not in school, helping them to attain on time grade progression and Great Futures for over 60 years. Serving at promise keiki and teens on O'ahu and Kaua'i, we charge only \$25 per year membership fees to ensure a family's ability to pay will never be an obstacle to their children accessing our programs.

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 keep our clubhouse doors open, build capacity so that we may serve more youth, and free up funds so that we can continue to increase employee wages and benefits.

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,

Paddy Kauhane  
President & CEO



CATHOLIC CHARITIES HAWAII

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

**TO:** Senate Committee on Commerce and Consumer Protection  
**FROM:** Rob Van Tassell, President and CEO, Catholic Charities Hawaii  
**Hearing:** **Thursday, 2/03/2023; 9:30 AM;**  
**Conference Rm 229 & via videoconference**

Chair Keohokalole, Vice Chair Fukunaga and members of the Committee on Commerce and Consumer Protection,

Thank you for the opportunity to provide testimony **in Strong Support of SB 667**, 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 our organization from having to pay GET on our fundraising income, which is a 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 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](mailto: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](mailto:shellie.niles@catholiccharitieshawaii.org)







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

### **Chairman of the Board**

Jason Fujita

### **President**

Zia Khan, MD

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Andrew S. Rosen

Ben Salazar

David Underriner

Jennifer Walker

*Serving Hawaii since 1948*

### **Our Mission:**

“To be a relentless force for a world of longer, healthier lives.”

For more information on the AHA’s educational or research programs, visit [www.heart.org](http://www.heart.org) or contact your nearest AHA office.

The American Heart Association strongly supports SB 667.

Since 1948, the American Heart Association has provided vital services in Hawai‘i to reduce cardiovascular diseases (the state’s leading causes of death and major disabilities) and improve health and quality of life. Since 1950 through the beginning of the pandemic in 2020, age-adjusted death rates from cardiovascular disease (CVD) declined 60%, representing one of the most important public health achievements of the 20th century.

However, the COVID-19 pandemic reversed that positive trend. More people died from cardiovascular-related causes in 2020, the first year of the COVID-19 pandemic, than in any year since 2003. The number of people dying from cardiovascular disease (CVD) in the U.S.

escalated during the first year of the COVID-19 pandemic, from 874,613 CVD-related deaths recorded in 2019 to 928,741 in 2020. A tsunami of chronic health conditions resulting from the SARS-CoV-2 pandemic, especially cardiometabolic disease, has produced an enormous wave of death and disability that demands immediate, comprehensive strategies. It’s societal and economic impact will be present for generations. COVID has also unmasked striking disparities and opportunities for transformation. But, while the pandemic’s effects on death rates may be noticed for several years, lessons learned offer major opportunities to address structural and societal issues that drive health disparities.

The Association is dedicated to ensuring equitable health in all communities.

Through collaboration with numerous organizations, and powered by millions of volunteers, we fund innovative research, advocate for the public’s health, and share lifesaving resources.

Some of our recent successes include adopting Hawai‘i’s Federally Qualified Health Centers (FQHCs) to support their efforts to better control hypertension, in their patients. Hypertension continues to be a serious concern and is one of the Association’s priority issues in driving equitable health impact in the community. Over 100 million Americans – nearly half of all adults – are living with high blood pressure. Left undetected or uncontrolled, high blood pressure can lead to heart attacks, strokes, heart failure, and other health threats. In 2019, 29.09% of patients who utilize FQHCs have diagnosed hypertension. The numbers are even worse in some areas of Hawai‘i. For instance, on Kauai, 77% of residents have been on high blood pressure medications [Behavioral Risk Factor Surveillance System, 2017]. This puts those patients at high risk for heart attack and stroke in usual circumstances, but it may put them at even greater risk from complications from COVID-19 if they were to be infected. Through its Adopt-A-Clinic program, the Association is providing equipment, education, training, and improved hypertension management

in the communities that FQHCs serve. The Adopt-A-Clinic program empowers patients to manage their hypertension independently from home, as well as reinforce the FQHC's staff support of those patients.

In addition, The Strategically-Focused Research Network on the Science of Diversity in Clinical Trials of the American Heart Association last year announced a research funding collaboration with Pfizer and Gates Ventures to award a ground-breaking \$20 million research project to study barriers that prevent people of diverse race and ethnicity from being represented and included in clinical research trials. The project's goal is to identify best practices that can be easily replicated to ensure people of all races and ethnicities are fully included. Research scientists from the University of Hawai'i at Manoa John A. Burns School Department of Native Hawai'ian Health, in partnership with colleagues from nine universities and health care systems, will help lead the research efforts, with the Hawaii researchers focusing on Native Hawai'ian and Pacific Islander participants. This is the latest initiative in the Association's unprecedented pledge to aggressively address social determinants of health while working to improve health equity for all communities.

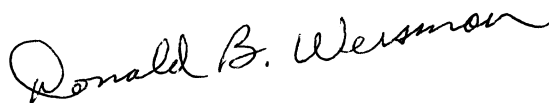
And those are just two of the many projects continuing in Hawaii's schools, hospitals, workplaces and communities in which the Association is engaged to improve health and quality of life in our state.

SB 667 would help support our organization's vital efforts by aligning the State general excise tax law with the federal income tax code by exempting from GET any income generated by the Association's fundraising efforts deemed as "unrelated trade or business" as defined by the IRS. The bill would simplify and improve the Association's accounting of income, and most importantly, would exempt its fundraising income that meets the unrelated business income standard from the Hawai'i GET.

It's important to note that the Association does not receive state or local government funding in Hawai'i and relies solely on its fundraising events, and individual and corporate donations, so passage of this bill would provide additional resources to its lifesaving work that might otherwise be borne by our local governments and taxpayers.

Mahalo for considering this request and for supporting Hawai'i's non-profit community and the important services it provides.

Respectfully submitted,



Donald B. Weisman  
Government Relations/Communications and Marketing Director



American Cancer Society  
Cancer Action Network  
2370 Nuʻuanu Avenue  
Honolulu, Hi 96817  
808.460.6109  
[www.fightcancer.org](http://www.fightcancer.org)

Senate Committee on Commerce and Consumer Protection  
Senator Jarrett Keohokalole, Chair  
Senator Carol Fukunaga, Vice Chair

Hearing Date: Friday, February 3, 2023

**ACS CAN SUPPORTS SB 667 – RELATING TO NONPROFIT ORGANIZATIONS.**

Cynthia Au, Government Relations Director – Hawaii Guam  
American Cancer Society Cancer Action Network

Thank you for the opportunity to **SUPPORT** SB 667 – RELATING TO NONPROFIT ORGANIZATIONS, which exempts certain income from the general excise tax for non-profit 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, nonprofit 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](mailto:Cynthia.Au@Cancer.org).



HAWAI'I STATE  
COALITION AGAINST  
DOMESTIC VIOLENCE

February 3, 2023

Members of the Senate Committee on Commerce and Consumer Protection:

Chair Jarrett Keohokalole  
Vice Chair Carol Fukunaga  
Sen. Angus L.K. McKelvey  
Sen. Herbert M. Richards III  
Sen. Brenton Awa

Re: SB 667, Relating to Nonprofit Organizations

Dear Chair Keohokalole, Vice Chair Fukunaga and Members of the Senate Committee on Commerce and Consumer Protection:

The Hawai'i State Coalition Against Domestic Violence (HSCADV) addresses the social, political, and economic impacts of domestic violence on individuals, families, and communities. We are a statewide partnership of domestic violence programs and shelters.

On behalf of HSCADV and our 28 member programs statewide, I respectfully submit testimony in **strong support** of SB 667, as well as SB 950, both of 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 recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.**

We support the passage of this bill as it would relieve the coalition and its member programs from having to pay general excise tax on our fundraising income, which is of vital importance to funding our charitable operations. This bill would also simplify our accounting of income since the IRS tax code is clear and well-established. Every dollar nonprofit organizations must pay in general excise taxes is a dollar less that we can devote to our tax exempt, charitable mission and programs.

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

Sincerely,  
Angelina Mercado, Executive Director



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**Executive Director**

Ryan Catalani

Testimony to the Senate Committee on Commerce and Consumer Protection  
Friday, February 3, 2023, 9:30 a.m.  
Conference Room 229 & Videoconference

**SB 667, Relating to Nonprofit Organizations**

Dear Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection,

We are in **strong support** of SB 667, as well as SB 950, both of 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 join the Hawai'i Alliance of Nonprofit Organizations in recommending that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.

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

**SB-667**

Submitted on: 2/1/2023 2:04:09 PM

Testimony for CPN on 2/3/2023 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Ryan Kawaiiani Ozawa	Testifying for Kilinahe Foundation	Support	Written Testimony Only

Comments:

Dear Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection:

I support SB667 and its intent to align the State General Excise Tax (GET) law with the federal IRS income tax code by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS, and thus exempt nonprofit organizations from paying GET on fundraising income.

As noted by the Hawai‘i Alliance of Nonprofit Organizations, I also recommend that the language of SB950 be used to address a perceived technicality raised by the former Ige Administration.

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

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

Mahalo for your consideration!



## Testimony to the Senate Committee on Commerce and Consumer Protection

Senator Jarrett Keohokalole, Chair

Senator Carol Fukunaga, Vice Chair

Friday, February 3, 2023, 9:30 a.m.

Conference Room 229 & Videoconference

### SB 667, Relating to Nonprofit Organizations

Dear Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection:

On behalf of the Ho'ōla Nā Pua (HNP), I would like to thank you for hearing **SB 667**. We testify in **strong support** of this bill.

An identical bill to SB 667 (SB 3201, SD1, HD1, CD1) was passed by the Legislature last session and vetoed by Governor Ige. HANO notes that the former Department of Tax Director raised a last minute concern during conference negotiations and, although there is a difference of interpretation on this technicality, an amendment was made in SB 950, Relating to Nonprofit Organizations. **As such, HNP recommends using the language of SB 950.**

Ho'ōla Nā Pua (New Life for Our Children) was founded to shine light on the dark criminal enterprise of sex trafficking, placing the health of Hawaii's youth at the center of our mission and vision for our community. We are committed to the prevention of sex trafficking and providing care for children who have been exploited. Ho'ōla Nā Pua is dedicated to creating a community where children are safe and have the ability to embrace their bright futures. Today, not only does HNP offer integrated programming that reaches over thousands of youth and community members and stakeholders across the state of Hawaii annually, but is considered a national partner and a rising standard in the global effort to stop sex trafficking, permanently.

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 meets the unrelated business income standard) from GET.



We are committed to the prevention of sex trafficking and providing care for children who have been exploited

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Honolulu, HI 96823  
hoolanapua.org  
1-808-445-3131



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.

Ho'ōla Nā Pua 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 \$1,000 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.

Ho'ōla Nā Pua strongly urges this Committee to pass this bill.

Thank you for the opportunity to testify.

Mahalo,

Jessica Munoz  
CEO





## Samaritan Counseling Center Hawaii

### Testimony to the Senate Committee on Commerce and Consumer Protection

Friday, February 3, 2023, 9:30 a.m.

Conference Room 229 & Videoconference

### SB 667, Relating to Nonprofit Organizations

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Dear Chair Keohokalole, Vice Chair Fukunaga and members of the Committee on Commerce and Consumer Protection,

We are in **strong support** of SB 667, as well as SB 950, both of 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 recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.**

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

**SB-667**

Submitted on: 1/31/2023 8:46:57 AM

Testimony for CPN on 2/3/2023 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Alan Urasaki	Testifying for Shinshu Kyokai Buddhist Temple	Support	Written Testimony Only

Comments:

I support passage of this bill. This bill would lessen the administrative burden on churches that rely on fundraising to support it's mission and purpose. Many Buddhist temples have multiple fundraisers throughout the year, and this would lessen not just the tax burden, but also the administrative recordkeeping and filing of taxes. Thank you.

Rev. Alan Urasaki



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**ADMINISTRATIVE & PROGRAM ASSISTANT**  
Kaitlyn Lacombe

*a partner agency of the*



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

February 1, 2023

Testimony to the Senate Committee on Commerce and Consumer Protection  
Friday, February 3, 2023, 9:30 a.m.  
Conference Room 229 & Videoconference

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

Dear Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection:

As a local non-profit serving our Hawai'i communities, we **strongly encourage you to support SB 667, as well as SB 950**, both of 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 recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.**

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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Kaitlyn Lacombe

Ku'ikahi's mission statement reads, "We empower people to come together—to talk and to listen, to explore options, and to find their own best solutions. To achieve this mission, we offer mediation, facilitation, and training to strengthen the ability of diverse individuals and groups to resolve interpersonal conflicts and community issues."

In the area of mediation, between 50-60% of our clients have annual household incomes under \$20,000. Census data shows that the Ka'u and Puna districts, which are among those we serve, house some of the poorest populations in the state. Sample opportunities include: 1) domestic mediations to help parents put kids first after separations and divorces, 2) debt meditations for credit cards or medical bills to negotiate debt reduction, payment plans, or forgiveness due to hardship, and 3) landlord/tenant mediations to prevent eviction and homelessness.

Local non-profit legal services and court self-help centers receive more inquiries than they can process. Mediation is integral to Hawai'i's "Access to Justice" framework, which strives to ensure that all people have access to civil processes.

We strongly urge you to pass this legislation. Thank you for reading this testimony.

Mahalo,

**Julie Mitchell**  
Executive Director

*a partner agency of the*



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



**Testimony to the Senate Committee on Commerce and Consumer Protection  
Senator Jarrett Keohokalole, Chair  
Senator Carol Fukunaga, Vice Chair  
Friday, February 3, 2023, 9:30 a.m.  
Conference Room 229 & Videoconference**

**SB 667, Relating to Nonprofit Organizations**

**WRITTEN TESTIMONY ONLY**

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Dear Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection:

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

An identical bill to SB 667 (SB3201, SD1, HD1, CD1) was passed by the Legislature last session and vetoed by Governor Ige due to some last-minute concerns raised by the former Department of Tax Director. An amendment to address the former Director's technicality concern was made in SB 950, Relating to Nonprofit Organizations. **As a result, we recommend that the language of SB 950 be used.**

Established in 2005, the H.T. Hayashi Foundation reflects the legacy of visionary hotelier and philanthropist Herbert Takami "H.T." Hayashi. Today, the foundation invests in arts and culture, human development, environmental conservation, and economic security, focusing on programs serving women, children, and the elderly. A core part of our support of nonprofit organizations in the state is our belief that supporting the nonprofit sector's capacity to meet its mission is as equally important as supporting the work itself.

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

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

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

This bill aims to align the State general excise tax (GET) law with the federal income tax code by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS. This change would, among other things, exempt fundraising income (that meets the unrelated business income standard) from GET.

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

Mahalo,

*Jan M. Harada*  
*Executive Director*



in your neighborhood

PO Box 1902, Wailuku, HI 96793

(808)215-9228

[www.GrowSomeGood.org](http://www.GrowSomeGood.org)

**Testimony to the Senate Committee on Commerce and Consumer Protection**

**Friday, February 3, 2023, 9:30 a.m.**

**Conference Room 229 & Videoconference**

**SB 667, Relating to Nonprofit Organizations**

---

Dear Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection,

We are in **strong support** of SB 667, as well as SB 950, both of 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 recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.**

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

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

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

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

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



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

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

Sincerely,

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

Scott Lacasse  
Executive Director





1523 Kalākaua Avenue  
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Greg Dickhens  
*Trinity Investments, LLC*

Bert A. Kobayashi  
*Kobayashi Group*

Susan Kobayashi  
*Community Volunteer*

Maya Soetoro-Ng  
*Educator*

Jeff Watanabe  
*Watanabe Inc*

Lynn Watanabe  
*Community Volunteer*

Brady Yee  
*Pacific Contract*

02/01/2023

Senate Committee on Commerce and Consumer Protection  
Chair Keohokalole  
Vice Chair Fukunaga

9:30am, Friday, February 3<sup>rd</sup>, 2023  
Conference Room 229

RE: Support of SB 667 Relating to Non Profit Organizations

Dear Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection,

After-School All-Stars Hawaii strongly supports SB 667, as well as SB 950, both of 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 recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.**

After-School All-Stars Hawaii works in 12 Title I middle and intermediate school and last year provided over 2,600 students with free, daily, comprehensive after-school programs. After-school programs are essential for middle and intermediate students. The intermediate years are important for reversing high school drop-out rates and ensuring students remain engaged in their education and community. After-school programs keep kids safe, inspire them to learn, and provide a space for students to develop their social-emotional skills.

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.

Sincerely,

Paula Fitzell  
President/CEO

**PŌPOKI PLACE**  
**O'AHU CAT SANCTUARY**



**Testimony to the Senate Committee on Commerce and Consumer Protection**  
**Friday, February 3, 2023, 9:30 a.m.**  
**Conference Room 229 & Videoconference**

**SB 667, Relating to Nonprofit Organizations**

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Dear Chair Keohokalole, Vice Chair Fukunaga and members of the Committee on Commerce and Consumer Protection,

We are in **strong support** of SB 667, as well as SB 950, both of 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 recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.**

Popoki Place O'ahu Cat Sanctuary is a new 501c(3) nonprofit organization. We are dedicated to the mission of creating a safe, loving, healthy sanctuary for homeless cats on the island of Oahu. We envision a world where all cats have a safe place to live their best possible lives while helping to protect our endangered monk seals and ground-nesting birds. Popoki Place is the missing link in the efforts to manage the thousands of cats roaming the streets, beaches and mountains. In addition to rescue groups, shelters, adoption sites, and Trap-Neuter-Release efforts, we will serve a critical role in helping solve the crisis of cat overpopulation.

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 save more cats through spay/neuter and medical services and using the extra funds for educating the public on animal welfare. 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 consideration,  
*Holly Holowach*  
*Founder and President*

Popoki Place O'ahu Cat Sanctuary  
P.O. Box 732 Kailua, HI 96734  
<https://popokiplace.org/>



**Revitalized Life Ally B LLC- Accounting Consulting**

**Testimony to the Senate Committee on Commerce and Consumer Protection**

**Friday, February 3, 2023, 9:30 a.m.**

**Conference Room 229 & Videoconference**

**SB 667, Relating to Nonprofit Organizations**

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Dear Chair Keohokalole, Vice Chair Fukunaga and members of the Committee on Commerce and Consumer Protection:

On behalf of myself, Allyson Brown and Revitalized Life Ally B LLC (RLAB), I would like to thank you for hearing **SB 667**. We testify in strong support of this bill.

We are in **strong support** of SB 667, as well as SB 950, both of 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 such, RLAB recommends that the language of SB 950 be used.**

*I have a 20+ year career in the accounting field working in both the private and public sector and overseeing and alongside many nonprofit organizations. I am the Executive Director of the Miss Kona Coffee Scholarship organization which is under the shell of the 501 (c)3 Kona Coffee Cultural Festival for which I am the 4th Vice President in charge of events. I am also the Treasurer for the 501 (c)3 Kona Dance & Performing Arts as well as an organization She Is Foundation which is currently working towards a nonprofit status to be able to provide mentorship opportunities to Kona's young women.*

I fully support the passage of this bill as it would relieve the organizations I'm involved in and future nonprofits from having to pay general excise tax on our fundraising income, which is of vital importance to funding their 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 would allow us to provide more opportunities to Hawai'i's youth through fundraising and getting our community involved with out the burden of having to raise more to cover the taxes or to rely heavily on grant funding that the organization

may or may not be approved for. 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,

A handwritten signature in black ink, appearing to read 'Allyson Brown', with a stylized, cursive script.

*Allyson Brown*  
*Founder - RLAB LLC*  
*Community Member*



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

PHONE  
808-735-5756

EMAIL  
bicycle@hbl.org

SENATE COMMITTEE ON Commerce and Consumer Protection  
Friday, February 3, 2023 – 9:30am

**Hawai'i Bicycling League Supports SB 667, relating to Nonprofit Organizations**

Dear Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection,

My name is Travis Counsell, and I am the Executive Director of the Hawaii 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 SB 667, as well as SB 950, both of 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 recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.

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. Thank you for the opportunity to submit this written testimony.

Mahalo,

Ride Aloha,

Travis L. Counsell  
Executive Director  
Hawai'i Bicycling League



**Testimony to the Senate Committee on Commerce and Consumer Protection**  
**Friday, February 3, 2023, 9:30 a.m.**  
**Conference Room 229 & Videoconference**

**SB 667, Relating to Nonprofit Organizations**

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Dear Chair Keohokalole, Vice Chair Fukunaga and members of the Committee on Commerce and Consumer Protection,

We are in **strong support** of SB 667, as well as SB 950, both of 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 recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.**

`A`ALI`I Mentoring is a 501(c)(3) nonprofit organization that provides mentoring relationships to support Hawai'i's young people (between the ages of 18-25 years old), from under-resourced and underrepresented communities, who are navigating higher education. With mentors, young adults can persevere and reach their higher education, career, and personal goals.

Higher education graduation rates in Hawaii are low. According to data from Hawaii P-20, only one-third of students earn a higher education degree within six years. US Labor statistics and numerous studies show that earning a higher education degree results in higher lifetime earnings. Many young people from communities underrepresented in higher education and who are economically disadvantaged often face many challenges as they transition from high school to higher education. Academic, financial, familial, and personal hardships can be barriers to their goal of attaining a higher education degree. In addition, these students often lack access to or knowledge of financial, educational, and career resources and opportunities that prevent them from considering all possibilities that are open to them. A mentor can make a profound difference in a young person's life journey.

Founded in 2021, `A`ALI`I Mentoring matches young people to trained volunteer mentors who serve as another trusted adult in their lives. `A`ALI`I Mentoring believes mentoring can help young people reach their higher education goals which can not only change their lives, but it can also have a positive socio-economic impact on their families and communities, and ultimately lead to a stronger 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 believe, like HANO, that 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.

Furthermore, because 'A'ALI'I Mentoring pays GET on the gross income of fundraising events, we are taxed twice: once when the goods and services are bought for the event and then again on the income received for the event. According to HANO data, 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. Small nonprofits, like 'A'ALI'I Mentoring, need every dollar for its 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.

If this bill is passed, the GET savings would enable us to funnel more funds into our programs, allowing us to further expand our program, achieving greater impact, reaching more young people in Hawaii who want to attain their higher education goals and beyond.

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

Mahalo,



Grace Saturnia

Co-Founder and Co-President

'A'ALI'I Mentoring

**SB-667**

Submitted on: 2/2/2023 8:37:34 AM

Testimony for CPN on 2/3/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Cathy Ching	Testifying for `A`ALFI Mentoring	Support	Written Testimony Only

Comments:

I am in strong support of SB 667, as well as SB 950, both of which would align the State General Excise Tax (GET) law with the federal IRS income tax code by exempting from the GET any income generated by a nonprofit for any "unrelated trade or business" as defined by the IRS, and, as a result, exempt nonprofit organizations from paying GET on fundraising income. I recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.

`A`ALFI Mentoring is a 501(c)(3) nonprofit organization that provides mentoring relationships to support Hawai'i's young people (between the ages of 18-25 years old), from under-resourced and underrepresented communities, who are navigating higher education. With mentors, young adults can persevere and reach their higher education, career, and personal goals.

Higher education graduation rates in Hawaii are low. According to data from Hawaii P-20, only one-third of students earn a higher education degree within six years. US Labor statistics and numerous studies show that attaining a higher education degree results in higher lifetime earnings. Many young people from communities underrepresented in higher education and who are economically disadvantaged often face many challenges as they transition from high school to higher education. Academic, financial, familial, and personal hardships can be barriers to their goal of attaining a higher education degree. In addition, these students often lack access to or knowledge of financial, educational, and career resources and opportunities that prevent them from considering all possibilities that are open to them. A mentor can make a profound difference in a young person's life journey.

Founded in 2021, `A`ALFI Mentoring matches young people to trained volunteer mentors who serve as trusted adults in their lives. `A`ALFI Mentoring believes mentoring can help young people reach their higher education goals that can not only change their lives, but also have a positive socio-economic impact on their families and communities, and ultimately lead to a stronger Hawaii.

I 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 accounting of income since the IRS tax code is clear and well-established.



As co-founder of a small nonprofit, I believe, like HANO, that 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.

Furthermore, because `A`ALFI Mentoring pays GET on the gross income of fundraising events, `A`ALFI Mentoring is taxed twice: once when the goods and services are bought for the event and then again on the income received for the event. According to HANO data, 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. Small nonprofits, like `A`ALFI Mentoring, need every dollar for its program. Every dollar our organization must pay in general excise taxes is a dollar less than we can devote to our tax-exempt, charitable mission and programs.

If this bill is passed, the GET savings would enable our organization to expand programming, achieving greater impact, and reaching more young people from underserved and unresourced communities who want to attain their higher education goals and beyond.

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

Sincerely,

Cathy Ching, Co-Founder and Co-President

`A`ALFI Mentoring



**Testimony to the Senate Committee on Commerce and Consumer Protection  
Friday, February 3, 2023, 9:30 a.m.  
Conference Room 229 & Videoconference**

**SB 667, Relating to Nonprofit Organizations**

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Dear Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection,

We are in **strong support** of SB 667, as well as SB 950, both of 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 recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.**

`A`ALI`I Mentoring is a 501(c)(3) nonprofit organization that provides mentoring relationships to support Hawai`i's young people (between the ages of 18-25 years old), from under-resourced and underrepresented communities, who are navigating higher education. With mentors, young adults can persevere and reach their higher education, career, and personal goals.

Higher education graduation rates in Hawaii are low. According to data from Hawaii P-20, only one-third of students earn a higher education degree within six years. US Labor statistics and numerous studies show that attaining a higher education degree results in higher lifetime earnings. Many young people from communities underrepresented in higher education and who are economically disadvantaged often face many challenges as they transition from high school to higher education. Academic, financial, familial, and personal hardships can be barriers to their goal of attaining a higher education degree. In addition, these students often lack access to or knowledge of financial, educational, and career resources and opportunities that prevent them from considering all possibilities that are open to them. A mentor can make a profound difference in a young person's life journey.

Founded in 2021, `A`ALI`I Mentoring matches young people to trained volunteer mentors who serve as trusted adults in their lives. `A`ALI`I Mentoring believes mentoring can help young people reach their higher education goals which can not only change their lives, but it can also have a positive socio-economic impact on their families and communities, and ultimately lead to a stronger Hawaii.

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 accounting of income since the IRS tax code is clear and well-established.

We believe, like HANO, that 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.

Furthermore, because `A`ALI`I Mentoring pays GET on the gross income of fundraising events, we are taxed twice: once when the goods and services are bought for the event and then again on the income received for the event. According to HANO data, 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. Small nonprofits, like `A`ALI`I Mentoring, need every dollar for its program. Every dollar our organization must pay in general excise taxes is a dollar less than we can devote to our tax-exempt, charitable mission and programs.

If this bill is passed, the GET savings would enable us to funnel more funds into our programs, allowing us to further expand our program, achieving greater impact, and reaching more young people in Hawaii who want to attain their higher education goals and beyond.

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

Mahalo,



Shirley Yim  
Board Member  
`A`ALI`I Mentoring

**SB-667**

Submitted on: 2/1/2023 7:41:48 PM

Testimony for CPN on 2/3/2023 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
WW	Individual	Support	Written Testimony Only

Comments:

**Dear Chair Keohokalole, Vice Chair Fukunaga and members of the Committee on Commerce and Consumer Protection,**

**We are in strong support of SB 667, as well as SB 950, both of 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 recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.**

**We support the passage of this bill as it would relieve our grass-roots 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 our mission by hosting more beach cleanups, conducting educational workshops, and hire personnel to combat the legislation to ultimately remove any single use plastics production.**

**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.**

**SB-667**

Submitted on: 2/1/2023 10:08:46 PM

Testimony for CPN on 2/3/2023 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Megan Blazak	Individual	Support	Written Testimony Only

Comments:

I support this measure.

**SB-667**

Submitted on: 2/1/2023 10:25:49 PM

Testimony for CPN on 2/3/2023 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Erica Yamauchi	Individual	Support	Written Testimony Only

Comments:

Aloha, Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection,

As a director of several local nonprofit organizations, I am writing in strong support of SB 667, as well as SB 950, both of 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 language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.

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

Thank you for the opportunity to testify.

Erica Yamauchi, Kaimukī/Wilhelmina Rise



**Testimony to the Senate Committee on Commerce and Consumer Protection  
Friday, February 3, 2023, 9:30 a.m.  
Conference Room 229 & Videoconference  
SB 667, Relating to Nonprofit Organizations**

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Dear Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection,

We are in **strong support** of SB 667, as well as SB 950, both of 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 recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.**

`A`ALI`I Mentoring is a 501(c)(3) nonprofit organization that provides mentoring relationships to support Hawai`i's young people (between the ages of 18-25 years old), from under-resourced and underrepresented communities, who are navigating higher education. With mentors, young adults can persevere and reach their higher education, career, and personal goals.

Higher education graduation rates in Hawaii are low. According to data from Hawaii P-20, only one-third of students earn a higher education degree within six years. US Labor statistics and numerous studies show that attaining a higher education degree results in higher lifetime earnings. Many young people from communities underrepresented in higher education and who are economically disadvantaged often face many challenges as they transition from high school to higher education. Academic, financial, familial, and personal hardships can be barriers to their goal of attaining a higher education degree. In addition, these students often lack access to or knowledge of financial, educational, and career resources and opportunities that prevent them from considering all possibilities that are open to them. A mentor can make a profound difference in a young person's life journey.

Founded in 2021, `A`ALI`I Mentoring matches young people to trained volunteer mentors who serve as trusted adults in their lives. `A`ALI`I Mentoring believes mentoring can help young people reach their higher education goals which can not only change their lives, but it can also have a positive socio-economic impact on their families and communities, and ultimately lead to a stronger Hawaii.



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 accounting of income since the IRS tax code is clear and well-established.

We believe, like HANO, that 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.

Furthermore, because `A`ALI`I Mentoring pays GET on the gross income of fundraising events, we are taxed twice: once when the goods and services are bought for the event and then again on the income received for the event. According to HANO data, 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. Small nonprofits, like `A`ALI`I Mentoring, need every dollar for its program. Every dollar our organization must pay in general excise taxes is a dollar less than we can devote to our tax-exempt, charitable mission and programs.

If this bill is passed, the GET savings would enable us to funnel more funds into our programs, allowing us to further expand our program, achieving greater impact, and reaching more young people in Hawaii who want to attain their higher education goals and beyond.

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

Mahalo,

`A`ALI`I Mentoring



**LATE**

**To: Commerce and Consumer Protection Committee**  
**Subject: In support of SB667**  
**Date: February 2, 2023**

As the Child & Family Service (CFS) Chief Advancement Officer with more than 25 years of experience in fundraising, 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. It is because of this experience that **I strongly support SB 667, which could ultimately help enhance our impact on communities across the state.**

Over the past 10 fiscal years, Child & Family Service 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.

I appreciate the opportunity to provide written testimony on this subject and I appreciate the Committee's time considering the stance of Child & Family Service. I strongly urge you to consider the 4 examples of the many we could cite when considering the potential outcome of this bill.

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

Respectfully,

Anne Marie Rizzo  
Chief Advancement Officer  
Child & Family Service  
91-1841 Fort Weaver Road  
Ewa Beach, HI 96706  
808-543-8435



**HCAN** *Speaks!*  
Hawai'i Children's Action Network

**LATE**

To: Senate Committee on Commerce and Consumer Protection

Re: **SB 667– Relating to Nonprofit Organizations**

Hawai'i State Capitol, Conference Room 229 and Videoconference

February 3, 2023, 9:30am

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Aloha Chair Keohokalole, Vice Chair Fukunaga and members of the Committee on Commerce and Consumer Protection,

**On behalf of Hawai'i Children's Action Network Speaks!**, I am writing in **strong support** of SB 667, as well as SB 950, both of 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 recommend that the language of SB 950 be used to address a perceived technicality raised by the former Ige Administration.**

This bill clarifies the application of the general excise tax (GET) law by aligning state law with the federal IRS income tax code.

This bill would help organizations like ours by relieving us from paying GET on our fundraising income, which is of vital importance to funding our charitable operations. Every dollar our organization must pay in general excise taxes is a dollar less that we can devote to our mission of advocating for Hawai'i's children and their families.

Since donors and nonprofit organizations view both the funds raised at fundraising events and direct contributions as donations to the organization, we believe they should be treated the same way for tax purposes. Since the IRS tax code is clear and well-established on this issue, this bill would also simplify accounting for nonprofit organizations in our state.

Mahalo for this opportunity to provide testimony. Please pass this bill.

Thank you,

Deborah Zysman  
Executive Director

**LATE**

**SB-667**

Submitted on: 2/3/2023 12:38:03 AM

Testimony for CPN on 2/3/2023 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Dana Kokubun	Individual	Support	Written Testimony Only

Comments:

I strongly support SB667 and I am in agreement with the position of the Hawaii Association of Nonprofit Organizations and their analysis of the impact of this measure, as submitted by Lisa Maruyama. As a grant writer assisting Hawaii nonprofits since 2012, I have seen first-hand their struggles to raise funds to help the people and lands of Hawaii. This measure will allow nonprofits to retain more income from fundraising events that will then be used to benefit our community.