PETER L. FRITZ
414 KUWILI STREET, #104
HONOLULU, HAWAII 96814
TELEPHONE: (808) 532-7118
E-MAIL: PLFLEGIS@FRITZHQ.COM

2/3/09
LATE TESTIMONY

THE HOUSE OF REPRESENTATIVES
THE TWENTY-FIFTH LEGISLATURE
REGULAR SESSION OF 2009

COMMITTEE ON ECONOMIC REVITALIZATION, BUSINESS, & MILITARY AFFAIRS

Hearing February 3, 2009
Testimony on H.B. 735
(Relating to Taxation)

Chairs McKelvey, Vice-Chair Choy and members of the Committee:

My name is Peter Fritz. I am an attorney specializing in tax law. I was also an Administrative Rules Specialist under Directors Kamikawa, Okamura and Kawafuchi. I am testifying as a taxpayer and concerned citizen.

I support this bill because:

1. It will put local merchants on the same footing as out of state merchants. Local merchants add Hawaii's General Excise Tax ("GET") to purchases made by consumers. Out of state businesses that sign an agreement will add the GET to purchases shipped to consumers in Hawaii.

2. The legislation simplifies the GET law. Business to business sales and retail sales laws were both incorporated into Chapter 237. Extracting the business to business sale provisions from the retail sales provisions simplifies the GET law. While the size of the bill would cause someone to believe that significant new provisions were added to Hawaii's law, in reality, the number of new definitions and provisions specific to the Streamlined Sales Tax are not that great.

3. Computer software developed by out of state companies to calculate the amount of GET on a retail transaction will also be available to Hawaii businesses and will simplify their collection of the GET.

4. Audits of out of state businesses will be easier since the Department of Taxation will have access to computer records of sales by out of state businesses to customers in Hawaii

5. Internet sales have been increasing over the years and Hawaii needs to position itself to collect the GET on sales to Hawaii citizens.

Thank you for the opportunity to testify.

Very truly yours,

Peter L. Fritz