

Honolulu, Hawaii

MAR 03 2023

RE: S.B. No. 667
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 667, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO NONPROFIT ORGANIZATIONS,"

begs leave to report as follows:

The purpose and intent of this measure is to clarify the application of the general excise tax law with regard to gross income derived from unrelated trade or business activities of nonprofit organizations.

Your Committee received written comments in support of this measure from Aloha Diaper Bank; American Cancer Society Cancer Action Network; American Heart Association; Association of Fundraising Professionals Aloha Chapter; Big Brothers Big Sisters Hawaii; Catholic Charities Hawaii; Child & Family Service; Epilepsy Foundation of Hawaii; Family Promise of Hawaii; Grow Some Good; H.T. Hayashi Foundation; Hale Kipa, Inc.; Hawaii Alliance of Nonprofit Organizations; Hawaii Care Choices; Hawaii Fetal Alcohol Spectrum Disorders FASD Action Group; Hawaii Forest Industry Association; Hawaii Youth Services Network; Hawaiian Humane Society; Kilinahe Foundation; Kuikahi Mediation Center; Malama Kauai; The Nature Conservancy of Hawaii and Palmyra; Oahu Economic Development Board; Outrigger Duke Kahanamoku Foundation; Parents and Children Together; Samaritan Counseling Center Hawaii; YMCA of Honolulu; and ten individuals.



Your Committee received written comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that this measure aligns the state general excise tax law with the federal income tax law by exempting from the State's general excise tax the fundraising income generated by tax-exempt nonprofit organizations, while retaining the general excise tax for gross income derived from any "unrelated trade or business," as defined by the Internal Revenue Code.

Your Committee has amended this measure by changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 667, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 667, S.D. 2.

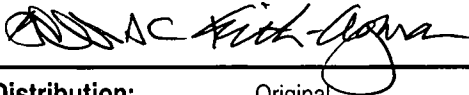
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB667, SD1	Committee Referral: CPN, WAM	Date: 2/20/23		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	13			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes