



RETAIL MERCHANTS OF HAWAII
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LATE

MEMORANDUM

TO Senate Sergeant-At-Arms
FAX (808) 586-6659 / 2 pages
RE Testimony
DATE February 6, 2006

The attached testimony is for:

**Hearing
Committee on Intergovernmental Affairs
Committee on Transportation and Government Operations
Tuesday, February 7, 2006
3:00 pm
Conference Room 225
Number of copies required – 35**

Thank you.



Senator David Ige, Chair
 Senator Donna Mercado Kim, Vice Chair
 Committee on Intergovernmental Affairs

Senator Lorraine Inouye, Chair
 Senator Will Espero, Vice Chair
 Committee on Transportation & Government Operations

State Capitol, Honolulu, Hawaii 96813

HEARING Tuesday, February 7, 2006
 3:00 pm
 Conference Room 225

RE SB 2814, Relating to Taxation

Chairs Ige and Inouye, Vice Chairs Kim and Espero, and Members of the Committees:

Retail Merchants of Hawaii (RMH) is a state-wide not-for-profit trade organization representing over 180 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii.

RMH strongly opposes SB2814. This measure will impose additional, costly and prohibitive burdens on retailers on Oahu, and on the Neighbor Islands should those counties elect to impose this tax.

Under this measure, merchants will be required to file two tax returns, one to the state and another to the county, more if the Neighbor Island counties enact a their own surcharge; for companies that must file monthly, the administrative burden is compounded. For our thousands of small businesses, the time commitment alone will be prohibitive. Additional concerns arise regarding the expense to address the multiple tax audits that may be imposed by these government agencies.

Retailers are required to display the taxes passed on to the consumer on the sales receipts. We question whether separate administration will permit a single line item of the combined tax (.5% plus the 4.166%) or will individual line items be required for the state tax and the county surcharge. POS systems will need to be re-programmed at yet another expense to the business.

Hawaii currently is participating in the Streamlined Sales and Use Tax project. One of the requirements is that state governments administer any taxes levied by counties in order to simplify remittance and compliance by remote sellers. This bill is in direct conflict with the SSTP initiative.

The members of the Retail Merchants of Hawaii respectfully request that you hold SB2814. Thank you for your consideration and for the opportunity to comment on this measure.

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