

## KHON2

### Excise Tax Increase Still Alive

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A bill that would raise Hawaii's general excise tax one percent over a 23-month period was revived in the Senate Tuesday after a House measure was gutted and replaced with new language.

HB 2877 SD1 was passed by the Commerce and Consumer Protection and Economic Development and Technology Committees, with only one member on either panel voting 'yes' with reservations.

The bill now heads to the Senate Ways and Means Committee before it could be voted on by the entire chamber. House Speaker Calvin Say told KHON2 the legislation could face a tough time with his fellow democratic members who are concerned about the impact an increase in the excise tax would have on the tourist industry, local businesses and the state's 1.3 million residents.

"When you multiply (the tax) it really ripples through the overall economy," said Say. "People are gonna say yeah it's great that you generate this income, but you're taking money out of the pockets of our local people."

According to Say a straw poll taken by the majority caucus at the start of the legislative session made it clear where his colleagues stood on a possible GET increase – half of the 45 members were against it.

Even if HB 2877 SD1 were to make it out of both legislative chambers, the bill would still need veto proof majorities – 34 votes in the House and 18 in the Senate. Governor Linda Lingle has repeatedly stated she would veto any measure that increases the state's GET.

### LOBBYING EFFORT

Local groups, religious leaders and the state's largest public worker union will urge lawmakers next week to support the one percent increase in the excise tax.

The lobbying effort comes after local economists noted last week that further budget cuts could hurt Hawaii's already fragile economy.

The March 23 event is being spearheaded by PHOCUSED, a non-profit group fighting for the survival of social service programs.

"If we are a caring state and we look at the needs that are growing out there and they're growing incredibly quickly, we have to do something more than just continue to cut services," said Alex Santiago, the organization's executive director.

The HGEA, the state's largest public worker union, has also latched onto the lobbying effort. On Monday the union sent an e-mail bulletin to its 29,000 active members urging participation in Tuesday's event.

HGEA Executive Director Randy Perreira told KHON2 the effort will involve “educating” lawmakers, especially those in the House.

“Even though none of us want to get to that point where we consider raising taxes,” he said, “we want to convince them there's enough community support to sustain a veto override and give them the courage to do so.”

### **IMPACT ON BUSINESS**

Signe Godfrey, who owns Olsten Staffing Service, says any increase in the general excise tax would be another blow to small businesses, which statistics have shown creates roughly 80% of all jobs.

"Expenses like taxes and so forth really hurt and it could possibly mean that we could lose some business; it could mean that we won't hire as many people as we might need to."

Godfrey says nearly \$0.50 of every dollar her company makes already goes toward taxes, health insurance and other overhead expenses. However, she said she might be able to support an increase in the GET if it were temporary and funded programs for those most in need.

"The school children, that's really the highest priority for me - is supporting that."

Have a news tip? Contact Andrew Pereira at 368-7273.