

February 25, 2009

**The Honorable Marcus R. Oshiro, Chair**  
House Committee on Finance  
State Capitol, Room 308  
Honolulu, Hawaii 96813

**RE: H.B. 1548, Relating to Taxation**

**HEARING DATE:** Thursday, February 26, 2009 at 1:00 p.m.

Aloha Chair Oshiro and Members of the Committee on Finance:

I am Craig Hirai, a member of the Subcommittee on Taxation and Finance of the Government Affairs Committee of the Hawai'i Association of REALTORS® ("HAR"), here to testify on behalf of the HAR and its 9,600 members in Hawai'i.

HAR **strongly opposes** H.B. 1548, Relating to Taxation, to the extent that it increases the General Excise Tax ("GET") rate from 4% to 4.5% for the following reasons.

1. The GET is a regressive tax that has a disproportionately adverse impact on poor people who need to spend proportionately more of their income on necessities, such as food and rent, that are subject to the GET.
2. An increase in the GET will increase the cost of living in the State of Hawaii in general, and will increase the cost of housing for renters if landlords subject to the GET can pass on the additional cost to their tenants.
3. An increase in the GET will become an additional cost of doing business in the State of Hawaii and may result in losses for landlords and other businesses if they cannot pass on the increase to their tenants and customers in these tough economic times.
4. The GET (and any increase) is imposed on businesses whether or not they are operating at a profit in these tough economic times.

HAR looks forward to working with our state lawmakers in building better communities by supporting quality growth, seeking sustainable economies and housing opportunities, embracing the cultural and environmental qualities we cherish, and protecting the rights of property owners.

Mahalo for the opportunity to testify.