
HOUSE CONCURRENT RESOLUTION

REQUESTING THE ATTORNEY GENERAL TO ANALYZE EXISTING LAW TO IDENTIFY ANY IMPEDIMENT TO THE DEPARTMENT OF TAXATION'S IMPLEMENTING THE COLLECTION OF THE COUNTY SURCHARGE BY JANUARY 1, 2007 AND REQUESTING THE DEPARTMENT OF TAXATION TO ESTABLISH A PLAN TO IMPLEMENT THE ADMINISTRATION AND COLLECTION OF A COUNTY SURCHARGE ON THE STATE GENERAL EXCISE TAX TO FUND COUNTY MASS TRANSPORTATION PROJECTS ON JANUARY 1, 2007.

1 WHEREAS, Act 247, Session Laws of Hawaii 2005, authorized
2 the counties to establish a surcharge on the state general
3 excise tax to fund county mass transportation projects; and
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5 WHEREAS, Act 247 also authorized the Department of Taxation
6 to administer and collect the county surcharge and retain ten
7 per cent of the surcharge for administrative purposes; and
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9 WHEREAS, to augment the funding of its mass transportation
10 projects, the City and County of Honolulu has adopted an
11 ordinance to levy a county surcharge on the state general excise
12 tax, with collection to be implemented on January 1, 2007; and
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14 WHEREAS, in accordance with Act 247, the Department of
15 Taxation is the appropriate agency to administer and collect the
16 county surcharge since the Department already administers and
17 collects the state general excise tax; and
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19 WHEREAS, in a recent study, the Government Finance Officers
20 Association found that in the thirty-three states that have
21 local sales taxes, thirty of those states have state
22 administration of the local sales taxes to promote government
23 efficiency and eliminate unnecessary, duplicative government
24 action; and
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26 WHEREAS, requiring the Department of Taxation to administer
27 and collect the county surcharge would ensure uniformity in
28 collection, reduce bureaucratic inefficiency caused by



1 duplicative state and county functions, reduce paperwork for
2 taxpayers, eliminate tax payments to two separate taxing
3 entities, and eliminate the possibility of businesses being
4 subjected to duplicative and unnecessary audits; and

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6 WHEREAS, testimony from organizations representing retail
7 merchants, automobile dealers, and a public sector union agree
8 that the State should administer and collect the county
9 surcharge, a practice almost uniformly employed in states that
10 have local sales taxes; and

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12 WHEREAS, as the State's legal officer, the Attorney General
13 should analyze existing law to identify impediments to
14 implementing the Department of Taxation's timely collection of
15 the county surcharge to enable the Legislature to take any
16 necessary corrective action before the 2006 Regular Session is
17 concluded; and

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19 WHEREAS, in the 1990s, the Department of Taxation
20 successfully modernized the tax information systems utilizing an
21 innovative benefits-funded contract initiative that resulted in
22 increased departmental performance and an increase in revenues
23 for the state general fund; and

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25 WHEREAS, in the 2006 session, the Department of Taxation's
26 benefits-funded contracts initiative would facilitate the
27 efficient implementation of the collection of the county
28 surcharge on the state general excise tax; now, therefore,

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30 BE IT RESOLVED by the House of Representatives of the
31 Twenty-third Legislature of the State of Hawaii, Regular Session
32 of 2006, the Senate concurring, that the Attorney General is
33 requested to submit a report on the collection of the county tax
34 surcharge to the Legislature no later than fifteen days before
35 the conclusion of the 2006 Regular Session; and

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37 BE IT FURTHER RESOLVED that in submitting the report, the
38 Attorney General is requested to include an analysis of existing
39 law to identify impediments to implementing the Department of
40 Taxation's collection of the county surcharge and to provide
41 suggested legislation that eliminates any existing impediments
42 or obstacles to timely implementation; and



1 BE IT FURTHER RESOLVED that the Department of Taxation is
2 requested to establish and submit to the Legislature no later
3 than fifteen days before the conclusion of the 2006 Regular
4 Session an implementation plan that provides for the
5 Department's administration and collection of the county
6 surcharge to fund county mass transportation projects beginning
7 on January 1, 2007; and

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9 BE IT FURTHER RESOLVED that the City and County of Honolulu
10 is requested to assist the Attorney General and the Department
11 of Taxation in developing a plan to implement the administration
12 and collection of the county surcharge and identifying
13 impediments to the Department of Taxation implementation of the
14 county surcharge collection by January 1, 2007; and

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16 BE IT FURTHER RESOLVED that certified copies of this
17 Concurrent Resolution be transmitted to the Director of
18 Taxation, the Attorney General, the Mayor of the City and County
19 of Honolulu, and the Chairperson of the Honolulu City Council.

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OFFERED BY: Marilyn B. Lee

MAR 15 2006

