

STAND. COM. REP. NO. 300

Honolulu, Hawaii

Feb 12, 2007

RE: H.B. No. 1414

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred H.B. No. 1414 entitled:

"A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION FOR DEPARTMENT OF TAXATION COUNTY SURCHARGE IMPLEMENTATION COSTS,"

begs leave to report as follows:

The purpose of this bill is to appropriate funds to reimburse the Department of Taxation (DOTAX) for the costs incurred in implementing and administering the county surcharge on the State General Excise Tax (GET).

DOTAX and the Department of Budget and Fiscal Services of the City and County of Honolulu testified in support of this bill.

Act 247, Session Laws of Hawaii 2005, (Act 247) provided the counties with the authorization to adopt a surcharge on the GET (county surcharge) to give the counties a means of financing mass transit. When the City and County of Honolulu (City) adopted a surcharge on the GET, the responsibility of DOTAX to administer the county surcharge on the GET as provided for in Act 247 was triggered. However, Act 247 did not provide an appropriation to offset the initial costs that would be incurred in administering the county surcharge. As a result, the City agreed to guarantee DOTAX costs up to \$5,000,000 so as not to jeopardize funding for its mass transit project.

HB1414 HSCR TRN HMS 2007-1967



Your Committee notes that a mechanism for funding costs incurred in administering and collecting the county surcharge was placed in Act 247 by requiring the Director of DOTAX to deduct ten percent of the gross proceeds of the county surcharge. However, your Committee has been informed that the incidental costs were not covered under Act 247 and that without this emergency appropriation, the City will lose its \$5,000,000 guarantee.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1414 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Transportation,



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JOSEPH M. SOUKI, Chair



