

STAND. COM. REP. NO.

600

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 1626  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1626 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to defer for one fiscal year the State's payment to the counties of the county surcharge on the state general excise tax and state use tax.

This measure also extends for one calendar year the repeal date of county ordinances that levy the county surcharge on the state general excise tax and state use tax.

Your Committee finds that the State has transferred to the City and County of Honolulu the county's balance of the revenues derived from the county surcharge on the state general excise tax and the state use tax. Your Committee also finds that the funds transferred to the City and County of Honolulu are largely unencumbered and will not be needed by the City and County of Honolulu in the immediately foreseeable future. Your Committee believes that these moneys will be better utilized if applied to the immediate and critical financial needs of the State, of which the City and County of Honolulu is a part. It is not the intent of your Committee to jeopardize in any way federal funding for the rail project.

Your Committee received written testimony from five private organizations, and two concerned citizens in opposition to this

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bill. One governmental official and one private organization submitted comments.

The written testimonies may be reviewed on the Legislature's website.

Your Committee has amended this measure as follows:

- (1) Deleting the provisions that defer for one fiscal year the State's payment to the counties of the county surcharge on the state general excise tax and state use tax;
- (2) Extending for two calendar years the repeal date of county ordinances that levy the county surcharge on the state general excise tax and the state use tax;
- (3) By providing for the State, in coordination with the City and County of Honolulu, to transfer to the State the \$150,000,000 in county surcharge tax revenues, but only transferring these funds when the State places into escrow the proceeds from the issuance of general obligation bonds to be issued for the purpose of repaying the City and County of Honolulu;
- (4) Authorizing the Director of Finance to issue \$250,000,000 in general obligation bonds for the purpose of replacing the \$150,000,000 to the City and County of Honolulu for returning the county surcharge tax revenues to the State, but conditioning the bond issuance upon receiving affirmative advice from the State's bond counsel on the suitability of issuing bonds for that purpose.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1626, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1626, S.D. 1, and be placed on the calendar for Third Reading.



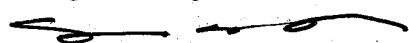
Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
DONNA MERCADO KIM, Chair



The Senate  
 Twenty-Fifth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1626	WAM	MAR 5 2009		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)		/		
TSUTSUI, Shan S. (VC)		/		
CHUN OAKLAND, Suzanne				/
ENGLISH, J. Kalani		/		
FUKUNAGA, Carol		/		
GALUTERIA, Brickwood		/		
HEE, Clayton		/		
HOOSER, Gary L.		/		
KIDANI, Michelle N.		/		
KOKUBUN, Russell S.	/			
TOKUDA, Jill N.		/		
HEMMINGS, Fred				/
<b>TOTAL</b>	1	9	0	2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes