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HB896

Department of Taxation

Position Summary

Senate Committee on Ways & Means/April 6, 2009

9:30am Agenda

Bill Number	Bill Title "Relating to..."	Position	Comments	Revenue Impact	Methodology
HB 896 HD 1	TOBACCO (extends the retail permit)	Support	No technical comments	<p>The Department projects that any loss in enforcement efforts in the monitoring of tobacco retailers could result in a revenue loss of approximately \$5.3 million per year.</p> <p>General Fund Gain: \$4.0 mil FY10 and after. Special Funds Gain: \$1.3 mil FY10 and after.</p>	Total tobacco tax collection for CY 2008 amounted to \$106.0 million. According to the current law, the permit requirement expires on July 1, 2009. We assumed that tobacco tax collection would decrease 5% due to lower level of compliance. If the sunset date is repealed, tobacco tax collection will increase \$5.3 million per year (\$106.0 million X 5%).
HB 1600 HD 1	TAXATION (GET common paymaster amendments)	Needs amendments	<p>Clarification of definition of management needed.</p> <p>See previous WAM testimony (March 24)</p>	Revenue loss of \$3 million each year	
HB 1605 HD 1	TAXATION (authorizes a county sales tax)	<p>Opposed</p> <p>See previous WAM testimony on Proposed SD1 (March 24)</p>	No technical comments	<p>There is no revenue impact to the general fund, except for the potential revenue leakage that could occur if enforcement and collection efforts shift to deal with the county taxes rather than the state taxes if resources are insufficient.</p> <p>Assuming that the tax rate is 1%, annual revenue gains to the respective counties could be:</p> <ul style="list-style-type: none"> • \$143.7 million for Honolulu County, • \$39.1 million for Maui County, • \$29.4 million for Hawaii County, and • \$15.5 million for Kauai County. 	

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