

**HB 39**

LINDA LINGLE  
GOVERNOR

JAMES R. AIONA, JR.  
LT. GOVERNOR



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**SENATE COMMITTEE ON WAYS & MEANS  
TESTIMONY REGARDING HB 39 HD 2  
RELATING TO STATE REVENUES**

**TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)**  
**DATE: MARCH 24, 2009**  
**TIME: 9:30AM**  
**ROOM: 211**

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This measure proposes to increase government fees by \$5 for several agency services, except where exempt.

The Department of Taxation (Department) opposes this measure.

**NOT THE RIGHT TIME TO INCREASE FEES**—Though the Department understands the budget shortfall currently facing the State, it is the Department's position that increased fees for state services is imprudent at this time. To increase fees on basic government services at a time when the taxpayers and the economy as a whole are struggling is inadvisable.

**DEPARTMENT OF TAXATION FEES**—Based on the Department's analysis of this measure, the Department's comfort ruling and high tech certification fees will be impacted. Also, application for general excise tax and other licenses and permits will be impacted.

**INCONSISTENCIES IN THE MEASURE**—The Department points out that the measure currently provides a fee for the application for, or issuance of, a tax clearance. Also, the measure's exceptions include any government service where a fee is not currently charged. Currently, there are no fees for obtaining a tax clearance. The Department suggests that the Committee eliminate paragraph (b)(1) or amend the measure to clarify whether the Department should charge a fee for the tax clearance service. An amendment to proposed (b)(1) could read:

(1) Any service for which no fee is charged by the state agency providing the service; provided that this paragraph shall not apply to tax clearances under subsection (a)(5).



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LAWRENCE M. REIFURTH  
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TO THE SENATE COMMITTEE ON WAYS AND MEANS

TWENTY-FIFTH LEGISLATURE  
Regular Session of 2009

TUESDAY, MARCH 24, 2009  
9:30 A.M.

**TESTIMONY ON HOUSE BILL NO. 39, H.D. 2  
RELATING TO STATE REVENUES.**

TO THE HONORABLE DONNA MERCADO KIM, CHAIR, SHAN S. TSUTSUI, VICE  
CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Lawrence M. Reifurth, and I am the Director of the Department of  
Commerce and Consumer Affairs ("Department"). **The Department opposes this bill.**

While the Department appreciates the financial position that the State finds itself  
in, we do not believe that any additional fee is prudent at this time given the current  
fiscal difficulties that we are all facing, including businesses and licensed professionals.

The proposal here would add a temporary (from July 1, 2009 to June 30, 2015)  
surcharge of \$5 to every fee charged by a state agency with a few exceptions. This  
may have appeared simple and straightforward when it was first conceived, but from the  
perspective of one of the agencies that would have to implement it, it is decidedly  
complicated and expensive.

The Department has several hundred fees to which this proposal would apply. Some of these fees are paid online, others are paid by mail and others are paid in person. In order to implement the proposal, all of the Department's license and registration paper and online forms would have to be modified to reflect the additional surcharge. The Department would also have to develop a way to process money so that \$5 from each transaction is identified, set aside and transmitted to the Director of Finance. These are not processes that we currently employ, and would have to be developed before the program could be implemented. In addition, of course, there would be a cost to developing and implementing such a program.

Thank you for the opportunity to submit testimony on H.B. No. 39, H.D. 2.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committee on Ways and Means  
March 24, 2009 at 9:30am

by

Howard Todo

Vice President for Budget & Finance/CFO, University of Hawai'i

### HB 0039 HD2 – RELATING TO STATE REVENUES

Chair Kim, Vice Chair Tsutsui and Members of the Committee:

HB 0039 HD2 adds a \$5 surcharge to the fee charged by a state agency for certain services. In our reading of the current wording of this bill, it is not clear to us whether parking charges to non-students are intended to be included in fees upon which the surcharge would be applied, as a "permit". If so, it will be problematic to isolate non-student fees because parking permits are sold by zones in which both students and non-students are allowed to park. In addition, some permits and charges may be for daily, hourly, semester, or annual periods so it is unclear how the \$5 surcharge would be computed. In any case, determining, calculating, collecting, accumulating and remitting such a surcharge would create an administrative burden and require new processes to be implemented, the cost of which may be out of proportion to the potential additional revenue generated.

Accordingly, the University wishes to express its concern regarding this issue and requests the Committee clarify the intent of HB 0039 HD2 in this regard.

Thank you for the opportunity to provide testimony on this measure.

# TAXBILLSERVICE

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TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Surcharge fee on certain services

BILL NUMBER: HB 39, HD-2

INTRODUCED BY: House Committee on Finance

**BRIEF SUMMARY:** Adds a new section to HRS chapter 92 to provide for the imposition of a temporary surcharge of \$5 in addition to any fee, if any, charged by a state agency for: (1) the application for, or issuance or renewal of, a permit, license, certificate, registration, or other approval by a state agency; (2) the application for a loan, loan guarantee, grant-in-aid, or purchase of service submitted to a state agency; (3) the recordation of a document by, or filing of, a document with a state agency; (4) the application for, or issuance or renewal of, a lease or other conveyance of real or personal property of a state agency; (5) the application for, or issuance of, a tax clearance by the department of taxation; (6) the acquisition of procurement solicitation documents from a state agency; (7) the conduct of an inspection or test by a state agency; or (8) the taking of an examination held by a state agency. The fee shall be imposed between July 1, 2009 and be repealed on June 30, 2015.

The director of finance shall establish the deadlines by which the state agency shall transmit the surcharge to the director and provides that the surcharge shall be deposited into the general fund.

Delineates transactions where no surcharge shall be added.

EFFECTIVE DATE: July 1, 2009

**STAFF COMMENTS:** This measure proposes to impose a temporary surcharge of \$5 on certain fees charged by the state between July 1, 2009 and June 30, 2015. While it appears that this measure is proposed to generate additional general funds, it would impose the additional surcharge on a select number of transactions. If the imposition of the surcharge does not meet the revenue expectations of the measure, the fees, no doubt, will be increased or expanded to include other transactions resulting in an indirect "tax increase" to all taxpayers. No doubt all options to generate additional revenues for the fiscal biennium are being placed on the table. Hopefully, lawmakers and administrators will also take a good hard look at all expenditures and eliminate those programs and services that are not critical to the health, safety and welfare of the community. Neither taxes, fees nor spending should be sacrosanct in this difficult economic time.

Digested 3/24/09