

# SB 2193

## **RELATING TO COUNTY BUDGETS**

*Description:*

Reduces county reimbursement to the State from gross proceeds of the county's surcharge on state tax from ten to five per cent.

---

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, January 24, 2012 12:58 PM  
**To:** PGM Testimony  
**Cc:** [REDACTED]  
**Subject:** Testimony for SB2193 on 1/26/2012 2:50:00 PM

Testimony for PGM 1/26/2012 2:50:00 PM SB2193

Conference room: 224  
Testifier position: Comments Only  
Testifier will be present: No  
Submitted by: Lowell Kalapa  
Organization: Tax Foundation of Hawaii  
E-mail: [REDACTED]  
Submitted on: 1/24/2012

Comments:

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: COUNTY BUDGETS, County surcharge reimbursement

BILL NUMBER: SB 2193

INTRODUCED BY: Gabbard, Dela Cruz and 2 Democrats

BRIEF SUMMARY: Amends HRS section 248-2.6 to provide that the annual reimbursement by the city and county of Honolulu from the gross proceeds of the county 0.5% surcharge shall be reduced from 10% to 5% of the proceeds of the surcharge.

EFFECTIVE DATE: July 1, 2012

STAFF COMMENTS: Act 247, SLH 2005, allowed the counties to adopt a county surcharge on the state general excise tax. However, only the city and county of Honolulu adopted the surcharge at the rate of 0.5%. Although the surcharge is a county imposition, it appeared that the legislature always intended that the surcharge was to be piggybacked onto the state's general excise tax rate of 4%. Perhaps believing the state should be reimbursed for the cost of collecting the surcharge, lawmakers specified that 10% of the surcharge collections be paid to the state to cover those costs.

While the proposed measure would reduce that amount to 5%, since the surcharge has been in place for almost five years, consideration might be given to providing that the city reimburse the state for the actual cost of administering the 0.5% surcharge for the city and county of Honolulu. Such blanket earmarking of revenues for a program is inefficient and lacks accountability as the costs could be more or less than the amount earmarked.

It should be noted that, as drafted and adopted by Act 247, the money does not go toward the department of taxation's budget but accrues to the state general fund. Thus, there is no way of ascertaining the true cost of administering the surcharge as the amount taken by the state is buried in the state general fund and appropriations made to the department for its operations are not specifically designated for administering the surcharge. It would seem only fair that the amount retained by the state be a true reimbursement of the additional costs incurred in administering and collecting the surcharge and be appropriated to the department for that purpose.

Digested 1/24/12

---

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, January 24, 2012 11:50 PM  
**To:** PGM Testimony  
**Cc:** [REDACTED]  
**Subject:** Testimony for SB2193 on 1/26/2012 2:50:00 PM

Testimony for PGM 1/26/2012 2:50:00 PM SB2193

Conference room: 224  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Frank Genadio  
Organization: Individual  
E-mail: [REDACTED]  
Submitted on: 1/24/2012

Comments:  
Testimony for: Senate Bill 2193  
To: Committee on Public Safety, Government Operations, and Military Affairs  
Date: January 26, 2012  
Time: 2:50 p.m.  
Place: Conference Room 224  
State Capitol

Chair Espero and Honorable Members:

Please accept this testimony in support of Senate Bill 2193, "to reduce the annual county reimbursement to the State from gross proceeds of the county's surcharge on state general excise and use taxes from ten per cent to five per cent." My support, however, is based on the concept that "something is better than nothing" because I still believe that the amount "raked off" from the surcharge is excessive. An amount on the order of one half of one percent is probably more than sufficient to cover the state's administrative costs for collection and distribution quarterly. Mahalo and Aloha.

Frank Genadio  
[REDACTED]  
[REDACTED]  
[REDACTED]

## Marlene Uesugi

---

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, January 25, 2012 3:45 PM  
**To:** PGM Testimony  
**Cc:** [REDACTED]  
**Subject:** Testimony for SB2193 on 1/26/2012 2:50:00 PM

**Categories:** Red Category

Testimony for PGM 1/26/2012 2:50:00 PM SB2193

Conference room: 224  
Testifier position: Support  
Testifier will be present: No  
Submitted by: robert rodman  
Organization: Individual  
E-mail: [REDACTED]  
Submitted on: 1/25/2012

Comments:  
Testimony for: Senate Bill 2193

To: Committee on Public Safety, Government Operations, and Military Affairs

Date: January 26, 2012

Time: 2:50 p.m.

Place: Conference Room 224

State Capitol

Chair Espero and Honorable Members:

This is testimony in support of Senate Bill 2193, "to reduce the annual county reimbursement to the State from gross proceeds of the county's surcharge on state general excise and use taxes from ten per cent to five per cent."

My support, however, is based on the concept that "something is better than nothing" because I believe that the amount "raked off" from the surcharge is excessive.

An amount on the order of one half of one percent (.5%) is probably more than sufficient to cover the state's administrative costs for collection and distribution quarterly and I ask that this Bill be AMENDED to reflect that reality.

Mahalo and Aloha.