

MAR 13 2013

SENATE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT AN AUDIT OF THE DEPARTMENT OF
TAXATION AND DEPARTMENT OF BUDGET AND FINANCE TO ADDRESS
CONCERNS REGARDING THE COLLECTION OF THE COUNTY SURCHARGE
ON STATE TAX AND TIMELY DISTRIBUTION OF THE TAX TO THE CITY
AND COUNTY OF HONOLULU.

1 WHEREAS, section 237-8.6, Hawaii Revised Statutes, provides
2 authority for counties to collect a county surcharge on state
3 excise tax of up to one-half percent; and
4

5 WHEREAS, section 46-16.8, Hawaii Revised Statutes,
6 specifies that the county surcharge on excise tax shall be used
7 for operating or capital costs of a locally preferred
8 alternative to a mass transit project and for related expenses
9 in complying with the Americans with Disabilities Act of 1990,
10 which in the case of the City and County of Honolulu applies to
11 the Honolulu Authority for Rapid Transportation (HART) rail
12 project; and
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14 WHEREAS, section 248-2.6, Hawaii Revised Statutes, provides
15 in pertinent part:
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17 "[A]ll county surcharges on state tax collected by the
18 director of taxation shall be paid into the state treasury
19 quarterly, within ten working days after collection, and
20 shall be placed by the director of finance in special
21 accounts. Out of the revenues generated by county
22 surcharges on state tax paid into each respective state
23 treasury special account, the director of finance shall
24 deduct ten per cent of the gross proceeds of a respective
25 county's surcharge on state tax to reimburse the State for
26 the costs of assessment, collection, and disposition of the
27 county surcharge on state tax incurred by the State.
28

29 After the deduction and withholding of the costs under
30 subsections (a) and (b), the director of finance shall pay



1 the remaining balance on [a] quarterly basis to the
2 director of finance of each county that has adopted a
3 county surcharge on state tax under section 46-16.8"; and
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5 WHEREAS, Ordinance No. 05-27 authorized the City and County
6 of Honolulu to assess the one-half percent general excise tax
7 surcharge, which became effective on January 1, 2007; and
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9 WHEREAS, in 2012, the \$21,200,000 in general excise tax
10 surcharge administrative fees collected by the State amounted to
11 nearly the entire budget of \$23,700,000 to operate the
12 Department of Taxation; and
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14 WHEREAS, the ten percent administrative fee deducted from
15 the one-half percent general excise tax surcharge appears to
16 exceed the reasonable costs of assessment, collection, and
17 disposition of the surcharge; and
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19 WHEREAS, HART is concerned that it may not be timely
20 receiving from the State the general excise tax surcharge and is
21 further concerned about the accuracy of the deducted
22 administrative fees; now, therefore,
23

24 BE IT RESOLVED by the Senate of the Twenty-seventh
25 Legislature of the State of Hawaii, Regular Session of 2013, the
26 House of Representatives concurring, that the Auditor is
27 requested to conduct an audit of the Department of Taxation and
28 Department of Budget and Finance to address concerns regarding
29 the collection and timely distribution of the county surcharge
30 on state tax to the City and County of Honolulu, as described
31 herein; and
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33 BE IT FURTHER RESOLVED that the Auditor is requested to
34 submit the findings and recommendations of the audit, including
35 any proposed legislation, to the Legislature no later than
36 twenty days prior to the convening of the Regular Session of
37 2014; and
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39 BE IT FURTHER RESOLVED that certified copies of this
40 Concurrent Resolution be transmitted to the Director of
41 Taxation, Director of Finance, Mayor of the City and County of
42 Honolulu, Director of Finance of the City and County of
43



S.C.R. NO. 181

1 Honolulu, and Executive Director and Chief Executive Officer of
2 the Honolulu Authority for Rapid Transportation.

3
4
5

OFFERED BY:

M. N. D.

By Request

