

STAND. COM. REP. NO.

736

Honolulu, Hawaii

MAR 01 2013

RE: S.B. No. 571
S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 571, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO COUNTY SURCHARGE ON STATE TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the amount of gross proceeds the State retains to cover the costs associated with administering the county surcharge on state tax.

More specifically, this measure:

- (1) Changes the State's automatic deduction of ten per cent of the gross proceeds of a county's surcharge on state tax to a deduction of six per cent to reimburse the State for costs associated with handling the assessments, collection, and disposition of the county surcharge on state tax; and
- (2) Allows the State, by administrative rule, to change the six per cent deduction to an amount not exceeding ten per cent if the costs of assessment, collection, and disposition increase.

Your Committee received written comments in support of this measure from the City and County of Honolulu and the Hawaii Construction Alliance.



Your Committee received written comments on this measure from the Department of Taxation and the Tax Foundation of Hawaii.

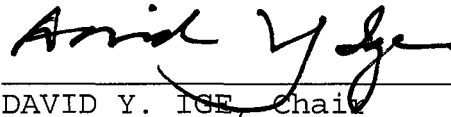
Your Committee finds that Act 247, Session Laws of Hawaii 2005, authorized the counties to adopt a county surcharge on the state general excise tax. Act 247 also provided that ten per cent of the surcharges collected would be automatically deducted and paid to the State to reimburse the State for costs associated with handling the assessments, collection, and disposition of the county surcharge on state tax. Your Committee also finds that the ten per cent deduction may not accurately reflect the true cost of administering the county surcharge on state general excise tax.

Your Committee has amended this measure by:

- (1) Changing the amount of the automatic deduction to an unspecified amount; and
- (2) Making technical nonsubstantive amendments for the purposes of consistency, clarity, and style.

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. 571, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 571, S.D. 2.

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



DAVID Y. IGE, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SBS71, SD 1	Committee Referral: TIA/PSM, WAM	Date: 2-21-13
--	-------------------------------------	------------------

The committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam		✓		
TOTAL	12	1	0	0

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature: *Michelle N. Kidani*

Distribution:
 Original Yellow Pink Goldenrod
 File with Committee Report Clerk's Office Drafting Agency Committee File Copy

***Only one measure per Record of Votes**