

# Hawai'i Construction Alliance

P.O. Box 179441  
Honolulu, HI 96817  
(808) 348-8885

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February 20, 2013

The Honorable David Y. Ige, Chair  
Committee on Ways and Means  
Hawai'i State Senate  
415 South Beretania Street  
Honolulu, Hawai'i 96813

RE: Testimony supporting SB 571, relating to county surcharge on state tax.

Dear Chair Ige, Vice Chair Kidani, and members of the committee:

The Hawaii Construction Alliance supports SB 571, which would change 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. The bill would also allow the State by administrative rule to change the six per cent to an amount not exceeding ten per cent if the costs of assessment, collection, and disposition increase.

The Hawai'i Construction Alliance is comprised of the Hawaii Regional Council of Carpenters; the Hawai'i Masons Union, Local 1 and Local 630; the Laborers' International Union of North America, Local 368; and the Operating Engineers, Local 3. Together, the four member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the four basic crafts of Hawai'i's construction industry.


The enabling law which authorized the City and County of Honolulu to adopt a GET surcharge allowed the State to be reimbursed for the costs of assessment, collection, and disposition, describing these as "any and all costs, direct or indirect, that are deemed necessary and proper to effectively administer" the surcharge.

If the "necessary and proper" costs of assessment, collection, and disposition are less than the 10% fee currently being assessed, it seems only fair that the remainder should be returned to the City and County of Honolulu so it can be used for its original purpose: building an effective mass transit system to serve the people of this island. Reducing the fees to a lower amount, as proposed by SB 571, will permit HART to build rail in a more expeditious, effective, and efficient way.

More expeditious, effective, and efficient rail construction will create more employment for our members, generate more robust economic activity along the route, and may allow for earlier delivery of a world-class transit system that future generations can be proud of.

Mahalo for the opportunity to testify on this matter.

Aloha,



Tyler Dos Santos-Tam  
Executive Director  
Hawai'i Construction Alliance  
execdir@hawaiiconstructionalliance.org