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WRITTEN TESTIMONY ONLY

TESTIMONY OF
COUNCILMEMBER RON MENOR
COUNCIL DISTRICT 9
CITY AND COUNTY OF HONOLULU

LATE TESTIMONY

Senate Bill 571 SD2
RELATING TO COUNTY SURCHARGE ON STATE TAX.

Honorable Ryan I. Yamane, Chair, and Members of the House Committee on Transportation:

I am writing in strong support of Senate Bill 571 SD2 – Relating to County Surcharge on State Tax. The intent of the legislation is to accurately set the amount of money the State receives to equal the amount that it costs to implement the law. The law states that the State is to be reimbursed for “the costs of assessment, collection, and disposition” incurred by the State. Further, the law states the State’s portion of the tax is to cover “any and all costs, direct or indirect, that are deemed necessary and proper to effectively administer” the law.

The State’s portion in 2012 was \$21.2 million. The entire operating budget for the State Department of Taxation is \$23.7 million. Clearly, the amount of money going to the State exceeds the costs to administer the law. As enacted, the \$21.2 million goes to the General Fund.

In fairness to the taxpayers, I ask that the bill be passed to accurately reflect the costs to the State. The bill provides a guarantee that the amount of money the State receives can be adjusted through administrative rules to cover any of the State’s costs. The enactment of this bill will provide needed additional funds for rail transit.

Mahalo for the opportunity to testify in support of this bill.

HONOLULU AUTHORITY for RAPID TRANSPORTATION

March 18, 2013

The Honorable Ryan I. Yamane, Chair
and Members
Committee on Transportation
State House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813



Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

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Dear Chair Yamane and Members:

Subject: SB571 SD2, Relating to County Surcharge on State Tax
Committee on Transportation
Monday, March 18, 2013, at 10:45 a.m.

The Honolulu Authority for Rapid Transportation (HART) supports the intent of Senate Bill 571, SD2. Reducing the ten percent amount currently deducted from HART's share of the county surcharge on the state General Excise tax ("county surcharge") would provide HART with more funding for the completion of the Honolulu Rail Transit Project. Any assurance of additional county surcharge dollars to be used to build the rail project will enhance HART's ability to avoid using funds from the Federal Transit Administration's Urbanized Area Formula Program (49 U.S.C. §5307) or tap into any line of credit to finance the project.

The intent of Senate Bill 571, SD2, is to change the State's automatic deduction of ten percent of the gross proceeds of a county's surcharge to an unspecified amount to reimburse the State for costs associated with handling the assessment, collection, and disposition of the county surcharge.

Thank you for this opportunity to provide written testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Grabauskas", is written over a horizontal line.

Daniel A. Grabauskas
Executive Director and CEO

cc: HART Board of Directors
Ms. Ember Shinn, Managing Director Designate

Hawai'i Construction Alliance

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

March 18, 2013

The Honorable Ryan I. Yamane, Chair
Committee on Transportation
Hawai'i State House of Representatives
415 South Beretania Street
Honolulu, Hawai'i 96813



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

Dear Chair Yamane, Vice Chair Ichiyama, 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

TO: Members of the Committee on Transportation

FROM: Natalie Iwasa
Honolulu, HI 96825
808-395-3233



HEARING: 10:45 a.m. Monday, March 18, 2013

SUBJECT: SB571, SD2 County Surcharge - **SUPPORT**

Aloha Chair and Committee Members,

Thank you for allowing me to provide testimony on SB571, SD2, which would reduce the administrative fee the state charges to collect the .5% county surcharge. I support a reduction in the fee.

In addition, please consider the indirect impact penalties have on state revenues. Currently, when penalties and interest are charged on late GET payments, notices that are sent to taxpayers only indicate penalties and interest on the *state* portion. The county portion is simply a lump-sum amount.

Penalties are not deductible business expenses, but some taxpayers may be deducting them as part of their GET payments, simply because they are not provided with adequate information. When the surcharge first came out, penalties and interest on the county portion were indicated, so it is possible to provide that information.

ichiyama1 - Tate

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 18, 2013 6:52 AM
To: TRNtestimony
Cc: Patriciablaire@msn.com
Subject: Submitted testimony for SB571 on Mar 18, 2013 10:45AM



SB571

Submitted on: 3/18/2013
Testimony for TRN on Mar 18, 2013 10:45AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Blair	Individual	Support	No

Comments: The states take should be much lower.

Please note that testimony submitted less than 24 hours prior to the hearing , improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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