

STAND. COM. REP. NO.

**2440**

Honolulu, Hawaii

**FEB 16 2018**

RE: S.B. No. 3088  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Transportation and Energy, to which was referred S.B. No. 3088 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to extend the period that a county may adopt a surcharge on state tax, under certain conditions, by six months, from March 31, 2018, to September 30, 2018.

Your Committee received testimony in support of this measure from Hawaii County Council Vice Chair Karen Eoff, Hawaii County Councilmember Dru Kanuha, and Hawaii County Councilmember Maile David. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that Hawaii County is currently in the process of holding public meetings on whether to implement a county surcharge on the general excise tax to gauge support for the surcharge. Currently, the deadline to establish a county surcharge is March 31, 2018, which is too short of a timeframe to make an informed decision regarding the merits of a county surcharge, according to Hawaii County Council testimony.

In contrast, the Department of Taxation has expressed concern that this measure's proposed September 30, 2018, deadline provides



the Department insufficient time to prepare for the collection of the county surcharge beginning January 1, 2019. The Department requests at least six months to prepare, proposing either the deadline to adopt a county surcharge be June 30, 2018, or the collection of the county surcharge begin January 1, 2020.

Accordingly, your Committee has amended this measure by:

- (1) Changing the deadline to adopt a county surcharge from September 30, 2018, to June 30, 2018; and
- (2) Inserting language to require that for counties with a population equal to or less than five hundred thousand that adopts a county surcharge on state tax that:
  - (A) No less than sixty percent of the surcharge shall be used for transportation purposes; and
  - (B) Up to two percent of the surcharge can be used on any roadway used by the general public.

As affirmed by the record of votes of the members of your Committee on Transportation and Energy that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3088, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3088, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Transportation and  
Energy,

  
LORRAINE R. INOUE, Chair



The Senate  
Twenty-Ninth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Transportation and Energy**  
**TRE**

Bill / Resolution No.:* <b>SB 3088</b>	Committee Referral: <b>TRE, WAM</b>	Date: <b>2/14/2018</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
INOUE, Lorraine R. (C)	<b>X</b>			
ESPERO, Will (VC)	<b>X</b>			
ENGLISH, J. Kalani				<b>X</b>
HARIMOTO, Breene	<b>X</b>			
SHIMABUKURO, Maile S.L.	<b>X</b>			
<b>TOTAL</b>	<b>4</b>			<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center;"><i>Will Espero</i></div>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes