

Harry Kim
Mayor



Wil Okabe
Managing Director

Barbara J. Kossow
Deputy Managing Director

County of Hawai'i
Office of the Mayor

25 Aupuni Street, Suite 2603 • Hilo, Hawai'i 96720 • (808) 961-8211 • Fax (808) 961-6553
KONA: 74-5044 Ane Keohokālole Hwy., Bldg C • Kailua-Kona, Hawai'i 96740
(808) 323-4444 • Fax (808) 323-4440

LATE

February 12, 2018

Senator Donovan M. Dela Cruz, Chair
Committee on Ways and Means
Hawai'i State Capitol, Room 211
Honolulu, HI 96813

Dear Chair Dela Cruz and Committee Members:

Re: SB 2614, SD 1 Relating to GET Surcharge
Hearing Date: 02/13/18 – 10:15 am; Conference Room 211

Please accept this testimony in general support of SB 2614, SD 1 extending the opportunity for a county to add a surcharge to the State GET.

As you may know, I have been opposed to increasing the GET in Hawai'i County for as long as I have been Mayor. However, I have had to come to terms with the fiscal vise that makes it nearly impossible to (1) balance our County budget, and (2) provide the services that our communities need, without increasing our tax revenue. I therefore sent a proposal to our Council calling for the surcharge, with the understanding that it should be acted on as a last resort.

With March 31, 2018 rapidly approaching, Hawai'i County may need additional time to make the difficult decision whether or not to adopt a surcharge. For that reason, SB 2614, SD 1 would be to our benefit, and I ask that you give this bill your favorable consideration.

I would ask for one amendment. The Department of Taxation needs time to prepare appropriate forms, and asked that the tax increase be effective January 1, 2020, if the tax is adopted after March 31 of this year. The prior committee did not make any distinction, and simply moved the start date to 2020. It is still possible that Hawai'i County will adopt the increase prior to March 31, 2018, so we would suggest that the DOT concern can be addressed without precluding an earlier start date. While we would defer to your staff and DOT for the exact language, we think something like the following would accomplish the purpose:

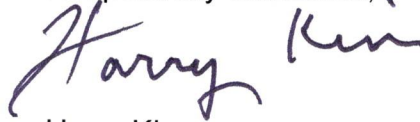
February 12, 2018

Page 2

(1) Prior to:

- (A) January 1, 2007, if the county surcharge on state tax was established by an ordinance adopted prior to December 31, 2005; or
- (B) January 1, 2019, if the county surcharge on state tax was established by the adoption of an ordinance after June 30, 2015, but prior to March 31, **2018 or**
- (C) January 1, 2020, if the county surcharge on state tax was established by the adoption of an ordinance after April 1, 2018, but prior to March 31, 2019, and...**

Respectfully submitted,

A handwritten signature in black ink that reads "Harry Kim". The signature is written in a cursive, flowing style.

Harry Kim
Mayor, County of Hawai'i