

STAND. COM. REP. NO. **676**

Honolulu, Hawaii

March 6, 2015

RE: H.B. No. 134
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 134
entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to make permanent the county
surcharge on state tax established under Act 247, Session Laws of
Hawaii 2005.

The Office of the Mayor of the City and County of Honolulu;
The Councilmember for District 1 of the City and County of
Honolulu; Honolulu Authority for Rapid Transportation; Hawaii
Construction Alliance; Hawaii Laborers-Employers Cooperation and
Education Trust; West Oahu Economic Development Association; Faith
Action for Community Equity; Pacific Resource Partnership; Hawaii
Operating Engineers Industry Stabilization Fund; Hawaii Regional
Council of Carpenters; Hawaii Masons Union Local #1, IUBAC;
Kapolei Chamber of Commerce; and two individuals testified in
support of this measure. The Chamber of Commerce Hawaii; Hawaii
Association of REALTORS; TimeOut Honolulu; and numerous
individuals testified in opposition to this measure. The
Department of Budget and Finance; Department of Taxation; Tax
Foundation of Hawaii; and Building Industry Association-Hawaii
provided comments.

HB134 HD1 HSCR FIN HMS 2015-2467

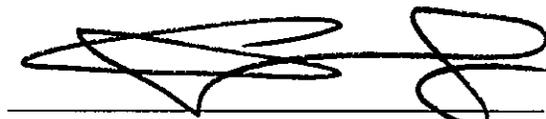


Your Committee has amended this measure by:

- (1) Removing the existing authority of the counties to levy a county surcharge on state tax pursuant to Act 247, Session Laws of Hawaii 2005, on January 1, 2016;
- (2) Authorizing the counties to adopt county surcharges on state general excise tax and use tax at a .25 percent rate, beginning January 1, 2017; provided that any county seeking to adopt a surcharge must do so pursuant to an ordinance enacted by December 31, 2015;
- (3) Changing the percentage of county surcharge revenues withheld by the State for the administration of the county surcharge to an unspecified percentage;
- (4) Specifying that a county surcharge adopted in a county with a population over 500,000 shall be used only for capital costs and expenses in complying with the Americans with Disabilities Act of 1990;
- (5) Specifying that the authorization of the county surcharge, subject to the ordinance requirements of Chapter 46, Hawaii Revised Statutes, shall continue for an unspecified duration; and
- (6) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 134, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 134, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



