

MAR 11 2016

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## SENATE RESOLUTION

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REQUESTING THE AUDITOR TO CONDUCT A FINANCIAL AUDIT OF THE  
DEPARTMENT OF TAXATION TO ASSESS THE DEPARTMENT'S STAFFING  
AND FUNDING NEEDS FOR ADMINISTRATION OF THE COUNTY  
SURCHARGE ON STATE GENERAL EXCISE AND USE TAXES.

1 WHEREAS, Act 247, Session Laws of Hawaii 2005 authorized  
2 the counties to levy a one-half per cent surcharge on state  
3 general excise and use taxes, for the purpose of funding  
4 operating or capital costs for a mass transit project on Oahu;  
5 and  
6

7 WHEREAS, the state retains ten per cent of the proceeds  
8 from the county surcharge on state general excise and use taxes  
9 for the costs of assessment, collection and disposition of the  
10 county surcharge; and  
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12 WHEREAS, the amount the state retains for administration of  
13 the county surcharge is grossly disproportionate to the  
14 Department of Taxation's overall operating budget to administer  
15 all other taxes of this state; and  
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17 WHEREAS, pursuant to Act 213, Session Laws of Hawaii 2007,  
18 Section 121, the Department of Taxation presented a report to  
19 the Legislature regarding staffing costs for administration of  
20 the county surcharge totaling \$749,876 for 2008 and \$700,508 for  
21 2009; and  
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23 WHEREAS, the Department of Taxation received approximately  
24 \$189 million in general fund appropriations from 2007 to 2014 to  
25 collect \$44.7 billion in taxpayer dollars, yet the state raised  
26 \$144 million through the county surcharge for the Department of  
27 Taxation to collect only \$1.5 billion in taxpayer dollars; and  
28

29 WHEREAS, the Department of Taxation has not been made to  
30 account for its staffing and operational funding needs to  
31 administer the county surcharge since 2008; and



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1 WHEREAS, the excessive amounts realized by the state for  
2 costs of assessment, collection and disposition of the county  
3 surcharge prompt a recalculation of what the state previously  
4 determined it would cost to administer the county surcharge, to  
5 more accurately account for the Department of Taxation's  
6 staffing and operational funding needs; now, therefore,  
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8 BE IT RESOLVED by the Senate of the Twenty-eighth  
9 Legislature of the State of Hawaii, Regular Session of 2016,  
10 that the Auditor is requested to conduct a financial audit of  
11 the Department of Taxation; and  
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13 BE IT FURTHER RESOLVED that the audit shall include, but  
14 not be limited to, determining:  
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16 (1) The staffing and operational funding needs for the  
17 Department's administration of the county surcharge on state  
18 general excise and use taxes;  
19

20 (2) An accounting of those funds retained by the state for  
21 assessment, collection and disposition of the county surcharge  
22 that have actually been allocated to the Department of Taxation;  
23

24 (3) A recommendation for what amount the state should  
25 retain from proceeds of the county surcharge, to more accurately  
26 reimburse itself for the costs of assessment, collection and  
27 disposition of the county surcharge;  
28

29 BE IT FURTHER RESOLVED that the Auditor is requested to  
30 submit a report of its findings, recommendations and actions to  
31 the Legislature no later than twenty days prior to the  
32 commencement of the Regular Session of 2017; and  
33

34 BE IT FURTHER RESOLVED that certified copies of this  
35 Resolution be transmitted to the Auditor, Director of the  
36 Department of Taxation and Mayor of the City and County of  
37 Honolulu.  
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