STAND. COM. REP. NO.



Honolulu, Hawaii

FEB 1 6 2017

RE: S.B. No. 938 S.D. 1

Honorable Ronald D. Kouchi President of the Senate Twenty-Ninth State Legislature Regular Session of 2017 State of Hawaii

Sir:

Your Committee on Public Safety, Intergovernmental, and Military Affairs, to which was referred S.B. No. 938 entitled:

"A BILL FOR AN ACT RELATING TO REIMBURSEMENTS TO THE STATE FOR THE COSTS OF ASSESSMENT, COLLECTION, AND DISPOSITION OF THE COUNTY SURCHARGE ON STATE TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to repeal the requirement that the State Director of Finance deduct ten per cent of the gross proceeds of a respective county's surcharge on state tax to reimburse the State for the costs of assessment, collection, and disposition of the county surcharge on state tax incurred by the State.

Your Committee received testimony in support of this measure from the Department of Budget and Finance, Honolulu City Council, Mayor of the City and County of Honolulu, Honolulu Rapid Transit Authority, General Contractors Association of Hawaii, and Hawaii Laborers-Employers Cooperation and Education Trust. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that the State Director of Finance's deduction of ten per cent of the gross proceeds of a respective county's surcharge on state tax is unfair and inequitable to the taxpayers of the respective counties. As constituted, the ten per cent deduction for the county's surcharge allows significant taxpayer dollars paid by taxpayers of a particular county to be



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redistributed for state projects that may provide no benefit to the county taxpayers. Moreover, repealing the State's deduction of ten per cent of the counties' surcharge on state tax will provide increased revenue to the counties to use on a variety of initiatives, including public transportation projects.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Public Safety, Intergovernmental, and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 938, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 938, S.D. 1, and be referred to your Committee on Ways and Means.

> Respectfully submitted on behalf of the members of the Committee on Public Safety, Intergovernmental, and Military Affairs,

Clarence K Michikare

CLARENCE K. NISHIHARA, Chair



The Senate Twenty-Ninth Legislature State of Hawai'i

Record of Votes Committee on Public Safety, Intergovernmental, and Military Affairs PSM

		ee Referral: Date: 2/9/17			
The Committee is reconsidering its previous decision on this measure.					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye 🖊	Aye (WR)	Nay	Excused
NISHIHARA, Clarence K. (C)		V			
WAKAI, Glenn (VC)					
BAKER, Rosalyn H.					
IHARA, Jr., Les					V
THIELEN, Laura H.					
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TOTAL		3	Ø	ϕ	S
Recommendation:					
Chair's or Designee's Signature:					
Distribution: Original File with Committee Report					
*Only <u>one</u> measure per Record of Votes					