

STAND. COM. REP. NO. 2486  
Honolulu, Hawaii

RE: S.B. No. 2686  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii  
Sir:

Your Committees on Public Safety, Intergovernmental, and Military Affairs and Transportation, to which was referred S.B. No. 2686 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Extend the period that a county may adopt a surcharge on state tax, under certain conditions; and
- (2) Allow a county with a population equal to or less than five hundred thousand that adopts a surcharge on state tax to use the revenues for disaster relief.

Your Committees received testimony in support of this measure from the Office of the Mayor of the County of Hawai'i and one member of the Maui County Council. Your Committees received testimony in opposition to this measure from one individual. Your Committees received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committees find that existing law authorized counties to establish a county surcharge on state taxes in order to financially assist the counties with operating or capital costs of public transportation. Your Committees further find that the deadline for a county to establish a county surcharge was March 31, 2019. However, not all the counties were able to establish a surcharge by the mandated deadline, and therefore are burdened with the operating and capital costs of public transportation. Your Committees believe that providing an opportunity to establish a county surcharge will alleviate and equalize any financial burden of certain public transportation costs throughout the State. This measure will provide an additional opportunity to offset operating or capital costs of public transportation by extending the deadline for a county to establish a surcharge on state tax.

Your Committees have amended this measure by:

- (1) Changing the date the counties are required to adopt an ordinance to adopt a county surcharge on state tax from December 31, 2020 to September 30, 2020; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Public Safety, Intergovernmental, and Military Affairs and Transportation that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2686, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2686, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on  
Public Safety, Intergovernmental, and Military Affairs and Transportation,

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LORRAINE R. INOUE, Chair

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CLARENCE K. NISHIHARA, Chair