

News Release

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Contact: Gail Myers
Phone: (808) 768-5003

For Immediate Release

COUNCIL CHAIR MARSHALL CALLS FOR STATE TO AMEND G.E.T. SURCHARGE LAW

Honolulu City Council Chair Barbara Marshall says that, during the first fiscal year, the State received nearly 18 million dollars more than it needed to administer the General Excise Tax surcharge for mass transit and she is calling on the legislature to amend the law to make the amount retained for collection costs more equitable.

The law currently provides that ten percent of the surcharge collection shall be withheld by the state to help pay for the cost of collecting the surcharge. In fiscal year 2008, \$187,903,947 in surcharge collections were made. According to data from the State Department of Taxation, the cost to the State for administering the surcharge did not exceed \$749,876 and is not expected to exceed \$700,508 in Fiscal Year 2009. This means that for Fiscal Year 2008 the State realized a near \$18 million windfall in revenue at the expense of Oahu taxpayers.

Council Chair Marshall gave the following reason for introduction of the resolution: "We (the Council) always suspected that the 10 percent annual collection fee was an excessive amount for essentially cutting a check to the City. Our suspicions have been confirmed by the State's data and I find it disgusting that the actual collection costs are only a fraction of what the State is keeping. If we assume the collection costs will remain relatively constant, what was retained by the state in Fiscal Year 2008 alone could basically pay for the collection costs throughout the life of the surcharge."

While the City Council has no power to amend the law or the amounts retained for collection costs, Chair Marshall is hopeful that this resolution will bring the issue to the forefront of public discussion and next year's legislature will amend the law to ensure that the State only receives the monies necessary to defray the costs of administering the surcharge.

Resolution 08-243 will be heard next week by the City Council's Committee on Intergovernmental Affairs. The committee meeting is scheduled for 12:30 Wednesday. For more information please contact Gail Myers in Chair Marshall's office: 768-5003.

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