
A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 46-16.8, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "~~[+]§46-16.8[+]~~ County surcharge on state tax. (a) Each
4 county may establish a surcharge on state tax at the rates
5 enumerated in sections 237-8.6 and 238-2.6. A county electing
6 to establish this surcharge shall do so by ordinance; provided
7 that[÷

8 ~~(1) No]~~ no ordinance shall be adopted until the county has
9 conducted a public hearing on the proposed ordinance[÷

10 ~~(2) The ordinance shall be adopted prior to December 31,~~
11 ~~2005; and~~

12 ~~(3) No county surcharge on state tax that may be~~
13 ~~authorized under this section shall be levied prior to~~
14 ~~January 1, 2007].~~

15 Notice of the public hearing required under ~~[paragraph (1)]~~ this
16 subsection shall be published in a newspaper of general
17 circulation within the county at least twice within a period of
18 thirty days immediately preceding the date of the hearing.



(b) A county electing to exercise the authority granted under this section shall notify the director of taxation within ten days after the county has adopted a surcharge on state tax ordinance, ~~and[, beginning no earlier than January 1, 2007,]~~ the director of taxation shall levy, assess, collect, and otherwise administer the county surcharge on state tax~~[-]~~; provided that for any ordinance that is adopted after July 1, 2014, pursuant to this section, the director of taxation shall not levy, assess, collect, or otherwise administer the county surcharge on state tax earlier than January 1 of the year succeeding the adoption of the authorizing ordinance.

(c) Each county with a population greater than five hundred thousand that adopts a county surcharge on state tax ordinance pursuant to subsection (a) shall use the surcharges received from the State for:

(1) Operating or capital costs of a locally preferred alternative for a mass transit project; and

(2) Expenses in complying with the Americans with Disabilities Act of 1990 with respect to paragraph

(1).

~~[The county surcharge on state tax shall not be used to build or repair public roads or highways, bicycle paths, or support~~



~~public transportation systems already in existence prior to July 12, 2005.]~~ A county with a population of five hundred thousand or less may expend the surcharges received from the State for any purpose deemed appropriate by the respective county.

~~[(d) Each county with a population equal to or less than five hundred thousand that adopts a county surcharge on state tax ordinance pursuant to subsection (a) shall use the surcharges received from the State for:~~

~~(1) Operating or capital costs of public transportation within each county for public transportation systems, including public roadways or highways, public buses, trains, ferries, pedestrian paths or sidewalks, or bicycle paths; and~~

~~(2) Expenses in complying with the Americans with Disabilities Act of 1990 with respect to paragraph~~

~~(1).~~

~~(e)]~~ (d) As used in this section, "capital costs" means nonrecurring costs required to construct a transit facility or system, including debt service, costs of land acquisition and development, acquiring of rights-of-way, planning, design, and construction, and including equipping and furnishing the facility or system."



1 SECTION 2. Section 237-8.6, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) The county surcharge on state tax, upon the adoption
4 of county ordinances and in accordance with the requirements of
5 section 46-16.8, shall be levied, assessed, and collected as
6 provided in this section on all gross proceeds and gross income
7 taxable under this chapter. No county shall set the surcharge
8 on state tax at a rate greater than [~~one-half~~] one per cent of
9 all gross proceeds and gross income taxable under this chapter.

10 All provisions of this chapter shall apply to the county
11 surcharge on state tax. With respect to the surcharge, the
12 director of taxation shall have all the rights and powers
13 provided under this chapter. In addition, the director of
14 taxation shall have the exclusive rights and power to determine
15 the county or counties in which a person is engaged in business
16 and, in the case of a person engaged in business in more than
17 one county, the director shall determine, through apportionment
18 or other means, that portion of the surcharge on state tax
19 attributable to business conducted in each county."

20 SECTION 3. Section 238-2.6, Hawaii Revised Statutes, is
21 amended by amending subsection (a) to read as follows:



1 "(a) The county surcharge on state tax, upon the adoption
2 of a county ordinance and in accordance with the requirements of
3 section 46-16.8, shall be levied, assessed, and collected as
4 provided in this section on the value of property and services
5 taxable under this chapter. No county shall set the surcharge
6 on state tax at a rate greater than [~~one-half~~] one per cent of
7 the value of property taxable under this chapter. All
8 provisions of this chapter shall apply to the county surcharge
9 on state tax. With respect to the surcharge, the director shall
10 have all the rights and powers provided under this chapter. In
11 addition, the director of taxation shall have the exclusive
12 rights and power to determine the county or counties in which a
13 person imports or purchases tangible personal property and, in
14 the case of a person importing or purchasing tangible property
15 in more than one county, the director shall determine, through
16 apportionment or other means, that portion of the surcharge on
17 state tax attributable to the importation or purchase in each
18 county."

19 SECTION 4. Section 248-2.6, Hawaii Revised Statutes, is
20 amended by amending subsection (a) to read as follows:

21 "(a) If adopted by county ordinance, all county surcharges
22 on state tax collected by the director of taxation shall be paid



1 into the state treasury quarterly, within ten working days after
2 collection, and shall be placed by the director of finance in
3 special accounts. Out of the revenues generated by county
4 surcharges on state tax paid into each respective state treasury
5 special account, the director of finance shall deduct [~~ten~~] two
6 per cent of the gross proceeds of a respective county's
7 surcharge on state tax to reimburse the State for the costs of
8 assessment, collection, and disposition of the county surcharge
9 on state tax incurred by the State. Amounts retained shall be
10 general fund realizations of the State."

11 SECTION 5. Act 247, Session Laws of Hawaii 2005, is
12 amended by amending section 9 to read as follows:

13 "SECTION 9. This Act shall take effect upon its approval[~~;~~
14 ~~provided that:~~

15 ~~(1) If none of the counties of the State adopt an~~
16 ~~ordinance to levy a county surcharge on state tax by~~
17 ~~December 31, 2005, this Act shall be repealed and~~
18 ~~section 437D-8.4, Hawaii Revised Statutes, shall be~~
19 ~~reenacted in the form in which it read on the day~~
20 ~~prior to the effective date of this Act;~~

21 ~~(2) If any county does not adopt an ordinance to levy a~~
22 ~~county surcharge on state tax by December 31, 2005, it~~



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1 ~~shall be prohibited from adopting such an ordinance~~
 2 ~~pursuant to this Act, unless otherwise authorized by~~
 3 ~~the legislature through a separate legislative act;~~
 4 ~~(3) If an ordinance to levy a county surcharge on state~~
 5 ~~tax is adopted by December 31, 2005:~~
 6 ~~(A) The ordinance shall be repealed on December 31,~~
 7 ~~2022;~~
 8 ~~(B) This Act shall be repealed on December 31, 2022;~~
 9 ~~and~~
 10 ~~(C) Section 437D-8.4, Hawaii Revised Statutes, shall~~
 11 ~~be reenacted in the form in which it read on the~~
 12 ~~day prior to the effective date of this Act]."~~

13 SECTION 6. Statutory material to be repealed is bracketed
 14 and stricken. New statutory material is underscored.

15 SECTION 7. This Act shall take effect on July 1, 2014.

16 INTRODUCED BY: 

By Request

JAN 10 2014



H.B. NO. 1606

Report Title:

County Surcharge on State Tax

Description:

Repeals deadline for counties electing to establish a county surcharge on state tax to pass an ordinance to enact the surcharge. Increases maximum rate of surcharge from 0.5% to 1%. Allows counties under 500,000 population to use proceeds without restriction. Reduces the amount deducted from the county surcharge on state tax to reimburse the State for costs of assessment, collection, and disposition from 10% to 2%. Makes permanent the counties' authority to establish a surcharge on state tax.

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