

JAN 23 2015

## A BILL FOR AN ACT

RELATING TO TAXATION.

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

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

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

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

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

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

Notice of the public hearing required under ~~[paragraph (1)]~~ this subsection shall be published in a newspaper of general



1 circulation within the county at least twice within a period of  
2 thirty days immediately preceding the date of the hearing.

3 (b) A county electing to exercise the authority granted  
4 under this section shall notify the director of taxation within  
5 ten days after the county has adopted a surcharge on state tax  
6 ordinance, and~~[, beginning no earlier than January 1, 2007,]~~ the  
7 director of taxation shall levy, assess, collect, and otherwise  
8 administer the county surcharge on state tax~~[.]~~; provided that  
9 for any ordinance that is adopted after July 1, 2015, pursuant  
10 to this section, the director of taxation shall not levy,  
11 assess, collect, or otherwise administer the county surcharge on  
12 state tax earlier than January 1 of the year succeeding the  
13 adoption of the authorizing ordinance.

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

18 (1) Operating or capital costs of a locally preferred  
19 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).~~



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

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

9       "(a) The county surcharge on state tax, upon the adoption  
10 of county ordinances and in accordance with the requirements of  
11 section 46-16.8, shall be levied, assessed, and collected as  
12 provided in this section on all gross proceeds and gross income  
13 taxable under this chapter. No county shall set the surcharge  
14 on state tax at a rate greater than [~~one-half~~] one per cent of  
15 all gross proceeds and gross income taxable under this chapter.  
16 All provisions of this chapter shall apply to the county  
17 surcharge on state tax. With respect to the surcharge, the  
18 director of taxation shall have all the rights and powers  
19 provided under this chapter. In addition, the director of  
20 taxation shall have the exclusive rights and power to determine  
21 the county or counties in which a person is engaged in business



1 and, in the case of a person engaged in business in more than  
2 one county, the director shall determine, through apportionment  
3 or other means, that portion of the surcharge on state tax  
4 attributable to business conducted in each county."

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

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



1 apportionment or other means, that portion of the surcharge on  
2 state tax attributable to the importation or purchase in each  
3 county."

4 SECTION 4. Act 247, Session Laws of Hawaii 2005, is  
5 amended by amending section 9 to read as follows:

6 "SECTION 9. This Act shall take effect upon its approval[+  
7 ~~provided that:~~

8 ~~(1) If none of the counties of the State adopt an~~  
9 ~~ordinance to levy a county surcharge on state tax by~~  
10 ~~December 31, 2005, this Act shall be repealed and~~  
11 ~~section 437D-8.4, Hawaii Revised Statutes, shall be~~  
12 ~~reenacted in the form in which it read on the day~~  
13 ~~prior to the effective date of this Act,~~

14 ~~(2) If any county does not adopt an ordinance to levy a~~  
15 ~~county surcharge on state tax by December 31, 2005, it~~  
16 ~~shall be prohibited from adopting such an ordinance~~  
17 ~~pursuant to this Act, unless otherwise authorized by~~  
18 ~~the legislature through a separate legislative act,~~

19 ~~(3) If an ordinance to levy a county surcharge on state~~  
20 ~~tax is adopted by December 31, 2005:~~



~~(B) This Act shall be repealed on December 31, 2022;~~  
and

~~(C) Section 437D-8.4, Hawaii Revised Statutes, shall be reenacted in the form in which it read on the day prior to the effective date of this Act]."~~

SECTION 5. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 6. This Act shall take effect on July 1, 2015.

INTRODUCED BY:

Anne Mercado K.  
By Request



**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 with a population of 500,000 or less to use proceeds without restriction. Makes permanent the counties' authority to establish a surcharge on state tax.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

