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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 PART I

2 SECTION 1. Section 46-16.8, Hawaii Revised Statutes, is  
3 amended by amending subsections (b) and (c) to read as follows:

4 "(b) Each county that has established a surcharge on state  
5 tax prior to ~~[+]July 1, 2015, [+]~~ under authority of subsection  
6 (a) may extend the surcharge ~~[from January 1, 2023,]~~ until  
7 December 31, ~~[2027,]~~ 2029, at the same rates. A county electing  
8 to extend this surcharge shall do so by ordinance; provided  
9 that:

10 (1) No ordinance shall be adopted until the county has  
11 conducted a public hearing on the proposed ordinance;

12 and

13 (2) The ordinance shall be adopted prior to ~~[July]~~  
14 January 1, [2016, but no earlier than July 1, 2015.]

15 2018.

16 A county electing to exercise the authority granted under  
17 this subsection shall notify the director of taxation within ten



1 days after the county has adopted an ordinance extending the  
2 surcharge on state tax. [~~Beginning on January 1, 2023, the~~] The  
3 director of taxation shall levy, assess, collect, and otherwise  
4 administer the extended surcharge on state tax.

5 (c) Each county that has not established a surcharge on  
6 state tax prior to [~~+~~] July 1, 2015, [~~+~~] may establish the  
7 surcharge at the rates enumerated in sections 237-8.6 and 238-  
8 2.6. A county electing to establish this surcharge shall do so  
9 by ordinance; provided that:

10 (1) No ordinance shall be adopted until the county has  
11 conducted a public hearing on the proposed ordinance;

12 (2) The ordinance shall be adopted prior to [~~July~~]  
13 January 1, [2016,] 2018 [~~but no earlier than July 1,~~  
14 ~~2015~~]; and

15 (3) No county surcharge on state tax that may be  
16 authorized under this subsection shall be levied prior  
17 to January 1, [~~2018,~~] 2019, or after December 31,  
18 [~~2027,~~] 2029.

19 A county electing to exercise the authority granted under  
20 this subsection shall notify the director of taxation within ten  
21 days after the county has adopted a surcharge on state tax



1 ordinance. Beginning on January 1, [~~2018~~] 2019, the director  
2 of taxation shall levy, assess, collect, and otherwise  
3 administer the county surcharge on state tax."

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

6 "(b) Each county surcharge on state tax that may be  
7 adopted or extended pursuant to section 46-16.8 shall be levied  
8 beginning in [~~the~~] a taxable year after the adoption of the  
9 relevant county ordinance; provided that no surcharge on state  
10 tax may be levied:

11 (1) Prior to:

12 (A) January 1, 2007, if the county surcharge on state  
13 tax was established by an ordinance adopted prior  
14 to December 31, 2005; or

15 (B) January 1, [~~2018~~] 2019, if the county surcharge  
16 on state tax was established by the adoption of  
17 an ordinance after June 30, 2015, but prior to  
18 [~~July 1, 2016~~] January 1, 2018; and

19 (2) After December 31, [~~2027~~] 2029."

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



1           "(b) Each county surcharge on state tax that may be  
2 adopted or extended shall be levied beginning in [~~the~~] a taxable  
3 year after the adoption of the relevant county ordinance;  
4 provided that no surcharge on state tax may be levied:

5           (1) Prior to:

6                   (A) January 1, 2007, if the county surcharge on state  
7 tax was established by an ordinance adopted prior  
8 to December 31, 2005; or

9                   (B) January 1, [~~2018,~~] 2019, if the county surcharge  
10 on state tax was established by the adoption of  
11 an ordinance after June 30, 2015, but prior to  
12 [~~July 1, 2016,~~] January 1, 2018; and

13           (2) After December 31, [~~2027,~~] 2029."

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

16           "(a) If adopted by county ordinance, all county surcharges  
17 on state tax collected by the director of taxation shall be paid  
18 into the state treasury quarterly, within ten working days after  
19 collection, and shall be placed by the director of finance in  
20 special accounts. Out of the revenues generated by county  
21 surcharges on state tax paid into each respective state treasury



1 special account, the director of finance shall deduct [~~ten~~] one  
2 per cent of the gross proceeds of a respective county's  
3 surcharge on state tax to reimburse the State for the costs of  
4 assessment, collection, [~~and~~] disposition, and oversight of the  
5 county surcharge on state tax incurred by the State. Amounts  
6 retained shall be general fund realizations of the State."

7 SECTION 5. Act 247, Session Laws of Hawaii 2005, as  
8 amended by Act 240, Session Laws of Hawaii 2015, is amended by  
9 amending section 9 to read as follows:

10 "SECTION 9. This Act shall take effect upon its approval;  
11 provided that:

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

18 (2) If any county does not adopt an ordinance to levy a  
19 county surcharge on state tax by December 31, 2005, it  
20 shall be prohibited from adopting such an ordinance  
21 pursuant to this Act, unless otherwise authorized by



1 the legislature through a separate legislative act;  
2 and

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

5 (A) The ordinance shall be repealed on December 31,  
6 2022; provided that the repeal of the ordinance  
7 shall not affect the validity or effect of an  
8 ordinance to extend a surcharge on state tax  
9 adopted pursuant to [~~Act 240, Session Laws of~~  
10 ~~Hawaii 2015,~~] an act of the legislature;

11 (B) This Act shall be repealed on December 31,  
12 [~~2027,~~] 2029; and

13 (C) Section 437D-8.4, Hawaii Revised Statutes, shall  
14 be reenacted in the form in which it read on the  
15 day prior to the effective date of this Act;  
16 provided that the amendments made to section  
17 437D-8.4, Hawaii Revised Statutes, by Act 226,  
18 Session Laws of Hawaii 2008, as amended by Act  
19 11, Session Laws of Hawaii 2009, and Act 110,  
20 Session Laws of Hawaii 2014, shall not be  
21 repealed."



## 1 PART II

2 SECTION 6. Section 46-16.8, Hawaii Revised Statutes, is  
3 amended by amending subsection (e) to read as follows:

4 "(e) Each county with a population greater than five  
5 hundred thousand that adopts or extends a county surcharge on  
6 state tax ordinance pursuant to subsection (a) or (b) shall use  
7 the surcharges received from the State for[+]

8 ~~(1) Capital]~~ capital costs of a locally preferred  
9 alternative for a mass transit project [+-and

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

12 ~~(1).~~

13 The]; provided that revenues derived from the county surcharge  
14 on state tax shall not be used:

15 (1) [to] To build or repair public roads or highways,  
16 bicycle paths, or support public transportation  
17 systems already in existence prior to July 12,  
18 2005 [+-];

19 (2) For operating costs of the mass transit project or any  
20 purpose not consistent with this subsection; or





1 Notwithstanding any other law to the contrary, if there is  
2 an existing ordinance that violates paragraphs (1) or (2), or  
3 both, in effect on the effective date of this Act, the county  
4 shall repeal the ordinance before December 31, 2017.

5 (c) The mayor of a county with a population greater than  
6 five hundred thousand shall notify the director of taxation  
7 within ten days of the mayor's approval of the repeal of an  
8 ordinance that violates subsection (b) (1), (b) (2), or both.

9 PART IV

10 SECTION 8. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

12 SECTION 9. This Act shall take effect upon its approval;  
13 provided that in a county with a population greater than five  
14 hundred thousand:

15 (1) If on December 31, 2017, all of the conditions set out  
16 in section 7(b) of this Act are met, then effective  
17 January 1, 2018, the director of taxation may levy,  
18 assess, and collect the surcharge on state tax and  
19 disburse surcharge revenues pursuant to the surcharge  
20 extension provisions of part I of this Act; and



1           (2) If on December 31, 2017, all of the conditions set out  
2           in section 7(b) of this Act have not been met, the  
3           authorization to extend the levy, assessment, and  
4           collection of a surcharge on state tax and the  
5           disbursement of surcharge revenues pursuant to part I  
6           of this Act shall not take effect.



**Report Title:**

County Surcharge on State Tax

**Description:**

Reduces the amount deducted from the county surcharge on state tax to reimburse the State for administrative costs from 10% to 1% and extends authorization of the county surcharge on state tax to 12/31/2029; provided that certain conditions are met by the counties. Prohibits disbursement of surcharge revenues after December 31, 2017, to a county that prohibits the use of county funds for capital costs of a locally preferred alternative for a mass transit project or uses county surcharge revenue for purposes other than those capital costs. (SB1183 HD2)

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

