

A Bill for an Act Relating to Taxation.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Chapter 248, Hawaii Revised Statutes, is amended to read:

“Sec. 248-6 Distribution of grants-in-aid of state general fund to the several counties. (a) Per cent of general revenues. The several counties shall receive from the state general fund an amount equal to .505 per cent of the tax base attained for the fiscal year ending in the previous calendar year, which tax base shall be for all collections of the general excise tax, use tax, and public service company tax which have been made at the rate of three and one-half per cent or more, excepting only taxes collected from public utilities as defined in section 269-1. The director of taxation shall determine the amount to be distributed to the several counties.

(b) Minimum amount. Four million dollars of the amount determined to be available to the counties as hereinabove set forth shall be distributed to the several counties in equal amounts.

(c) Fiscal needs and capacities. Each county shall receive a portion of the remaining amount by adding the amount determined to reflect its relative fiscal capacity and the amount determined to measure its relative fiscal need; provided, that seventy-five per cent of such portion shall be distributed only upon the approval of the governor of a plan or program submitted by the county, which plan or program the governor finds, in his discretion, raises, improves, or maintains a justifiable level of services performed by the county; the governor may as a condition to his approval of such plan or program require the county to provide additional county funds to implement such plan or program; provided, that the amount of such county funds shall not be more than twice the amount of the state funds allotted by the governor. Any amounts not allotted by the governor during the fiscal year shall lapse into the general fund. The amounts reflecting relative fiscal capacity and measuring relative fiscal need shall be determined as follows:

(1) The amount determined to reflect a county's relative fiscal capacity shall be arrived at by the use of the following formula:

(A) Determine the per capita net taxable real property by dividing the average of the net taxable real property for the preceding five calendar years for that county as certified by the director of taxation pursuant to section 248-2(e) by the average of the civ-

ilian population in that county for the preceding five calendar years.

- (B) Determine the per capita net taxable real property for the entire State by dividing the sum of the average of the net taxable real property for the preceding five calendar years for each of the several counties as certified by the director of taxation pursuant to section 248-2(e) by the average of the civilian population in the entire State for the preceding five calendar years.
 - (C) Subtract that county's per capita net taxable real property as determined by paragraph (A) above from the per capita net taxable real property for the entire State as determined by paragraph (B) above and multiply this result by the average civilian population in that county for the preceding five calendar years.
 - (D) Multiply the result obtained in paragraph (C) above by the average effective tax rate. The average effective tax rate is obtained by dividing the total annual real property tax realizations for all the counties for the preceding five calendar years by the total net taxable real property valuations in the entire State for the preceding five calendar years.
 - (E) Multiply the result obtained in paragraph (D) above by a weight of two.
- (2) The amount determined to measure a county's relative fiscal need shall be arrived at by multiplying that county's civilian population percentage (that is the proportion that the average of civilian population for the preceding five years in that county bears to the average of civilian population in the entire State for the preceding five years) by the difference between the amount available for distribution to the several counties as determined by subsection (a) and the minimum amount distributed under subsection (b).

(d) Civilian population. For the purposes of this section, the civilian population in each county shall be determined by the state director of health as of July 1 of each year from the best information available, and this determination shall be conclusive.

(e) Monthly distribution. The director of finance of the State, in monthly installments, on or before the 15th day of each month shall pay the monthly share of the amounts as determined above to the county treasurer of each county, or in the case of the city and county of Honolulu to the director of finance, to become a general realization of the county, expendable as such, except as otherwise provided by law, and provided, that the director of finance of the State may make periodic distributions to the counties other than on a monthly basis."

SECTION 2. Material to be repealed is bracketed. New material is underscored. In printing this Act, the revisor of statutes need not include the brackets, the bracketed material, or the underscoring.*

SECTION 3. This Act shall take effect on July 1, 1972.

(Approved June 1, 1972.)

*Edited accordingly.