

JAN 28 2009

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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 248-2.6, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 " [+] §248-2.6 [+] County surcharge on state tax; disposition  
4 of proceeds. (a) If adopted by county ordinance, all county  
5 surcharges on state tax collected by the director of taxation  
6 shall be paid into the state treasury quarterly, within ten  
7 working days after collection, and shall be placed by the  
8 director of finance in special accounts. Out of the revenues  
9 generated by county surcharges on state tax paid into each  
10 respective state treasury special account, the director of  
11 finance shall deduct ten per cent of the gross proceeds of a  
12 respective county's surcharge on state tax to reimburse the  
13 State for the costs of assessment, collection, and disposition  
14 of the county surcharge on state tax incurred by the State.  
15 Amounts retained shall be general fund realizations of the  
16 State.



1           (b) The amounts deducted for costs of assessment,  
2 collection, and disposition of county surcharges on state tax  
3 shall be withheld from payment to the counties by the State out  
4 of the county surcharges on state tax collected for the current  
5 calendar year.

6           (c) For the purpose of this section, the costs of  
7 assessment, collection, and disposition of the county surcharges  
8 on state tax shall include any and all costs, direct or  
9 indirect, that are deemed necessary and proper to effectively  
10 administer this section and sections 237-8.6 and 238-2.6.

11           (d) After the deduction and withholding of the costs under  
12 subsections (a) and (b), the director of finance shall pay the  
13 remaining balance on [f]a[+] quarterly basis to the director of  
14 finance of each county that has adopted a county surcharge on  
15 state tax under section 46-16.8. The quarterly payments shall  
16 be made after the county surcharges on state tax have been paid  
17 into the state treasury special accounts or after the  
18 disposition of any tax appeal, as the case may be. All county  
19 surcharges on state tax collected shall be distributed by the  
20 director of finance to the county in which the county surcharge  
21 on state tax is generated and shall be a general fund



1 realization of the county, to be used for the purposes specified  
2 in section 46-16.8 by each of the counties.

3 (e) Notwithstanding subsection (a), (d), and any other law  
4 to the contrary, the disposition of all proceeds from county  
5 surcharges on state tax revenues that are levied, assessed, and  
6 collected pursuant to sections 237-8.6 and 238-2.6 shall be  
7 deferred for fiscal year 2009-2010; provided that those tax  
8 revenues generated pursuant to sections 237-8.6 and 238-2.6  
9 during fiscal year 2009-2010 shall be deposited to the credit of  
10 the general fund."

11 SECTION 2. 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



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~~] 2023;

8 (B) This Act shall be repealed on December 31,  
9 [~~2022~~] 2023; 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 3. Statutory material to be repealed is bracketed  
14 and stricken. New statutory material is underscored.

15 SECTION 4. This Act shall take effect on July 1, 2009;  
16 provided that on June 30, 2010, section 1 of this Act shall be  
17 repealed and section 248-2.6, Hawaii Revised Statutes, is  
18 reenacted in the form in which it read on the day before the  
19 effective date of this Act.

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INTRODUCED BY:

Bennett Kohut

[Signature]



[Signature]

**Report Title:**

County Surcharge Tax; Transit Tax

**Description:**

Amends the county surcharge on state tax revenues by suspending the payment of the tax from the State to the city and county of Honolulu for fiscal year 2009-2010. Extends the duration of the payment period of the county surcharge on state tax by one year to December 31, 2023.

