
A BILL FOR AN ACT

RELATING TO COUNTY SURCHARGE ON STATE TAX.

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

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

3 1. By amending subsection (a) to read:

4 "(a) Each county may establish a surcharge on state tax at
5 the rates enumerated in sections 237-8.6 and 238-2.6. A county
6 electing to establish this surcharge shall do so by ordinance[+]]
7 without limitation as to the date on which the ordinance is
8 adopted; provided that:

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

12 [~~2~~] ~~The ordinance shall be adopted prior to December 31,~~
13 ~~2005, and~~

14 ~~(3)]~~ (2) No county surcharge on state tax that may be
15 authorized under this section shall be levied prior to
16 January 1, 2007.

17 Notice of the public hearing required under paragraph (1) shall
18 be published in a newspaper of general circulation within the



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

3 2. By amending subsection (d) to read:

4 "(d) Each county with a population equal to or less than
5 five hundred thousand that adopts a county surcharge on state
6 tax ordinance pursuant to subsection (a) shall deposit the
7 proceeds to the credit of each respective county general fund
8 and may use the surcharges received from the State for[+

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

14 ~~(2) Expenses in complying with the Americans with~~
15 ~~Disabilities Act of 1990 with respect to paragraph~~
16 ~~(1).]~~

17 any purposes determined by each respective county without
18 restriction; provided that the director of finance shall cease
19 deducting ten per cent of the gross proceeds of a respective
20 county's surcharge on state tax to reimburse the State for the
21 costs of assessment, collection, and disposition of the county
22 surcharge on state tax immediately subsequent to the



1 certification by the attorney general to the effect that all of
2 the counties under this subsection have, in fact, adopted an
3 ordinance."

4 SECTION 2. Section 248-2.6, Hawaii Revised Statutes, is
5 amended by amending subsections (a) and (b) to read as follows:

6 "(a) If adopted by county ordinance, all county surcharges
7 on state tax collected by the director of taxation shall be paid
8 into the state treasury quarterly, within ten working days after
9 collection, and shall be placed by the director of finance in
10 special accounts. Out of the revenues generated by county
11 surcharges on state tax paid into each respective state treasury
12 special account, the director of finance shall deduct ten per
13 cent of the gross proceeds of a respective county's surcharge on
14 state tax to reimburse the State for the costs of assessment,
15 collection, and disposition of the county surcharge on state tax
16 incurred by the State[-]; provided that if all counties with a
17 population equal to or less than five hundred thousand adopt
18 ordinances pursuant to section 46-16.8(d), and upon a
19 certification by the attorney general to the effect that all of
20 the counties under section 46-16.8(d) have, in fact, adopted
21 ordinances, the director of finance shall immediately cease
22 deducting the ten per cent for costs of assessment, collection,



1 and disposition. Amounts retained shall be general fund
2 realizations of the State.

3 (b) [The] Subject to subsection (a), the amounts deducted
4 for costs of assessment, collection, and disposition of county
5 surcharges on state tax shall be withheld from payment to the
6 counties by the State out of the county surcharges on state tax
7 collected for the current calendar year."

8 SECTION 3. Act 247, Session Laws of Hawaii 2005, is
9 amended by 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~~
22 ~~the legislature through a separate legislative act;~~



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. Allows counties under 500,000 population to use proceeds without restriction. Ceases state deduction of 10% for costs if counties of Kauai, Maui, and Hawaii all adopt ordinances.

