

JAN 26 2011

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# A BILL FOR AN ACT

RELATING TO TRANSPORTATION FUNDING.

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

1           SECTION 1. Act 247, Session Laws of Hawaii 2005,  
2 authorized the counties to levy, by ordinance adopted no later  
3 than December 31, 2005, a county surcharge on state tax to fund  
4 public transportation systems. For the counties that met this  
5 requirement the surcharge was to become effective January 1,  
6 2007. The city and county of Honolulu complied with Act 247  
7 when it adopted Ordinance No. 05-027, and the surcharge became  
8 effective on January 1, 2007. Since then, millions of dollars  
9 have been distributed to the city and county of Honolulu.

10           The Federal Transit Authority and Congress have yet to  
11 provide the city's requested \$1.5 billion for the project, and  
12 there is no guarantee the federal government will provide the  
13 entire amount. Uncertainty regarding federal funding, coupled  
14 with possible cost-overruns, could result in the city being  
15 unable to complete the project, or in Hawaii taxpayers getting  
16 stuck with the bill. The possibility of lawsuits opposing the  
17 project on environmental grounds is also a real threat to its  
18 future. The legislature finds that it makes more sense for



1 moneys collected via the surcharge to be returned to taxpayers  
2 than to be used to fund a project with no firm start date and no  
3 accurate cost or secured funding source.

4 The purpose of this Act is to stop the assessment and  
5 collection of the county surcharge on state tax, and to return  
6 the moneys already collected but not used by the city and county  
7 of Honolulu to the taxpayers.

8 SECTION 2. Section 46-16.8, Hawaii Revised Statutes, is  
9 amended by amending subsection (c) to read as follows:

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

14 (1) Operating or capital costs of a locally preferred  
15 alternative for a mass transit project; and

16 (2) Expenses in complying with the Americans with  
17 Disabilities Act of 1990 with respect to paragraph

18 (1) [-];

19 provided that no further surcharge shall be collected under this  
20 subsection after June 30, 2011. All moneys collected pursuant  
21 to this subsection and distributed to any county that remain  
22 unexpended by the county on June 30, 2011, shall be returned to



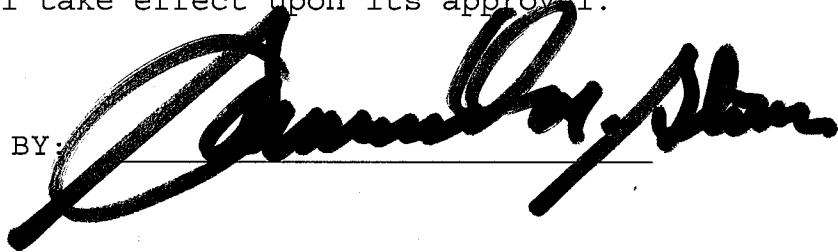
1 the state. The directors of taxation and budget and finance  
2 shall determine the appropriate method for redistributing such  
3 moneys to taxpayers. The county surcharge on state tax shall  
4 not be used to build or repair public roads or highways, bicycle  
5 paths, or support public transportation systems already in  
6 existence prior to July 12, 2005."

7 SECTION 3. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:

A large, bold, handwritten signature in black ink, written over a horizontal line. The signature is highly stylized and appears to be the name of a legislator.

**Report Title:**

Transportation Funding; Taxation; County Surcharge

**Description:**

Discontinues the county surcharge on state tax for mass transit. Requires the city and county of Honolulu to return to the state all unexpended moneys distributed to it under section 46-16.8, Hawaii Revised Statutes.

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

