

JAN 25 2012

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. Chapter 46, Hawaii Revised Statutes, is amended
2 by adding a new section to be appropriately designated and to
3 read as follows:

4 "§46- County reimbursement for state costs for planning
5 of a locally preferred alternative for a mass transit project.

6 (a) In lieu of the administrative deduction by the State of ten
7 per cent for administrative costs under section 248-2.6, a
8 county that establishes a surcharge on state taxes pursuant to
9 section 46-16.8 shall reimburse the State for any costs incurred
10 or expended by the State to assist that county to plan for a
11 rapid transit system as a locally preferred alternative for mass
12 transit, including costs of transportation planning and historic
13 preservation; provided that in those cases, the surcharge shall
14 be considered as a reimbursement of costs to the State rather
15 than as a surcharge.

16 (b) The State shall periodically collect from a county the
17 costs under subsection (a)."



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

3 "(b) A county electing to exercise the authority granted
4 under this section shall notify the director of taxation within
5 ten days after the county has adopted a surcharge on state tax
6 ordinance and, beginning no earlier than January 1, 2007, the
7 director of taxation shall levy, assess, collect, and otherwise
8 administer the county surcharge on state tax[-], except that the
9 Honolulu authority for rapid transportation shall collect the
10 county surcharge on state tax and reimburse costs incurred or
11 expended by the State to assist the city and county of Honolulu
12 to plan for a rapid transit system."

13 SECTION 3. Section 237-8.6, Hawaii Revised Statutes, is
14 amended by amending subsection (a) to read as follows:

15 "(a) The county surcharge on state tax, upon the adoption
16 of county ordinances and in accordance with the requirements of
17 section 46-16.8, shall be levied, assessed, and collected as
18 provided in this section on all gross proceeds and gross income
19 taxable under this chapter[-], except that the Honolulu
20 authority for rapid transportation shall collect the county
21 surcharge on state tax and reimburse costs incurred or expended
22 by the State to assist the city and county of Honolulu to plan



1 for a rapid transit system. No county shall set the surcharge
2 on state tax at a rate greater than one-half per cent of all
3 gross proceeds and gross income taxable under this chapter. All
4 provisions of this chapter shall apply to the county surcharge
5 on state tax. With respect to the surcharge, the director of
6 taxation shall have all the rights and powers provided under
7 this chapter. In addition, the director of taxation shall have
8 the exclusive rights and power to determine the county or
9 counties in which a person is engaged in business and, in the
10 case of a person engaged in business in more than one county,
11 the director shall determine, through apportionment or other
12 means, that portion of the surcharge on state tax attributable
13 to business conducted in each county."

14 SECTION 4. Section 238-2.6, Hawaii Revised Statutes, is
15 amended by amending subsection (a) to read as follows:

16 "(a) The county surcharge on state tax, upon the adoption
17 of a county ordinance and in accordance with the requirements of
18 section 46-16.8, shall be levied, assessed, and collected as
19 provided in this section on the value of property and services
20 taxable under this chapter[-], except that the Honolulu
21 authority for rapid transportation shall collect the county
22 surcharge on state tax and reimburse costs incurred or expended



1 by the State to assist the city and county of Honolulu to plan
2 for a rapid transit system. No county shall set the surcharge
3 on state tax at a rate greater than one-half per cent of the
4 value of property taxable under this chapter. All provisions of
5 this chapter shall apply to the county surcharge on state tax.
6 With respect to the surcharge, the director shall have all the
7 rights and powers provided under this chapter. In addition, the
8 director of taxation shall have the exclusive rights and power
9 to determine the county or counties in which a person imports or
10 purchases tangible personal property and, in the case of a
11 person importing or purchasing tangible property in more than
12 one county, the director shall determine, through apportionment
13 or other means, that portion of the surcharge on state tax
14 attributable to the importation or purchase in each county."

15 SECTION 5. Section 248-2.6, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "[+]§248-2.6[+] **County surcharge on state tax; disposition**
18 **of proceeds.** (a) If adopted by county ordinance, all county
19 surcharges on state tax collected by the director of taxation
20 shall be paid into the state treasury quarterly, within ten
21 working days after collection, and shall be placed by the
22 director of finance in special accounts [~~Out~~]; provided that a



1 county surcharge on state tax established by the city and county
2 of Honolulu pursuant to section 46-16.8 shall be collected by
3 the Honolulu authority for rapid transportation pursuant to
4 section 46- . Except as provided in section 46- , of the
5 revenues generated by county surcharges on state tax paid into
6 each respective state treasury special account, the director of
7 finance shall deduct ten per cent of the gross proceeds of a
8 respective county's surcharge on state tax to reimburse the
9 State for the costs of assessment, collection, and disposition
10 of the county surcharge on state tax incurred by the State.
11 Amounts retained shall be general fund realizations of the
12 State.

13 (b) [~~The~~] Except with regard to the county surcharge on
14 state tax established by the city and county of Honolulu
15 pursuant to section 46-16.8, the amounts deducted for costs of
16 assessment, collection, and disposition of county surcharges on
17 state tax shall be withheld from payment to the counties by the
18 State out of the county surcharges on state tax collected for
19 the current calendar year.

20 (c) [~~For~~] Except with regard to the county surcharge on
21 state tax established by the city and county of Honolulu
22 pursuant to section 46-16.8, for the purpose of this section,



1 the costs of assessment, collection, and disposition of the
2 county surcharges on state tax shall include any and all costs,
3 direct or indirect, that are deemed necessary and proper to
4 effectively administer this section and sections 237-8.6 and
5 238-2.6.

6 (d) ~~[After]~~ Except with regard to the county surcharge on
7 state tax established by the city and county of Honolulu
8 pursuant to section 46-16.8, after the deduction and withholding
9 of the costs under subsections (a) and (b), the director of
10 finance shall pay the remaining balance on ~~[+]a[+]~~ quarterly
11 basis to the director of finance of each county that has adopted
12 a county surcharge on state tax under section 46-16.8. The
13 quarterly payments shall be made after the county surcharges on
14 state tax have been paid into the state treasury special
15 accounts or after the disposition of any tax appeal, as the case
16 may be. ~~[All]~~ Except with regard to the city and county of
17 Honolulu, county surcharges on state tax collected shall be
18 distributed by the director of finance to the county in which
19 the county surcharge on state tax is generated and shall be a
20 general fund realization of the county, to be used for the
21 purposes specified in section 46-16.8 by each of the counties."



1 SECTION 6. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 7. This Act shall take effect upon its approval.

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INTRODUCED BY: Onchillo Lideni

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S.B. NO. 3055

Report Title:

County Surcharge on State Tax; Reimbursements to State; Rapid Transit

Description:

Requires the Honolulu authority for rapid transit to collect the county surcharge on state tax established by the city and county of Honolulu pursuant to section 46-16.8, Hawaii Revised Statutes. Requires a county that establishes a county surcharge on state tax pursuant to section 46-16.8, Hawaii Revised Statutes, to reimburse the state for costs incurred or expended to assist that county to plan for a rapid transit system.

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

