

JAN 18 2013

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, 2013. 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



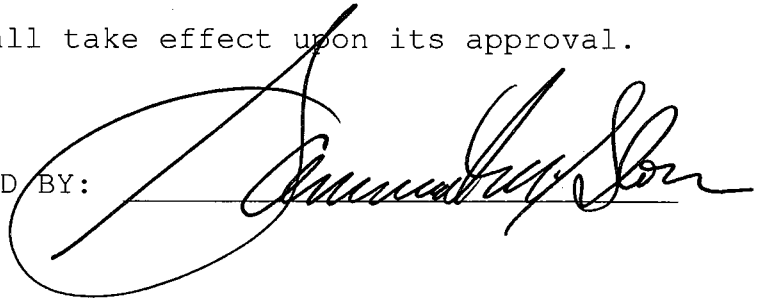
1 the state. The directors of taxation and budget and finance
2 shall determine the appropriate method for redistributing such
3 moneys to taxpayers. The county surcharge on state tax shall
4 not be used to build or repair public roads or highways, bicycle
5 paths, or support public transportation systems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

10

INTRODUCED BY:

A large, stylized handwritten signature in black ink, written over a horizontal line. The signature is cursive and appears to read "James P. ...".

S.B. NO. 275

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.

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