

JAN 29 2015

A BILL FOR AN ACT

RELATING TO TRANSPORTATION.

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

1 SECTION 1. The legislature finds that any portion of the
2 county surcharge on state tax that is retained by the State, in
3 excess of the administrative costs, should be used for transit-
4 oriented development. In 2005, the legislature authorized the
5 counties to adopt a 0.5 per cent surcharge on the state general
6 excise tax to fund transit-oriented development projects. The
7 city and county of Honolulu adopted an ordinance establishing a
8 0.5 per cent surcharge on the general excise tax on business
9 transactions on Oahu. No other county adopted a surcharge as
10 authorized by the legislature. Section 248-2.6, Hawaii Revised
11 Statutes, detailing the disposition of county surcharge
12 proceeds, provides a ten per cent withholding of surcharge funds
13 by the state to cover the costs of assessment, collection, and
14 disposition of county surcharges on state tax.

15 As of June 30, 2014, about \$242,000,000 was collected under
16 the county surcharge, and about \$24,200,000 of that was kept by
17 the State to cover costs associated with administering the



1 surcharge. The legislature finds that because the amounts
2 collected by the State for administration of the county
3 surcharge likely exceed the actual costs of administration, the
4 remaining funds should be used by the State for transit-oriented
5 development.

6 The purpose of this Act is to direct the portion of the
7 county surcharge on state tax retained by the State in excess of
8 administrative costs to fund transit-oriented development.

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

11 **"[+]§248-2.6[+] County surcharge on state tax; disposition**
12 **of proceeds.** (a) If adopted by county ordinance, all county
13 surcharges on state tax collected by the director of taxation
14 shall be paid into the state treasury quarterly, within ten
15 working days after collection, and shall be placed by the
16 director of finance in special accounts. Out of the revenues
17 generated by county surcharges on state tax paid into each
18 respective state treasury special account, the director of
19 finance shall deduct ten per cent of the gross proceeds of a
20 respective county's surcharge on state tax and deposit the
21 deducted amount into the dwelling unit revolving fund



1 established under section 201H-191 to reimburse the State for
2 the costs of assessment, collection, and disposition of the
3 county surcharge on state tax incurred by the State[~~—Amounts~~
4 ~~retained shall be general fund realizations of the State.~~] and
5 to fund transit-oriented development.

6 (b) The amounts [~~deducted for costs of assessment,~~
7 ~~collection, and disposition of county surcharges on state tax]~~
8 deposited into the dwelling unit revolving fund shall be
9 withheld from payment to the counties by the State out of the
10 county surcharges on state tax collected for the current
11 calendar year.

12 [~~(c) For the purpose of this section, the costs of~~
13 ~~assessment, collection, and disposition of the county surcharges~~
14 ~~on state tax shall include any and all costs, direct or~~
15 ~~indirect, that are deemed necessary and proper to effectively~~
16 ~~administer this section and sections 237-8.6 and 238-2.6.~~

17 ~~(d)]~~ (c) After the deduction, deposit, and withholding of
18 [~~the costs]~~ funds under subsections (a) and (b), the director of
19 finance shall pay the remaining balance on [~~+~~]a[~~+~~] quarterly
20 basis to the director of finance of each county that has adopted
21 a county surcharge on state tax under section 46-16.8. The



1 quarterly payments shall be made after the county surcharges on
2 state tax have been paid into the state treasury special
3 accounts or after the disposition of any tax appeal, as the case
4 may be. All county surcharges on state tax collected shall be
5 distributed by the director of finance to the county in which
6 the county surcharge on state tax is generated and shall be a
7 general fund realization of the county, to be used for the
8 purposes specified in section 46-16.8 by each of the counties."

9 SECTION 3. Section 201H-191, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "~~+~~§201H-191~~+~~ **Dwelling unit revolving fund.** (a) There
12 is created a dwelling unit revolving fund. The funds
13 appropriated for the purpose of the dwelling unit revolving fund
14 and all moneys received or collected by the corporation for the
15 purpose of the revolving fund shall be deposited in the
16 revolving fund. The proceeds in the revolving fund shall be
17 used to reimburse the general fund to pay the interest on
18 general obligation bonds issued for the purposes of the
19 revolving fund, for the necessary expenses in administering
20 housing development programs, and for carrying out the purposes
21 of housing development programs, including but not limited to



1 the expansion of community facilities constructed in conjunction
2 with housing projects, permanent primary or secondary financing,
3 and supplementing building costs, federal guarantees required
4 for operational losses, and all things required by any federal
5 agency in the construction and receipt of federal funds or
6 low-income housing tax credits for housing projects.

7 (b) Funds deposited into the dwelling unit revolving fund
8 pursuant to section 248-2.6 shall be expended for the following
9 purposes:

10 (1) Reimbursing the State for the costs of assessment,
11 collection, and disposition of the county surcharge on
12 state tax authorized by section 46-16.8; and

13 (2) Developing infrastructure and housing related to
14 transit-oriented development projects within a half-
15 mile radius of a rail transit station.

16 (c) For the purpose of this section, the costs of
17 assessment, collection, and disposition of the county surcharges
18 on state tax shall include any and all costs, direct or
19 indirect, that are deemed necessary and proper to effectively
20 administer this section and sections 237-8.6, 238-2.6, and
21 248-2.6."



S.B. NO. 1372

1 SECTION 4. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect on July 1, 2015.
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INTRODUCED BY: Clarence K. Jochheim

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S.B. NO. 1372

Report Title:

County Surcharge on State Tax; Transit-oriented Development;
Transportation

Description:

Allocates the portion of the county surcharge on state tax retained by the state to the dwelling unit revolving fund. Directs those funds deposited pursuant to the county surcharge on state tax to be used to reimburse the State for the costs of assessment, collection, and disposition of the county surcharge on state tax and for transit-oriented development.

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

