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## A BILL FOR AN ACT

RELATING TO TRANSPORTATION.

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

1           SECTION 1. Section 248-2.6, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "~~+~~§248-2.6~~+~~ **County surcharge on state tax; disposition**  
4 **of proceeds.** (a) If adopted by county ordinance, all county  
5 surcharges on state tax collected by the director of taxation  
6 shall be paid into the state treasury quarterly, within ten  
7 working days after collection, and shall be placed by the  
8 director of finance in special accounts. Out of the revenues  
9 generated by county surcharges on state tax paid into each  
10 respective state treasury special account, the director of  
11 finance shall deduct ~~ten~~ three per cent of the gross proceeds  
12 of a respective county's surcharge on state tax to reimburse the  
13 State for the costs of assessment, collection, and disposition  
14 of the county surcharge on state tax incurred by the State.  
15 Amounts retained shall be general fund realizations of the  
16 State.



1           (b) The amounts deducted for costs of assessment,  
2 collection, and disposition of county surcharges on state tax  
3 shall be withheld from payment to the counties by the State out  
4 of the county surcharges on state tax collected for the current  
5 calendar year.

6           (c) For the purpose of this section, the costs of  
7 assessment, collection, and disposition of the county surcharges  
8 on state tax shall include any and all costs, direct or  
9 indirect, that are deemed necessary and proper to effectively  
10 administer this section and sections 237-8.6 and 238-2.6.

11           (d) After the deduction and withholding of the costs under  
12 subsections (a) and (b), the director of finance shall pay the  
13 remaining balance on [f]a[+] quarterly basis to the director of  
14 finance of each county that has adopted a county surcharge on  
15 state tax under section 46-16.8. The quarterly payments shall  
16 be made after the county surcharges on state tax have been paid  
17 into the state treasury special accounts or after the  
18 disposition of any tax appeal, as the case may be. All county  
19 surcharges on state tax collected shall be distributed by the  
20 director of finance to the county in which the county surcharge  
21 on state tax is generated and shall be a general fund



1 realization of the county, to be used for the purposes specified  
2 in section 46-16.8 by each of the counties.

3 (e) The executive director of the Honolulu authority for  
4 rapid transportation shall submit an annual report to the  
5 legislature once reimbursement of all funds has been made to the  
6 State under subsection (a). The report shall include:

7 (1) The amount of county surcharge funds received by the  
8 authority pursuant to section 46-16.8; and

9 (2) A detailed accounting of the usage of county surcharge  
10 funds by the authority."

11 SECTION 2. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13 SECTION 3. This Act shall take effect on July 1, 2017.

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INTRODUCED BY:

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JAN 20 2017



# H.B. NO. 645

**Report Title:**

General Excise Tax; Surcharge; State Reimbursement

**Description:**

Changes the State's automatic deduction of the gross proceeds of a county's surcharge on state tax for mass transit to three per cent to reimburse the State for costs associated with handling of the county surcharge on state tax. Requires an annual report of the usage of surcharge accounts.

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