

JAN 25 2017

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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

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

3 "(b) Each county that has established a surcharge on state  
4 tax prior to ~~[+]July 1, 2015, [+]~~ under authority of subsection  
5 (a) may extend the surcharge ~~[from January 1, 2023, until~~  
6 ~~December 31, 2027,]~~ in perpetuity at the same rates. A county  
7 electing to extend this surcharge shall do so by ordinance;  
8 provided that ~~[-~~

9 ~~(1) No]~~ no ordinance shall be adopted until the county has  
10 conducted a public hearing on the proposed ordinance ~~[-~~  
11 and

12 ~~(2) The ordinance shall be adopted prior to July 1, 2016,~~  
13 ~~but no earlier than July 1, 2015].~~

14 A county electing to exercise the authority granted under  
15 this subsection shall notify the director of taxation within ten  
16 days after the county has adopted an ordinance extending the  
17 surcharge on state tax. ~~[Beginning on January 1, 2023, the]~~ The



1 director of taxation shall levy, assess, collect, and otherwise  
2 administer the extended surcharge on state tax.

3 (c) Each county that has not established a surcharge on  
4 state tax prior to [~~July 1, 2015,~~] July 1, 2017, may establish  
5 the surcharge at the rates enumerated in sections 237-8.6 and  
6 238-2.6. A county electing to establish this surcharge shall do  
7 so by ordinance; provided that:

8 (1) No ordinance shall be adopted until the county has  
9 conducted a public hearing on the proposed ordinance;  
10 and

11 [~~(2) The ordinance shall be adopted prior to July 1, 2016,~~  
12 ~~but no earlier than July 1, 2015, and~~

13 ~~(3)]~~ (2) No county surcharge on state tax that may be  
14 authorized under this subsection shall be levied prior  
15 to January 1, 2018 [~~, or after December 31, 2027~~].

16 A county electing to exercise the authority granted under  
17 this subsection shall notify the director of taxation within ten  
18 days after the county has adopted a surcharge on state tax  
19 ordinance. Beginning on January 1, 2018, the director of  
20 taxation shall levy, assess, collect, and otherwise administer  
21 the county surcharge on state tax."



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

3 1. By amending subsection (a) to read:

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

18 2. By amending subsection (d) to read:

19 "(d) After the deduction and withholding of the costs  
20 under subsections (a) and (b), the director of finance shall pay  
21 the remaining balance on [~~the~~ ~~quarterly~~] a monthly basis to the

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

11 SECTION 4. Act 247, Session Laws of Hawaii 2005, as  
12 amended by section 7 of Act 240, Session Laws of Hawaii 2015, is  
13 amended by amending section 9 to read as follows:

14 "SECTION 9. This Act shall take effect upon its approval;  
15 provided that:

16 (1) If none of the counties of the State adopt an  
17 ordinance to levy a county surcharge on state tax by  
18 December 31, 2005, this Act shall be repealed and  
19 section 437D-8.4, Hawaii Revised Statutes, shall be  
20 reenacted in the form in which it read on the day  
21 prior to the effective date of this Act;



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1           (2) If any county does not adopt an ordinance to levy a  
2           county surcharge on state tax by December 31, 2005, it  
3           shall be prohibited from adopting such an ordinance  
4           pursuant to this Act, unless otherwise authorized by  
5           the legislature through a separate legislative act;  
6           and

7           (3) If an ordinance to levy a county surcharge on state  
8           tax is adopted by December 31, 2005:

9           (A) ~~[The ordinance shall be repealed on December 31,~~  
10           ~~2022; provided that the]~~ The repeal of the  
11           ordinance shall not affect the validity or effect  
12           of an ordinance to extend a surcharge on state  
13           tax adopted pursuant to Act 134, Session Laws of  
14           Hawaii 2015; and

15           ~~[(B) This Act shall be repealed on December 31, 2027,~~  
16           and

17           ~~-(C)-]~~ (B) Section 437D-8.4, Hawaii Revised Statutes,  
18           shall be reenacted in the form in which it read  
19           on the date prior to the effective date of this  
20           Act; provided that the amendments made to section  
21           437D-8.4, Hawaii Revised Statutes, by Act 226,



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1                    Session Laws of Hawaii 2008, as amended by Act  
 2                    11, Session Laws of Hawaii 2009, and Act 110,  
 3                    Session Laws of Hawaii 2014, shall not be  
 4                    repealed."

5                    SECTION 5. Statutory material to be repealed is bracketed  
 6 and stricken. New statutory material is underscored.

7                    SECTION 6. This Act shall take effect upon its approval.  
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INTRODUCED BY:

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# S.B. NO. 1183

**Report Title:**

Taxation; General Excise Tax; Counties

**Description:**

Authorizes counties that have established a surcharge on state tax prior to 7/1/2015 to extend the surcharge in perpetuity. Authorizes counties that have not established a surcharge by 7/1/2017 to establish a surcharge on state tax. Provides that the State shall retain an unspecified portion of surcharge proceeds for DOT. Requires a county's share of the county surcharge on state tax to be paid to the county on a monthly basis.

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

