

JAN 25 2017

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 as follows:

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

4 "(b) Each county that has established a surcharge on state
5 tax prior to [†]July 1, 2015, [†] under authority of subsection
6 (a) may extend the surcharge [~~from January 1, 2023,~~] until
7 December 31, [~~2027,~~] 2047, at the same rates. A county electing
8 to extend this surcharge shall do so by ordinance; provided
9 that:

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

12 and

13 (2) The ordinance shall be adopted prior to July 1,
14 [~~2016,~~] _____, but no earlier than July 1, 2015.

15 A county electing to exercise the authority granted under
16 this subsection shall notify the director of taxation within ten
17 days after the county has adopted an ordinance extending the



1 surcharge on state tax. Beginning on January 1, 2023, the
2 director of taxation shall levy, assess, collect, and otherwise
3 administer the extended surcharge on state tax."

4 2. By amending subsection (e) to read:

5 "(e) Each county with a population greater than five
6 hundred thousand that adopts or extends a county surcharge on
7 state tax ordinance pursuant to subsection (a) or (b) shall use
8 the surcharges received from the State for:

9 (1) Capital costs of a locally preferred alternative for a
10 mass transit project; [and] provided that the county
11 shall submit quarterly reports to the legislature on
12 the mass transit project's progress, including but not
13 limited to percentage of total infrastructure complete
14 and cost overruns;

15 (2) Expenses in complying with the Americans with
16 Disabilities Act of 1990 with respect to paragraph
17 (1) ~~[-]~~;

18 (3) Infrastructure to accommodate affordable housing
19 projects; provided that per cent of the
20 surcharges received shall be used for the purposes of
21 this paragraph; and



1 (4) Infrastructure construction costs associated with
2 transit-oriented development; provided that for the
3 purposes of this paragraph, the county shall match
4 thirty per cent of state funds for infrastructure
5 construction costs associated with transit-oriented
6 development.

7 The county surcharge on state tax shall not be used to build or
8 repair public roads ~~[or]~~, highways, or bicycle paths, unless
9 related to affordable housing projects or transit-oriented
10 development, or support public transportation systems already in
11 existence prior to July 12, 2005."

12 SECTION 2. Section 237-8.6, Hawaii Revised Statutes, is
13 amended by amending subsection (b) to read as follows:

14 "(b) Each county surcharge on state tax that may be
15 adopted or extended pursuant to section 46-16.8 shall be levied
16 beginning in the taxable year after the adoption of the relevant
17 county ordinance; provided that no surcharge on state tax may be
18 levied:

19 (1) Prior to:



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1 (A) January 1, 2007, if the county surcharge on state
2 tax was established by an ordinance adopted prior
3 to December 31, 2005; or

4 (B) January 1, 2018, if the county surcharge on state
5 tax was established by the adoption of an
6 ordinance after June 30, 2015, but prior to
7 July 1, 2016; and

8 (2) After December 31, 2027[-], unless the county extends
9 the surcharge on state tax pursuant to section
10 46-16.8(b)."

11 SECTION 3. Section 238-2.6, Hawaii Revised Statutes, is
12 amended by amending subsection (b) to read as follows:

13 "(b) Each county surcharge on state tax that may be
14 adopted or extended shall be levied beginning in the taxable
15 year after the adoption of the relevant county ordinance;
16 provided that no surcharge on state tax may be levied:

17 (1) Prior to:

18 (A) January 1, 2007, if the county surcharge on state
19 tax was established by an ordinance adopted prior
20 to December 31, 2005; or



1 (B) January 1, 2018, if the county surcharge on state
2 tax was established by the adoption of an
3 ordinance after June 30, 2015, but prior to
4 July 1, 2016; and

5 (2) After December 31, 2027[-], unless the county extends
6 the surcharge on state tax pursuant to section
7 46-16.8(b)."

8 SECTION 4. Section 248-2.6, Hawaii Revised Statutes, is
9 amended by amending subsection (a) to read as follows:

10 "(a) If adopted by county ordinance, all county surcharges
11 on state tax collected by the director of taxation shall be paid
12 into the state treasury quarterly, within ten working days after
13 collection, and shall be placed by the director of finance in
14 special accounts[-] unless, upon receiving the quarterly reports
15 provided by the county pursuant to section 46-16.8(e)(1), the
16 legislature disapproves by adoption of a concurrent resolution
17 prior to adjournment sine die of the legislative session of the
18 first year of the biennium. If the legislature disapproves by
19 adoption of a concurrent resolution, the revenues that would
20 have otherwise been placed in special accounts shall be
21 deposited into . Out of the revenues generated by county



1 surcharges on state tax paid into each respective state treasury
2 special account, the director of finance shall deduct [~~ten~~
3 twenty-five per cent of the gross proceeds of a respective
4 county's surcharge on state tax; provided that:

5 (1) Five per cent shall be used to reimburse the State for
6 the costs of assessment, collection, and disposition
7 of the county surcharge on state tax incurred by the
8 State [~~-~~]; and

9 (2) Twenty per cent shall be used to assist in the
10 construction of transit-oriented development and other
11 related transportation projects.

12 Amounts retained shall be general fund realizations of the
13 State."

14 SECTION 5. Act 247, Session Laws of Hawaii 2005, as
15 amended by Act 240, Session Laws of Hawaii 2015, is amended by
16 amending section 9 to read as follows:

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

19 (1) If none of the counties of the State adopt an
20 ordinance to levy a county surcharge on state tax by
21 December 31, 2005, this Act shall be repealed and



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1 section 437D-8.4, Hawaii Revised Statutes, shall be
2 reenacted in the form in which it read on the day
3 prior to the effective date of this Act;

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

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

12 (A) The ordinance shall be repealed on December 31,
13 2022; provided that the repeal of the ordinance
14 shall not affect the validity or effect of an
15 ordinance to extend a surcharge on state tax
16 adopted pursuant to Act 240, Session Laws of
17 Hawaii 2015 [†], or Act _____, Session Laws of
18 Hawaii 2017;

19 (B) This Act shall be repealed on December 31,
20 [2027†] 2047; and



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1 (C) Section 437D-8.4, Hawaii Revised Statutes, shall
 2 be reenacted in the form in which it read on the
 3 day prior to the effective date of this Act;
 4 provided that the amendments made to section
 5 437D-8.4, Hawaii Revised Statutes, by Act 226,
 6 Session Laws of Hawaii 2008, as amended by Act
 7 11, Session Laws of Hawaii 2009, and Act 110,
 8 Session Laws of Hawaii 2014, shall not be
 9 repealed."

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

12 SECTION 7. This Act shall take effect on July 1, 2017.

13

INTRODUCED BY: *Ann Mercedes Ki*
Breene Hunt
Will Eyo
[Signature]



S.B. NO. 1278

Report Title:

County Surcharge on State Tax; Mass Transit Project; Extension

Description:

Authorizes a county with a population greater than 500,000 to extend the county surcharge on state tax to December 31, 2047. Requires a county that uses the surcharge on state tax for a mass transit project to submit quarterly progress reports to the legislature. Permits counties to use the surcharge on state tax for infrastructure for affordable housing and transit-oriented development. Authorizes the legislature to hold revenues collected from the surcharge on state tax for county use by concurrent resolution. Deducts twenty-five per cent of the amount from the gross proceeds of a county's surcharge on state tax for costs associated with handling the assessment, collection, and disposition of the county surcharge on state tax, and the construction of transit-oriented development and other related transportation projects.

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

