

JAN 20 2017

A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that construction of the
2 Honolulu rail transit system has the potential to improve the
3 quality of life for Oahu's residents in many ways, including
4 providing efficient mass transportation, increasing the number
5 of housing and affordable housing units, and spurring
6 redevelopment of economically depressed and underutilized areas.
7 However, due to various factors, including rising costs of
8 construction and prices of materials, the Honolulu rail transit
9 project could be facing a funding shortfall. Therefore, an
10 extension of the county surcharge on state tax is needed to
11 complete construction and provide for the continued operations
12 and maintenance of this very important public transportation
13 project.

14 The purpose of this Act is to:

15 (1) Allow counties that established a surcharge on state
16 tax prior to July 1, 2015, to extend the surcharge on
17 state tax indefinitely;



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1 (2) Extend the deadline for counties that did not
2 establish a surcharge on state tax prior to July 1,
3 2015, to adopt an ordinance on or after July 1, 2017,
4 and before July 1, 2018, to levy the surcharge on or
5 after January 1, 2018; and

6 (3) Allow counties with a population over 500,000 to use
7 the surcharge for operating and maintenance costs of a
8 locally preferred alternative for a mass transit
9 project.

10 SECTION 2. Section 46-16.8, Hawaii Revised Statutes, is
11 amended as follows:

12 1. By amending subsections (b) and (c) to read:

13 "(b) Each county that has established a surcharge on state
14 tax prior to [+]July 1, 2015, [+] under authority of subsection
15 (a) may extend the surcharge [~~from January 1, 2023, until~~
16 ~~December 31, 2027,~~] for an indefinite period at the same rates.

17 A county electing to extend this surcharge shall do so by
18 ordinance; provided that:

19 (1) No ordinance shall be adopted until the county has
20 conducted a public hearing on the proposed ordinance;
21 and



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1 (2) The ordinance shall be adopted prior to July 1,
2 [~~2016,~~] 2018, but no earlier than July 1, [~~2015,~~]
3 2017.

4 A county electing to exercise the authority granted under
5 this subsection shall notify the director of taxation within ten
6 days after the county has adopted an ordinance extending the
7 surcharge on state tax. Beginning on January 1, 2023, the
8 director of taxation shall levy, assess, collect, and otherwise
9 administer the extended surcharge on state tax.

10 (c) Each county that has not established a surcharge on
11 state tax prior to [~~+~~]July 1, 2015, [~~+~~] may establish the
12 surcharge at the rates enumerated in sections 237-8.6 and
13 238-2.6. A county electing to establish this surcharge shall do
14 so by ordinance; provided that:

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

17 (2) The ordinance shall be adopted prior to July 1,
18 [~~2016,~~] 2018, but no earlier than July 1, [~~2015,~~]
19 2017; and



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

4 A county electing to exercise the authority granted under
5 this subsection shall notify the director of taxation within ten
6 days after the county has adopted a surcharge on state tax
7 ordinance. Beginning on January 1, 2018, or as otherwise
8 determined pursuant to the adopted ordinance, the director of
9 taxation shall levy, assess, collect, and otherwise administer
10 the county surcharge on state tax."

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

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

16 (1) Capital, operating, and maintenance costs of a locally
17 preferred alternative for a mass transit project; and

18 (2) Expenses in complying with the Americans with
19 Disabilities Act of 1990 with respect to paragraph

20 (1).



1 The county surcharge on state tax shall not be used to build or
2 repair public roads or highways, bicycle paths, or support
3 public transportation systems already in existence prior to
4 July 12, 2005."

5 SECTION 3. Section 237-8.6, Hawaii Revised Statutes, is
6 amended by amending subsection (b) to read as follows:

7 " (b) ~~[Each county surcharge on state tax that may be~~
8 ~~adopted or extended pursuant to section 46-16.8 shall be levied~~
9 ~~beginning in the taxable year after the adoption of the relevant~~
10 ~~county ordinance; provided that no]~~ No surcharge on state tax
11 may be levied[+

12 ~~(1) Prior]~~ prior to:

13 ~~[(A)]~~ (1) January 1, 2007, if the county surcharge on
14 state tax was established by an ordinance adopted
15 prior to December 31, 2005; ~~[or]~~

16 ~~[(B)]~~ (2) January 1, 2018, if the county surcharge on
17 state tax was established by the adoption of an
18 ordinance after June 30, 2015, but prior to July 1,
19 2016; ~~[and~~

20 ~~(2) After December 31, 2027.]~~ or



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

4 SECTION 4. Section 238-2.6, Hawaii Revised Statutes, is
5 amended by amending subsection (b) to read as follows:

6 "~~(b) [Each county surcharge on state tax that may be~~
7 ~~adopted or extended shall be levied beginning in the taxable~~
8 ~~year after the adoption of the relevant county ordinance,~~
9 ~~provided that no]~~ No surcharge on state tax may be levied[+]

10 ~~(1) Prior]~~ prior to:

11 [~~(A)]~~ (1) January 1, 2007, if the county surcharge on
12 state tax was established by an ordinance adopted
13 prior to December 31, 2005; [~~or]~~

14 [~~(B)]~~ (2) January 1, 2018, if the county surcharge on
15 state tax was established by the adoption of an
16 ordinance after June 30, 2015, but prior to July 1,
17 2016; [~~and~~

18 ~~(2) After December 31, 2027.]~~ or

19 (3) January 1, 2018, if the county surcharge on state tax
20 was established by the adoption of an ordinance after
21 June 30, 2016, but prior to July 1, 2018."



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

3 SECTION 6. This Act shall take effect on July 1, 2017.
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INTRODUCED BY: Breene Hunt

Will Eyo

Kal Rhaal

Michelle N. Sidani

Freddie Johnson

Clarence H. Dickerson



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Report Title:

County Surcharge on State Tax; Public Transit

Description:

Allows counties that established a surcharge on state tax prior to 7/1/2015 to extend the surcharge on state tax indefinitely. Extends the deadline for counties that did not establish a surcharge on state tax prior to 7/1/2015 to adopt an ordinance on or after 7/1/2017 and before 7/1/2018 to levy the surcharge on or after 1/1/2018. Allows counties with a population over 500,000 to use the surcharge for operating and maintenance costs of a locally preferred alternative for a mass transit project.

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

