
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 23-14, Hawaii Revised Statutes, is
2 repealed.

3 ~~["§23-14] Rapid transportation authority, annual review.~~

4 ~~(a) Beginning on September 5, 2017, and ending on December 31,~~
5 ~~2031, the auditor, on an annual basis, shall conduct a review of~~
6 ~~any rapid transportation authority in the State charged with the~~
7 ~~responsibility of constructing, operating, or maintaining a~~
8 ~~locally preferred alternative for a mass transit project that~~
9 ~~receives moneys from a surcharge on state tax established~~
10 ~~pursuant to section 46-16.8, transient accommodations tax~~
11 ~~revenues pursuant to section 237D-2(c), or both. The annual~~
12 ~~review shall include a review of documents, including but not~~
13 ~~limited to invoices, contracts, progress reports, and time~~
14 ~~schedules, to determine that:~~

15 ~~(1) Expenditures by the authority comply with the criteria~~
16 ~~established pursuant to section 46-16.8(e); and~~



1 ~~(2) The authority follows accounting best practices for~~
2 ~~substantiating its expenditures.~~

3 ~~(b) A rapid transportation authority subject to this~~
4 ~~section and any private company or agency contracted to provide~~
5 ~~services for the locally preferred alternative for a mass~~
6 ~~transit project shall cooperate with and assist the auditor as~~
7 ~~needed in conducting the annual review, including promptly~~
8 ~~providing all records and other information requested by the~~
9 ~~auditor in the course of the annual review.~~

10 ~~(c) The auditor shall submit the findings and~~
11 ~~recommendations of the auditor's review to the legislature and~~
12 ~~the rapid transportation authority no later than twenty days~~
13 ~~prior to the convening of the immediately following regular~~
14 ~~session."]~~

15 SECTION 2. Section 40-81.5, Hawaii Revised Statutes, is
16 repealed.

17 ~~["~~§40-81.5~~ Rapid transportation authority; certification~~
18 ~~statement. (a) Beginning on September 5, 2017, and ending on~~
19 ~~December 31, 2031, the comptroller, upon the request for payment~~
20 ~~by the rapid transportation authority, shall verify that the~~
21 ~~authority's invoices for the capital costs of a locally~~



1 ~~preferred alternative for a mass transit project comply with~~
2 ~~section 46-16.8(e).~~

3 ~~(b) The rapid transportation authority subject to this~~
4 ~~section shall provide the comptroller with:~~

5 ~~(1) The authority's financial plan and related systems for~~
6 ~~accounting, including a budget for a locally preferred~~
7 ~~alternative for a mass transit project;~~

8 ~~(2) Expenditures for capital costs for a locally preferred~~
9 ~~alternative for a mass transit project;~~

10 ~~(3) Expenditures for personnel costs, lease rent, and any~~
11 ~~other costs associated with the authority's management~~
12 ~~and operations; and~~

13 ~~(4) Any other information the comptroller may require to~~
14 ~~accomplish the purpose of this section.~~

15 ~~(c) After submission of invoices by the rapid~~
16 ~~transportation authority for capital costs of a locally~~
17 ~~preferred alternative for a mass transit project are verified by~~
18 ~~the comptroller as an acceptable use of funds received pursuant~~
19 ~~to a surcharge on state tax authorized pursuant to section 46-~~
20 ~~16.8, the comptroller shall submit a certification statement,~~
21 ~~including any appropriate supporting documents, to the~~



1 ~~department of budget and finance for the allocation of funds, if~~
2 ~~available, pursuant to sections 248-2.7 and 248-2.6(d). The~~
3 ~~certification statement shall include, at a minimum, the total~~
4 ~~amount contained in the invoices for capital costs that are~~
5 ~~verified as an appropriate use of funds pursuant to section 46-~~
6 ~~16.8(e).~~

7 ~~(d) The comptroller may establish rules, exempt from~~
8 ~~chapter 91, for the purposes of this section.~~

9 ~~(e) For the purposes of this section, "rapid~~
10 ~~transportation authority" means any entity established by a~~
11 ~~county in the State for the purpose of constructing, operating,~~
12 ~~or maintaining a locally preferred alternative for a mass~~
13 ~~transit project and that receives moneys from a surcharge on~~
14 ~~state tax established pursuant to section 46-16.8, transient~~
15 ~~accommodations tax revenues pursuant to section 237D-2(e), or~~
16 ~~both."]~~

17 SECTION 3. Section 248-2.7, Hawaii Revised Statutes, is
18 amended to read as follows:

19 " [+] §248-2.7 [+] **Mass transit special fund; established;**
20 **distribution of funds.** (a) There is established a mass transit



1 special fund to be administered by the department of budget and
2 finance.

3 (b) For the period beginning on January 1, 2018, to
4 December 31, 2030, transient accommodations tax and surcharge on
5 state tax revenues allocated to the mass transit special fund
6 pursuant to sections 237D-2(e) and 248-2.6 shall be deposited
7 into the special fund. All interest earned on the moneys in the
8 special fund shall be credited to the general fund. The mass
9 transit special fund shall be exempt from the central service
10 expenses deduction under section 36-27 and departmental
11 administrative expenses deduction under section 36-30.

12 (c) [~~Upon receiving a certification statement from the~~
13 ~~comptroller pursuant to section 40-81.5, the]~~ The director of
14 finance shall allocate and disburse moneys in the mass transit
15 special fund to the director of finance of a county with a
16 population greater than five hundred thousand; provided that the
17 director of finance shall only disburse those amounts that are
18 certified in the certification statement for that county for the
19 purposes specified in section 46-16.8; provided further that
20 revenues allocated from the special fund shall not be used for:



1 (1) Operating or maintenance costs of the mass transit
2 project or any purpose not consistent with section 46-
3 16.8(e); or

4 (2) Administrative, operating, marketing, or maintenance
5 costs, including personnel costs, of a rapid
6 transportation authority charged with the
7 responsibility for constructing, operating, or
8 maintaining the mass transit project;

9 provided further that the total amount of funds that are
10 available, allocated, and disbursed by the director of finance
11 pursuant to this section shall not be in excess of the total
12 amount indicated on the certification statement. The director
13 of finance may allocate and disburse moneys pursuant to this
14 section on a monthly basis.

15 Any amounts allocated and disbursed pursuant to this
16 section shall be subject to the availability of funds deposited
17 and on balance in the special fund. The director of finance
18 shall not allocate or disburse any amounts from the special fund
19 that are in excess of any amounts deposited and on balance in
20 the special fund.



1 ~~[(d) The director of finance shall post all certification~~
2 ~~statements received from the comptroller pursuant to section 40-~~
3 ~~81.5 on the department of budget and finance's website within~~
4 ~~ten working days of payments made pursuant to this section.~~

5 ~~(e)]~~ (d) The department of budget and finance shall submit
6 an annual report to the legislature not later than twenty days
7 prior to the convening of each regular session on the total
8 amount of funds allocated pursuant to this section.

9 ~~[(f)]~~ (e) The director of finance may establish rules,
10 exempt from chapter 91, for the purposes of this section."

11 SECTION 4. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 5. This Act shall take effect upon its approval.

14



Report Title:

Auditor; Rapid Transportation Authority; Annual Review;
Certification Statement; Comptroller; Repeal

Description:

Repeals the requirement that the auditor conduct an annual review of certain rapid transportation authorities in the State. Repeals the requirements that the comptroller verify the capital costs of a locally preferred alternative for a mass transit project and submit a certification statement to the department of budget and finance for the allocation of funds from the mass transit special fund. (Proposed SD2)

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