

JAN 18 2019

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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. The legislature finds that not only is climate  
2 change real, but it is also the overriding challenge of the  
3 twenty-first century and one of the priority issues of the  
4 State. Climate change poses immediate and long-term threats to  
5 the State's economy, sustainability, security, and way of life.  
6 Hawaii has a tradition of environmental leadership, having  
7 prioritized policies regarding conservation, reduction in  
8 greenhouse gas emissions, and development and use of alternative  
9 renewable energy. The legislature has passed numerous measures  
10 over the last decade to address climate change. Hawaii's  
11 dependence on imported fossil fuels drains the state economy of  
12 billions of dollars each year. The volatility of imported fuel  
13 prices creates significant risks for the economy and adds to  
14 costs for local families. The legislature further finds that  
15 the use of fossil fuel reduces air quality and leads to  
16 increased greenhouse gas emissions in the atmosphere. This  
17 contributes to climate change, which poses a serious threat to



1 Hawaii's economic well-being, public health, natural resources,  
2 and environment. Climate change harms marine ecosystems and  
3 causes sea levels to rise, which results in the displacement of  
4 coastal residences and businesses. Climate change also poses a  
5 serious threat to public health by increasing the incidence of  
6 infectious diseases, asthma, and other health-related problems.

7       The legislature finds that transforming the ground  
8 transportation sector has been an unrealized dream for two  
9 decades. The legislature notes that on a per-mile basis, it is  
10 less expensive to commute in an electric, hydrogen, or biodiesel  
11 powered bus than it is to commute in a gas-powered automobile.  
12 Residents can lower their cost of living by relying on local  
13 renewable energy for transportation and transitioning to less-  
14 expensive renewable vehicles and transportation systems.  
15 However, for local consumers and families to benefit from these  
16 changes and properly transition away from expensive fossil fuel  
17 vehicles, Hawaii must be prepared with critical infrastructure  
18 elements.

19       The purpose of this Act is to lay the groundwork to allow  
20 the State to transition to one hundred per cent clean ground  
21 transportation in the near future.



1 SECTION 2. Chapter 196, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4 "§196- State alternative transit fund. There is  
5 established in the state treasury the state alternative transit  
6 fund, into which shall be deposited:

- 7 (1) Fines imposed pursuant section 237D-2(f);
- 8 (2) Income surcharge imposed pursuant section 235-51;
- 9 (3) Additional rental motor vehicle and tour vehicle  
10 surcharge tax imposed under section 251-2; and
- 11 (4) Legislative appropriations.

12 Moneys in the fund shall be allocated to the counties to  
13 finance efforts to offer reduced fare and free fares on  
14 electric, biodiesel, or hydrogen powered county buses. If a  
15 county does not provide for all free fares, then priority shall  
16 be given to seniors, students, persons with disabilities, and  
17 low-income riders."

18 SECTION 3. Section 235-20.5, Hawaii Revised Statutes, is  
19 amended by amending subsection (a) to read as follows:

20 "(a) There is established a tax administration special  
21 fund, into which shall be deposited:



- 1 (1) Fees collected under sections 235-20, 235-110.9, and
- 2 235-110.91;
- 3 (2) Revenues collected by the special enforcement section
- 4 pursuant to section 231-85; provided that in each
- 5 fiscal year, of the total revenues collected by the
- 6 special enforcement section, all revenues in excess of
- 7 \$2,000,000 shall be deposited into the general fund;
- 8 and
- 9 (3) Fines assessed pursuant to section 237D-4[-], except
- 10 as provided in that section."

11 SECTION 4. Section 235-51, Hawaii Revised Statutes, is  
 12 amended by amending subsections (a) to (c) to read as follows:

13 "(a) There is hereby imposed on the taxable income of  
 14 every:

- 15 (1) Taxpayer who files a joint return under section 235-
- 16 93; and
- 17 (2) Surviving spouse,

18 a tax determined in accordance with the following table:

19 In the case of any taxable year beginning after December  
 20 31, 2001:

21 If the taxable income is: The tax shall be:



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1	Not over \$4,000	1.40% of taxable income
2	Over \$4,000 but	\$56.00 plus 3.20% of
3	not over \$8,000	excess over \$4,000
4	Over \$8,000 but	\$184.00 plus 5.50% of
5	not over \$16,000	excess over \$8,000
6	Over \$16,000 but	\$624.00 plus 6.40% of
7	not over \$24,000	excess over \$16,000
8	Over \$24,000 but	\$1,136.00 plus 6.80% of
9	not over \$32,000	excess over \$24,000
10	Over \$32,000 but	\$1,680.00 plus 7.20% of
11	not over \$40,000	excess over \$32,000
12	Over \$40,000 but	\$2,256.00 plus 7.60% of
13	not over \$60,000	excess over \$40,000
14	Over \$60,000 but	\$3,776.00 plus 7.90% of
15	not over \$80,000	excess over \$60,000
16	Over \$80,000	\$5,356.00 plus 8.25% of
17		excess over \$80,000.

18 In the case of any taxable year beginning after December  
19 31, 2006:

20	If the taxable income is:	The tax shall be:
21	Not over \$4,800	1.40% of taxable income



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1	Over \$4,800 but	\$67.00 plus 3.20% of
2	not over \$9,600	excess over \$4,800
3	Over \$9,600 but	\$221.00 plus 5.50% of
4	not over \$19,200	excess over \$9,600
5	Over \$19,200 but	\$749.00 plus 6.40% of
6	not over \$28,800	excess over \$19,200
7	Over \$28,800 but	\$1,363.00 plus 6.80% of
8	not over \$38,400	excess over \$28,800
9	Over \$38,400 but	\$2,016.00 plus 7.20% of
10	not over \$48,000	excess over \$38,400
11	Over \$48,000 but	\$2,707.00 plus 7.60% of
12	not over \$72,000	excess over \$48,000
13	Over \$72,000 but	\$4,531.00 plus 7.90% of
14	not over \$96,000	excess over \$72,000
15	Over \$96,000	\$6,427.00 plus 8.25% of
16		excess over \$96,000.

17 In the case of any taxable year beginning after December  
 18 31, 2017:

19	If the taxable income is:	The tax shall be:
20	Not over \$4,800	1.40% of taxable income
21	Over \$4,800 but	\$67.00 plus 3.20% of



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1	not over \$9,600	excess over \$4,800
2	Over \$9,600 but	\$221.00 plus 5.50% of
3	not over \$19,200	excess over \$9,600
4	Over \$19,200 but	\$749.00 plus 6.40% of
5	not over \$28,800	excess over \$19,200
6	Over \$28,800 but	\$1,363.00 plus 6.80% of
7	not over \$38,400	excess over \$28,800
8	Over \$38,400 but	\$2,016.00 plus 7.20% of
9	not over \$48,000	excess over \$38,400
10	Over \$48,000 but	\$2,707.00 plus 7.60% of
11	not over \$72,000	excess over \$48,000
12	Over \$72,000 but	\$4,531.00 plus 7.90% of
13	not over \$96,000	excess over \$72,000
14	Over \$96,000 but	\$6,427.00 plus 8.25% of
15	not over \$300,000	excess over \$96,000
16	Over \$300,000 but	\$23,257.00 plus 9.00% of
17	not over \$350,000	excess over \$300,000
18	Over \$350,000 but	\$27,757.00 plus 10.00% of
19	not over \$400,000	excess over \$350,000
20	Over \$400,000	\$32,757.00 plus 11.00% of
21		excess over \$400,000.



1        In the case of any taxable year beginning after December  
 2 31, 2018, there shall be imposed a surcharge of 1% of any amount  
 3 of tax collected pursuant to this subsection over \$2,500,000, to  
 4 be deposited into the state alternative transit fund established  
 5 pursuant to section 196- .

6        (b) There is hereby imposed on the taxable income of every  
 7 head of a household a tax determined in accordance with the  
 8 following table:

9        In the case of any taxable year beginning after December  
 10 31, 2001:

If the taxable income is:	The tax shall be:
Not over \$3,000	1.40% of taxable income
Over \$3,000 but not over \$6,000	\$42.00 plus 3.20% of excess over \$3,000
Over \$6,000 but not over \$12,000	\$138.00 plus 5.50% of excess over \$6,000
Over \$12,000 but not over \$18,000	\$468.00 plus 6.40% of excess over \$12,000
Over \$18,000 but not over \$24,000	\$852.00 plus 6.80% of excess over \$18,000
Over \$24,000 but	\$1,260.00 plus 7.20% of





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1	not over \$30,000	excess over \$24,000
2	Over \$30,000 but	\$1,692.00 plus 7.60% of
3	not over \$45,000	excess over \$30,000
4	Over \$45,000 but	\$2,832.00 plus 7.90% of
5	not over \$60,000	excess over \$45,000
6	Over \$60,000	\$4,017.00 plus 8.25% of
7		excess over \$60,000.

8 In the case of any taxable year beginning after December  
9 31, 2006:

10	If the taxable income is:	The tax shall be:
11	Not over \$3,600	1.40% of taxable income
12	Over \$3,600 but	\$50.00 plus 3.20% of
13	not over \$7,200	excess over \$3,600
14	Over \$7,200 but	\$166.00 plus 5.50% of
15	not over \$14,400	excess over \$7,200
16	Over \$14,400 but	\$562.00 plus 6.40% of
17	not over \$21,600	excess over \$14,400
18	Over \$21,600 but	\$1,022.00 plus 6.80% of
19	not over \$28,800	excess over \$21,600
20	Over \$28,800 but	\$1,512.00 plus 7.20% of
21	not over \$36,000	excess over \$28,800



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1	Over \$36,000 but	\$2,030.00 plus 7.60% of
2	not over \$54,000	excess over \$36,000
3	Over \$54,000 but	\$3,398.00 plus 7.90% of
4	not over \$72,000	excess over \$54,000
5	Over \$72,000	\$4,820.00 plus 8.25% of
6		excess over \$72,000.

7 In the case of any taxable year beginning after December  
8 31, 2017:

9	If the taxable income is:	The tax shall be:
10	Not over \$3,600	1.40% of taxable income
11	Over \$3,600 but	\$50.00 plus 3.20% of
12	not over \$7,200	excess over \$3,600
13	Over \$7,200 but	\$166.00 plus 5.50% of
14	not over \$14,400	excess over \$7,200
15	Over \$14,400 but	\$562.00 plus 6.40% of
16	not over \$21,600	excess over \$14,400
17	Over \$21,600 but	\$1,022.00 plus 6.80% of
18	not over \$28,800	excess over \$21,600
19	Over \$28,800 but	\$1,512.00 plus 7.20% of
20	not over \$36,000	excess over \$28,800
21	Over \$36,000 but	\$2,030.00 plus 7.60% of



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1	not over \$54,000	excess over \$36,000
2	Over \$54,000 but	\$3,398.00 plus 7.90% of
3	not over \$72,000	excess over \$54,000
4	Over \$72,000 but	\$4,820.00 plus 8.25% of
5	not over \$225,000	excess over \$72,000
6	Over \$225,000 but	\$17,443.00 plus 9.00% of
7	not over \$262,500	excess over \$225,000
8	Over \$262,500 but	\$20,818.00 plus 10.00% of
9	not over \$300,000	excess over \$262,500
10	Over \$300,000	\$24,568.00 plus 11.00% of
11		excess over \$300,000.

12 In the case of any taxable year beginning after December  
13 31, 2018, there shall be imposed a surcharge of 1% of any amount  
14 of tax collected pursuant to this subsection over \$2,500,000, to  
15 be deposited into the state alternative transit fund established  
16 pursuant to section 196- .

17 (c) There is hereby imposed on the taxable income of (1)  
18 every unmarried individual (other than a surviving spouse, or  
19 the head of a household) and (2) on the taxable income of every  
20 married individual who does not make a single return jointly



1 with the individual's spouse under section 235-93 a tax  
 2 determined in accordance with the following table:

3 In the case of any taxable year beginning after December  
 4 31, 2001:

5	If the taxable income is:	The tax shall be:
6	Not over \$2,000	1.40% of taxable income
7	Over \$2,000 but	\$28.00 plus 3.20% of
8	not over \$4,000	excess over \$2,000
9	Over \$4,000 but	\$92.00 plus 5.50% of
10	not over \$8,000	excess over \$4,000
11	Over \$8,000 but	\$312.00 plus 6.40% of
12	not over \$12,000	excess over \$8,000
13	Over \$12,000 but	\$568.00 plus 6.80% of
14	not over \$16,000	excess over \$12,000
15	Over \$16,000 but	\$840.00 plus 7.20% of
16	not over \$20,000	excess over \$16,000
17	Over \$20,000 but	\$1,128.00 plus 7.60% of
18	not over \$30,000	excess over \$20,000
19	Over \$30,000 but	\$1,888.00 plus 7.90% of
20	not over \$40,000	excess over \$30,000
21	Over \$40,000	\$2,678.00 plus 8.25% of



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1 excess over \$40,000.

2 In the case of any taxable year beginning after December  
3 31, 2006:

4	If the taxable income is:	The tax shall be:
5	Not over \$2,400	1.40% of taxable income
6	Over \$2,400 but	\$34.00 plus 3.20% of
7	not over \$4,800	excess over \$2,400
8	Over \$4,800 but	\$110.00 plus 5.50% of
9	not over \$9,600	excess over \$4,800
10	Over \$9,600 but	\$374.00 plus 6.40% of
11	not over \$14,400	excess over \$9,600
12	Over \$14,400 but	\$682.00 plus 6.80% of
13	not over \$19,200	excess over \$14,400
14	Over \$19,200 but	\$1,008.00 plus 7.20% of
15	not over \$24,000	excess over \$19,200
16	Over \$24,000 but	\$1,354.00 plus 7.60% of
17	not over \$36,000	excess over \$24,000
18	Over \$36,000 but	\$2,266.00 plus 7.90% of
19	not over \$48,000	excess over \$36,000
20	Over \$48,000	\$3,214.00 plus 8.25% of
21		excess over \$48,000.



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1           In the case of any taxable year beginning after December  
2 31, 2017:

3	If the taxable income is:	The tax shall be:
4	Not over \$2,400	1.40% of taxable income
5	Over \$2,400 but	\$34.00 plus 3.20% of
6	not over \$4,800	excess over \$2,400
7	Over \$4,800 but	\$110.00 plus 5.50% of
8	not over \$9,600	excess over \$4,800
9	Over \$9,600 but	\$374.00 plus 6.40% of
10	not over \$14,400	excess over \$9,600
11	Over \$14,400 but	\$682.00 plus 6.80% of
12	not over \$19,200	excess over \$14,400
13	Over \$19,200 but	\$1,008.00 plus 7.20% of
14	not over \$24,000	excess over \$19,200
15	Over \$24,000 but	\$1,354.00 plus 7.60% of
16	not over \$36,000	excess over \$24,000
17	Over \$36,000 but	\$2,266.00 plus 7.90% of
18	not over \$48,000	excess over \$36,000
19	Over \$48,000 but	\$3,214.00 plus 8.25% of
20	not over \$150,000	excess over \$48,000
21	Over \$150,000 but	\$11,629.00 plus 9.00% of



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1	not over \$175,000	excess over \$150,000
2	Over \$175,000 but	\$13,879.00 plus 10.00% of
3	not over \$200,000	excess over \$175,000
4	Over \$200,000	\$16,379.00 plus 11.00% of
5		excess over \$200,000.

6 In the case of any taxable year beginning after December  
7 31, 2018, there shall be imposed a surcharge of 1% of any amount  
8 of tax collected pursuant to this subsection over \$2,500,000, to  
9 be deposited into the state alternative transit fund established  
10 pursuant to section 196- ."

11 SECTION 5. Section 237D-4, Hawaii Revised Statutes, is  
12 amended by amending subsection (g) to read as follows:

13 "(g) Any person who may lawfully be required by the State,  
14 and who is required by this chapter, to register as a condition  
15 precedent to engaging or continuing in the business of  
16 furnishing transient accommodations or as a plan manager subject  
17 to taxation under this chapter, who engages or continues in the  
18 business without registering in conformity with this chapter,  
19 shall be guilty of a misdemeanor. Any director, president,  
20 secretary, or treasurer of a corporation who permits, aids, or  
21 abets such corporation to engage or continue in business without



1 registering in conformity with this chapter, shall likewise be  
2 guilty of a misdemeanor. The penalty for the misdemeanors shall  
3 be the same as that prescribed by section 231-35 for  
4 individuals, corporations, or officers of corporations, as the  
5 case may be, for violation of that section. In addition to the  
6 penalties for misdemeanors pursuant to this subsection, the  
7 director shall impose an administrative fine of \$100 per day of  
8 violation on any misdemeanant.

9 Administrative fines collected pursuant to this subsection  
10 shall be deposited into the state alternative transit fund  
11 established pursuant to section 196- ."

12 SECTION 6. Section 251-2, Hawaii Revised Statutes, is  
13 amended to read as follows:

14 "§251-2 Rental motor vehicle and tour vehicle surcharge  
15 tax. (a) There is levied and shall be assessed and collected  
16 each month a rental motor vehicle surcharge tax of \$3 a day, or  
17 any portion of a day that a rental motor vehicle is rented or  
18 leased; provided that lessees without a valid Hawaii driver's  
19 license shall be assessed an additional [~~\$2~~] \$3 a day, or any  
20 portion of a day that a rental motor vehicle is rented or  
21 leased. The rental motor vehicle surcharge tax shall be levied





1 upon the lessor; provided that the tax shall not be levied on  
2 the lessor if:

- 3 (1) The lessor is renting the vehicle to replace a vehicle  
4 of the lessee that is being repaired; and  
5 (2) A record of the repair order for the vehicle is  
6 retained either by the lessor for two years for  
7 verification purposes or by a motor vehicle repair  
8 dealer for two years as provided in section 437B-16.

9 In addition to the requirements imposed by section 251-4, a  
10 lessor shall disclose, to the department, the portion of the  
11 remittance attributed to the county in which the motor vehicle  
12 was operated under rental or lease.

13 (b) Of the remittances collected pursuant to [~~this~~]  
14 subsection[~~, \$2 per day or portion of a day~~] (a) from each  
15 lessee without a valid Hawaii driver's license:

- 16 (1) \$2 per day or portion of a day shall be deposited into  
17 the state treasury to the credit of the respective  
18 county subaccount of the state highway fund,  
19 established pursuant to section 248-9(c), that  
20 corresponds to the county in which the rental motor  
21 vehicle was driven under rental or lease [~~-~~]; and



1        (2) \$1 per day or portion of a day shall be deposited into  
2                    the state alternative transit fund established  
3                    pursuant to section 196- .

4        [~~b~~] (c) There is levied and shall be assessed and  
5 collected each month a tour vehicle surcharge tax of:

6            (1) \$66 for each tour vehicle used or partially used  
7                    during the month that falls into the over twenty-five  
8                    passenger seat category; and

9            (2) \$16 for each tour vehicle used or partially used  
10                   during the month that falls into the eight to twenty-  
11                   five passenger seat category.

12        The tour vehicle surcharge tax shall be levied upon the  
13 tour vehicle operator. There shall be levied an additional tour  
14 vehicle surcharge tax of \$1 for each tour vehicle used or  
15 partially used during the month, which shall be deposited into  
16 the state alternative transit fund established pursuant to  
17 section 196- ."

18        SECTION 7. Section 251-5, Hawaii Revised Statutes, is  
19 amended to read as follows:

20        "§251-5 Remittances. All remittances of surcharge taxes  
21 imposed under this chapter shall be made by cash, bank draft,



1 cashier's check, money order, or certificate of deposit to the  
2 office of the taxation district to which the return was  
3 transmitted. The department shall deposit the moneys into the  
4 state treasury to the credit of the state highway fund; provided  
5 that ~~[user]~~:

- 6 (1) User fee revenues that are levied, assessed, and  
7 collected pursuant to section 251-2(a) from lessees  
8 without a valid Hawaii drivers license shall be  
9 deposited in accordance with section ~~[248-9(e)]~~ 251-  
10 2(b); and
- 11 (2) Additional tour vehicle surcharge taxes collected  
12 pursuant to section 251-2(c) shall be deposited in  
13 accordance with that section."

14 SECTION 8. The counties may adopt measures to mandate the  
15 transition to renewable, low greenhouse gas emission ground  
16 transportation.

17 SECTION 9. Statutory material to be repealed is bracketed  
18 and stricken. New statutory material is underscored.

19 SECTION 10. This Act shall take effect on January 1, 2020.

20



INTRODUCED BY: Jarvis & Anney  




# S.B. NO. 659

**Report Title:**

Transportation; Climate Change; State Alternative Transit Fund; Transient Accommodation Tax; Individual Income Tax; Rental Motor Vehicle and Tour Vehicle Surcharge Tax

**Description:**

Establishes the state alternative transit fund to allow counties to offer free or nearly free fares on eco-friendly county buses. Imposes a fine for unlicensed transient accommodations. Establishes a surcharge on individual income over \$2.5 million. Increases the rental motor vehicle and tour vehicle surcharge tax. Requires the new fine, surcharge, and tax increase to be deposited into the state alternative transit fund.

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

