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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 as follows:

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

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

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

11 (2) The ordinance shall be adopted prior to [~~March 31,~~  
12 ~~2019,~~] December 31, 2020; and

13 (3) No county surcharge on state tax that may be  
14 authorized under this subsection shall be levied prior  
15 to January 1, 2019, or after December 31, 2030.

16 A county electing to exercise the authority granted under  
17 this subsection shall notify the director of taxation within ten



1 days after the county has adopted a surcharge on state tax  
2 ordinance. Beginning on January 1, 2019, [~~or~~] January 1, 2020,  
3 or July 1, 2021, as applicable pursuant to sections 237-8.6 and  
4 238-2.6, the director of taxation shall levy, assess, collect,  
5 and otherwise administer the county surcharge on state tax."

6 2. By amending subsection (f) to read:

7 "(f) Each county [~~with~~] having a population equal to or  
8 less than five hundred thousand that adopts a county surcharge  
9 on state tax ordinance pursuant to this section prior to  
10 January 1, 2020, shall use the surcharges received from the  
11 State for:

12 (1) Operating or capital costs of public transportation  
13 within each county for public transportation systems,  
14 including public roadways or highways, public buses,  
15 trains, ferries, pedestrian paths or sidewalks, or  
16 bicycle paths; [~~and~~]

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

20 (3) Affordable housing infrastructure to provide housing  
21 for households having incomes of no more than one



1           hundred forty per cent of the area median income, as  
2           determined by the United States Department of Housing  
3           and Urban Development; provided that a county that  
4           uses surcharge revenues for affordable housing shall  
5           not pass on related infrastructure costs to the  
6           developer of a housing project that sells or rents its  
7           housing units to households having incomes of no more  
8           than one hundred forty per cent of the area median  
9           income;  
10          provided that each county having a population equal to or less  
11          than five hundred thousand that adopts a county surcharge on  
12          state tax ordinance pursuant to this section after December 31,  
13          2019, shall use the surcharges received from the State only for  
14          the purposes described in paragraph (3)."

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

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



- 1 (1) Prior to:
- 2 (A) January 1, 2007, if the county surcharge on state
- 3 tax was established by an ordinance adopted prior
- 4 to December 31, 2005;
- 5 (B) January 1, 2019, if the county surcharge on state
- 6 tax was established by the adoption of an
- 7 ordinance after June 30, 2015, but prior to
- 8 June 30, 2018; [~~or~~]
- 9 (C) January 1, 2020, if the county surcharge on state
- 10 tax was established by the adoption of an
- 11 ordinance on or after June 30, 2018, but prior to
- 12 March 31, 2019; [~~and~~] or
- 13 (D) July 1, 2021, if the county surcharge on state
- 14 tax was established by the adoption of an
- 15 ordinance on or after March 31, 2019, but prior
- 16 to December 31, 2020; and
- 17 (2) After December 31, 2030."

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

20 "(b) Each county surcharge on state tax that may be  
 21 adopted or extended shall be levied beginning in a taxable year

1 after the adoption of the relevant county ordinance; provided  
2 that no surcharge on state tax may be levied:

3 (1) Prior to:

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

7 (B) January 1, 2019, if the county surcharge on state  
8 tax was established by the adoption of an  
9 ordinance after June 30, 2015, but prior to  
10 June 30, 2018; [~~or~~]

11 (C) January 1, 2020, if the county surcharge on state  
12 tax was established by the adoption of an  
13 ordinance on or after June 30, 2018, but prior to  
14 March 31, 2019; [~~and~~] or

15 (D) July 1, 2021, if the county surcharge on state  
16 tax was established by the adoption of an  
17 ordinance on or after March 31, 2019, but prior  
18 to December 31, 2020; and

19 (2) After December 31, 2030."

20 SECTION 4. Statutory material to be repealed is bracketed  
21 and stricken. New statutory material is underscored.



**1** SECTION 5. This Act shall take effect upon its approval.



**Report Title:**

Maui County Package; Surcharge on State Tax; Extension

**Description:**

Extends the period in which a county may adopt a surcharge on state tax, under certain conditions, from 3/31/2019 to 12/31/2020. Authorizes the use of county surcharge revenues for affordable housing infrastructure. (HD1)

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

