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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 PART I

2 SECTION 1. Section 248-2.7, Hawaii Revised Statutes, is  
3 amended to read as follows:

4 " [†] §248-2.7 [†] **Mass transit special fund; established;**  
5 **distribution of funds.** (a) There is established a mass transit  
6 special fund to be administered by the department of budget and  
7 finance.

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



1           (c) ~~[Upon receiving a certification statement from the~~  
2 ~~comptroller pursuant to section 40-81.5, the]~~ The director of  
3 finance shall allocate and disburse moneys in the mass transit  
4 special fund to the director of finance of a county with a  
5 population greater than five hundred thousand; provided that  
6 ~~[the director of finance shall only disburse those amounts that~~  
7 ~~are certified in the certification statement for that county for~~  
8 ~~the purposes specified in section 46-16.8; provided further~~  
9 ~~that]~~ revenues allocated from the special fund shall not be used  
10 for:

11           (1) Operating or maintenance costs of the mass transit  
12 project or any purpose not consistent with section 46-  
13 16.8(e); or

14           (2) Administrative, operating, marketing, or maintenance  
15 costs, including personnel costs, of a rapid  
16 transportation authority charged with the  
17 responsibility for constructing, operating, or  
18 maintaining the mass transit project [~~+~~].

19 ~~[provided further that the total amount of funds that are~~  
20 ~~available, allocated, and disbursed by the director of finance~~  
21 ~~pursuant to this section shall not be in excess of the total~~



1 ~~amount indicated on the certification statement.]~~ The director  
2 of finance may allocate and disburse moneys pursuant to this  
3 section on a monthly basis.

4 Any amounts allocated and disbursed pursuant to this  
5 section shall be subject to the availability of funds deposited  
6 and on balance in the special fund. The director of finance  
7 shall not allocate or disburse any amounts from the special fund  
8 that are in excess of any amounts deposited and on balance in  
9 the special fund.

10 ~~[(d) The director of finance shall post all certification~~  
11 ~~statements received from the comptroller pursuant to section 40-~~  
12 ~~81.5 on the department of budget and finance's website within~~  
13 ~~ten working days of payments made pursuant to this section.~~

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

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

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



1           ~~["§23-14] Rapid transportation authority, annual review.~~

2   ~~(a) Beginning on September 5, 2017, and ending on December 31,~~

3   ~~2031, the auditor, on an annual basis, shall conduct a review of~~

4   ~~any rapid transportation authority in the State charged with the~~

5   ~~responsibility of constructing, operating, or maintaining a~~

6   ~~locally preferred alternative for a mass transit project that~~

7   ~~receives moneys from a surcharge on state tax established~~

8   ~~pursuant to section 46-16.8, transient accommodations tax~~

9   ~~revenues pursuant to section 237D-2(c), or both. The annual~~

10   ~~review shall include a review of documents, including but not~~

11   ~~limited to invoices, contracts, progress reports, and time~~

12   ~~schedules, to determine that:~~

13           ~~(1) Expenditures by the authority comply with the criteria~~

14           ~~established pursuant to section 46-16.8(e); and~~

15           ~~(2) The authority follows accounting best practices for~~

16           ~~substantiating its expenditures.~~

17           ~~(b) A rapid transportation authority subject to this~~

18   ~~section and any private company or agency contracted to provide~~

19   ~~services for the locally preferred alternative for a mass~~

20   ~~transit project shall cooperate with and assist the auditor as~~

21   ~~needed in conducting the annual review, including promptly~~



1 ~~providing all records and other information requested by the~~  
2 ~~auditor in the course of the annual review.~~

3 ~~(c) The auditor shall submit the findings and~~  
4 ~~recommendations of the auditor's review to the legislature and~~  
5 ~~the rapid transportation authority no later than twenty days~~  
6 ~~prior to the convening of the immediately following regular~~  
7 ~~session." ]~~

8 SECTION 3. Section 40-81.5, Hawaii Revised Statutes, is  
9 repealed.

10 ~~["~~[§40-81.5] Rapid transportation authority; certification~~~~  
11 ~~statement. (a) Beginning on September 5, 2017, and ending on~~  
12 ~~December 31, 2031, the comptroller, upon the request for payment~~  
13 ~~by the rapid transportation authority, shall verify that the~~  
14 ~~authority's invoices for the capital costs of a locally~~  
15 ~~preferred alternative for a mass transit project comply with~~  
16 ~~section 46-16.8(e).~~

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

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



- 1       ~~(2) Expenditures for capital costs for a locally preferred~~  
2           ~~alternative for a mass transit project;~~
- 3       ~~(3) Expenditures for personnel costs, lease rent, and any~~  
4           ~~other costs associated with the authority's management~~  
5           ~~and operations; and~~
- 6       ~~(4) Any other information the comptroller may require to~~  
7           ~~accomplish the purpose of this section.~~
- 8       ~~(e) After submission of invoices by the rapid~~  
9       ~~transportation authority for capital costs of a locally~~  
10       ~~preferred alternative for a mass transit project are verified by~~  
11       ~~the comptroller as an acceptable use of funds received pursuant~~  
12       ~~to a surcharge on state tax authorized pursuant to section 46-~~  
13       ~~16.8, the comptroller shall submit a certification statement,~~  
14       ~~including any appropriate supporting documents, to the~~  
15       ~~department of budget and finance for the allocation of funds, if~~  
16       ~~available, pursuant to sections 248 2.7 and 248 2.6(d). The~~  
17       ~~certification statement shall include, at a minimum, the total~~  
18       ~~amount contained in the invoices for capital costs that are~~  
19       ~~verified as an appropriate use of funds pursuant to section 46-~~  
20       ~~16.8(e).~~



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

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

11    PART II

12        SECTION 4. Act 1, First Special Session Laws of Hawaii  
13 2017, is amended by repealing section 18:

14        ~~[ "SECTION 18. Notwithstanding any law, charter provision,~~  
15 ~~or ordinance to the contrary, in any county with a population~~  
16 ~~greater than five hundred thousand, in order to ensure the~~  
17 ~~appropriate use of state authorized funds to finance a locally~~  
18 ~~preferred alternative for a mass transit project, the president~~  
19 ~~of the senate and speaker of the house of representatives shall~~  
20 ~~each appoint two non voting, ex officio members to the board of~~  
21 ~~directors of the county's rapid transportation authority. The~~



1 ~~terms for each member appointed pursuant to this section shall~~  
2 ~~be determined by the presiding officer who appointed them.~~

3 ~~For the purposes of this section, "county rapid~~  
4 ~~transportation authority" means any entity established by a~~  
5 ~~county in the State with a population greater than five hundred~~  
6 ~~thousand for the purpose of constructing, operating, or~~  
7 ~~maintaining a locally preferred alternative for a mass transit~~  
8 ~~project and that receives moneys from a surcharge on state tax~~  
9 ~~established pursuant to section 46-16.8, Hawaii Revised~~  
10 ~~Statutes, transient accommodations tax revenues pursuant to~~  
11 ~~section 237D-2(c), Hawaii Revised Statutes, or both." ]~~

12 PART III

13 SECTION 5. Statutory material to be repealed is bracketed  
14 and stricken. New statutory material is underscored.

15 SECTION 6. This Act shall take effect upon its approval.





**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. Repeals the requirement that the senate president and house speaker each appoint 2 non-voting, ex-officio members to the board of directors of certain rapid transportation authorities. (SD2)

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

