

JAN 20 2023

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 to read as follows:

3 "**§46-16.8 County surcharge on state tax.** (a) Each county
4 may establish a surcharge on state tax at the rates enumerated
5 in sections 237-8.6 and 238-2.6. A county electing to establish
6 this surcharge shall do so by ordinance; provided that:

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

9 (2) The ordinance shall be adopted prior to December 31,
10 2005; and

11 (3) No county surcharge on state tax that may be
12 authorized under this subsection shall be levied prior
13 to January 1, 2007, or after December 31, 2022, unless
14 extended pursuant to subsection (b).

15 Notice of the public hearing required under paragraph (1) shall
16 be published in a newspaper of general circulation within the



1 county at least twice within a period of thirty days immediately
2 preceding the date of the hearing.

3 A county electing to exercise the authority granted under
4 this subsection shall notify the director of taxation within ten
5 days after the county has adopted a surcharge on state tax
6 ordinance and, beginning no earlier than January 1, 2007, the
7 director of taxation shall levy, assess, collect, and otherwise
8 administer the county surcharge on state tax.

9 (b) Each county that has established a surcharge on state
10 tax prior to July 1, 2015, under authority of subsection (a) may
11 extend the surcharge until December 31, 2030, at the same rates.
12 A county electing to extend this surcharge shall do so by
13 ordinance; provided that:

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

17 (2) The ordinance shall be adopted prior to January 1,
18 2018.

19 A county electing to exercise the authority granted under
20 this subsection shall notify the director of taxation within ten
21 days after the county has adopted an ordinance extending the



1 surcharge on state tax. The director of taxation shall levy,
2 assess, collect, and otherwise administer the extended surcharge
3 on state tax.

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,~~] July 1, 2024; 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
18 days after the county has adopted a surcharge on state tax
19 ordinance. Beginning on January 1, 2019, [~~or~~] January 1, 2020,
20 or January 1, 2025, as applicable pursuant to sections 237-8.6
21 and 238-2.6, the director of taxation shall levy, assess,



1 collect, and otherwise administer the county surcharge on state
2 tax.

3 (d) Notice of the public hearing required under subsection
4 (b) or (c) before adoption of an ordinance establishing or
5 extending the surcharge on state tax shall be published in a
6 newspaper of general circulation within the county at least
7 twice within a period of thirty days immediately preceding the
8 date of the hearing.

9 (e) Each county with a population greater than five
10 hundred thousand that adopts or extends a county surcharge on
11 state tax ordinance pursuant to subsection (a) or (b) shall use
12 the surcharge revenues received from the State for capital costs
13 of a locally preferred alternative for a mass transit project;
14 provided that revenues derived from the county surcharge on
15 state tax shall not be used:

16 (1) To build or repair public roads or highways, bicycle
17 paths, or support public transportation systems
18 already in existence prior to July 12, 2005;

19 (2) For operating costs or maintenance costs of the mass
20 transit project or any purpose not consistent with
21 this subsection; or



1 (3) For administrative or operating, marketing, or
2 maintenance costs, including personnel costs, of a
3 rapid transportation authority charged with the
4 responsibility for constructing, operating, or
5 maintaining the mass transit project;
6 provided further that nothing in this section shall be construed
7 to prohibit a county from using county funds that are not
8 derived from a surcharge on state tax for a purpose described in
9 paragraph (2) or (3).

10 (f) Each county [~~with~~] having a population equal to or
11 less than five hundred thousand that adopts a county surcharge
12 on state tax ordinance pursuant to this section prior to
13 January 1, 2023, shall use the surcharges received from the
14 State for:

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



1 (2) Expenses in complying with the Americans with
2 Disabilities Act of 1990 with respect to paragraph
3 (1) [-]; and
4 (3) Affordable and workforce housing infrastructure to
5 provide housing for households having incomes of not
6 more than one hundred forty per cent of the area
7 median income, as determined by the United States
8 Department of Housing and Urban Development; provided
9 that a county that uses surcharge revenues for
10 affordable housing shall not pass on related
11 infrastructure costs to the developer of a housing
12 project that sells or rents its housing units to
13 households having incomes of not more than one hundred
14 forty per cent of the area median income;
15 provided that each county having a population equal to or less
16 than five hundred thousand that adopts a county surcharge on
17 state tax ordinance pursuant to this section after December 31,
18 2022, shall use the surcharges received from the State only for
19 the purposes described in paragraph (3).
20 (g) Each county that adopts a county surcharge on state
21 tax ordinance pursuant to this section may use the surcharges



1 received from the State for housing infrastructure, including
2 roadways, water, and sewer.

3 [~~g~~] (h) As used in this section, "capital costs" means
4 nonrecurring costs required to construct a transit facility or
5 system, including debt service, costs of land acquisition and
6 development, acquiring of rights-of-way, planning, design, and
7 construction, and including equipping and furnishing the
8 facility or system. For a county with a population greater than
9 five hundred thousand, capital costs also include non-recurring
10 personal services and other overhead costs that are not intended
11 to continue after completion of construction of the minimum
12 operable segment of the locally preferred alternative for a mass
13 transit project."

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

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

21 (1) Prior to:



- 1 (A) January 1, 2007, if the county surcharge on state
2 tax was established by an ordinance adopted prior
3 to December 31, 2005;
- 4 (B) January 1, 2019, if the county surcharge on state
5 tax was established by the adoption of an
6 ordinance after June 30, 2015, but prior to June
7 30, 2018; [~~or~~]
- 8 (C) January 1, 2020, if the county surcharge on state
9 tax was established by the adoption of an
10 ordinance on or after June 30, 2018, but prior to
11 March 31, 2019; [~~and~~] or
- 12 (D) January 1, 2025, if the county surcharge on state
13 tax was established by the adoption of an
14 ordinance on or after March 31, 2021, but prior
15 to July 1, 2024; and
- 16 (2) After December 31, 2030."

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

19 "(b) Each county surcharge on state tax that may be
20 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) January 1, 2025, if the county surcharge on state
16 tax was established by the adoption of an
17 ordinance on or after March 31, 2021, but prior
18 to July 1, 2024; and

19 (2) After December 31, 2030."

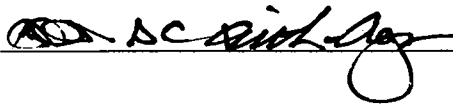
20 SECTION 4. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



S.B. NO. 1099

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

2

INTRODUCED BY: 



S.B. NO. 1099

Report Title:

Surcharge on State Tax; Extension; Housing Infrastructure

Description:

Extends the period in which a county may adopt a surcharge on state tax, under certain conditions. Authorizes the use of the surcharge revenues for affordable and workforce housing infrastructure. Allows the counties to use surcharge revenues for housing infrastructure, including roadways, water, and sewer.

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