

JAN 15 2025

A BILL FOR AN ACT

RELATING TO TRANSPORTATION FINANCING.

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

1 SECTION 1. Section 23-14, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:
3 "(a) Beginning on September 5, 2017, and ending on
4 December 31, [~~2031~~] 2056, the auditor, on an annual basis,
5 shall conduct a review of any rapid transportation authority in
6 the State charged with the responsibility of constructing,
7 operating, or maintaining a locally preferred alternative for a
8 mass transit project that receives moneys from a surcharge on
9 state tax established pursuant to section 46-16.8, transient
10 accommodations tax revenues pursuant to section 237D-2(e), or
11 both. The annual review shall include a review of documents,
12 including but not limited to invoices, contracts, progress
13 reports, and time schedules, to determine that:

- 14 (1) Expenditures by the authority comply with the criteria
15 established pursuant to section 46-16.8(f); and
16 (2) The authority follows accounting best practices for
17 substantiating its expenditures."



1 SECTION 2. Section 40-81.5, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Beginning on September 5, 2017, and ending on
4 December 31, [~~2031~~] 2056, the comptroller, upon the request for
5 payment by the rapid transportation authority, shall verify that
6 the authority's invoices for the capital costs of a locally
7 preferred alternative for a mass transit project comply with
8 section 46-16.8(f)."

9 SECTION 3. Section 46-16.8, Hawaii Revised Statutes, is
10 amended by amending subsections (a) through (c) to read as
11 follows:

12 "(a) Each county may establish a surcharge on state tax at
13 the rates enumerated in sections 237-8.6 and 238-2.6. A county
14 electing to establish this surcharge shall do so by ordinance;
15 provided that:

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

18 (2) The ordinance shall be adopted before December 31,
19 2005; and

20 (3) No county surcharge on state tax that may be
21 authorized under this subsection shall be levied



1 before January 1, 2007, or after December 31, [~~2022,~~
2 2030, unless extended pursuant to subsection (b).
3 Notice of the public hearing required under paragraph (1) shall
4 be published in a newspaper of general circulation within the
5 county at least twice within a period of thirty days immediately
6 preceding the date of the hearing.

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

13 (b) Each county that has established a surcharge on state
14 tax before July 1, 2015, under authority of subsection (a) may
15 extend the surcharge until December 31, [~~2030,~~ 2056, at the
16 same rates. A county electing to extend this surcharge shall do
17 so by ordinance; provided that:

18 (1) No ordinance shall be adopted until the county has
19 conducted a public hearing on the proposed ordinance;
20 and



1 (2) The ordinance shall be adopted before January 1,
2 [~~2018-~~] 2026.

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 an ordinance extending the
6 surcharge on state tax. The director of taxation shall levy,
7 assess, collect, and otherwise administer the extended surcharge
8 on state tax.

9 (c) Each county that has not established a surcharge
10 pursuant to subsection (a) on state tax before July 1, 2015, may
11 establish the surcharge at the rates enumerated in sections 237-
12 8.6 and 238-2.6. A county electing to establish this surcharge
13 shall do so by ordinance; provided that:

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

16 (2) The ordinance shall be adopted before December 31,
17 2023; and

18 (3) No county surcharge on state tax that may be
19 authorized under this subsection shall be levied
20 before January 1, 2019, or after December 31, [~~2030-~~]
21 2056.



1 A county electing to exercise the authority granted under
2 this subsection shall notify the director of taxation within ten
3 days after the county has adopted a surcharge on state tax
4 ordinance. Beginning on January 1, 2019, January 1, 2020,
5 January 1, 2024, or January 1, 2025, as applicable pursuant to
6 sections 237-8.6 and 238-2.6, the director of taxation shall
7 levy, assess, collect, and otherwise administer the county
8 surcharge on state tax."

9 SECTION 4. Section 237-8.6, Hawaii Revised Statutes, is
10 amended by amending subsection (b) to read as follows:

11 "(b) Each county surcharge on state tax that may be
12 adopted, extended, or amended pursuant to section 46-16.8 shall
13 be levied beginning in a taxable year after the adoption of the
14 relevant county ordinance; provided that no surcharge on state
15 tax may be levied:

16 (1) Before:

17 (A) January 1, 2007, if the county surcharge on state
18 tax was established by an ordinance adopted
19 before December 31, 2005;

20 (B) January 1, 2019, if the county surcharge on state
21 tax was established by the adoption of an



- 1 ordinance after June 30, 2015, but before
2 June 30, 2018;
- 3 (C) January 1, 2020, if the county surcharge on state
4 tax was established by the adoption of an
5 ordinance on or after June 30, 2018, but before
6 March 31, 2019;
- 7 (D) January 1, 2024, if the county surcharge on state
8 tax was established by the adoption of an
9 ordinance on or after March 31, 2019, but before
10 August 1, 2023; or
- 11 (E) January 1, 2025, if the county surcharge on state
12 tax was established by the adoption of an
13 ordinance on or after August 1, 2023, but before
14 December 31, 2023; and
- 15 (2) After December 31, [~~2030-~~] 2056."

16 SECTION 5. Section 237D-2, Hawaii Revised Statutes, is
17 amended by amending subsection (e) to read as follows:
18 "(e) Notwithstanding the tax rates established in
19 subsections (a)(5) and (c)(3), the tax rates levied, assessed,
20 and collected pursuant to subsections (a) and (c) shall be 10.25



1 per cent for the period beginning on January 1, 2018, to
2 December 31, [~~2030~~] 2056; provided that:

3 (1) The tax revenues levied, assessed, and collected
4 pursuant to this subsection that are in excess of the
5 revenues realized from the levy, assessment, and
6 collection of tax at the 9.25 per cent rate shall be
7 deposited quarterly into the mass transit special fund
8 established under section 248-2.7; and

9 (2) If a court of competent jurisdiction determines that
10 the amount of county surcharge on state tax revenues
11 deducted and withheld by the State, pursuant to
12 section 248-2.6, violates statutory or constitutional
13 law and, as a result, awards moneys to a county with a
14 population greater than five hundred thousand, then an
15 amount equal to the monetary award shall be deducted
16 and withheld from the tax revenues deposited under
17 paragraph (1) into the mass transit special fund, and
18 those funds shall be a general fund realization of the
19 State.

20 The remaining tax revenues levied, assessed, and collected
21 at the 9.25 per cent tax rate pursuant to subsections (a) and



1 (c) shall be deposited into the general fund in accordance with
2 section 237D-6.5(b)."

3 SECTION 6. Section 238-2.6, Hawaii Revised Statutes, is
4 amended by amending subsection (b) to read as follows:

5 "(b) Each county surcharge on state tax that may be
6 adopted, extended, or amended shall be levied beginning in a
7 taxable year after the adoption of the relevant county
8 ordinance; provided that no surcharge on state tax may be
9 levied:

10 (1) Before:

11 (A) January 1, 2007, if the county surcharge on state
12 tax was established by an ordinance adopted
13 before December 31, 2005;

14 (B) January 1, 2019, if the county surcharge on state
15 tax was established by the adoption of an
16 ordinance after June 30, 2015, but before
17 June 30, 2018;

18 (C) January 1, 2020, if the county surcharge on state
19 tax was established by the adoption of an
20 ordinance on or after June 30, 2018, but before
21 March 31, 2019;



1 (D) January 1, 2024, if the county surcharge on state
2 tax was established by the adoption of an
3 ordinance on or after March 31, 2019, but before
4 August 1, 2023; or

5 (E) January 1, 2025, if the county surcharge on state
6 tax was established by the adoption of an
7 ordinance on or after August 1, 2023, but before
8 December 31, 2023; and

9 (2) After December 31, [~~2030~~] 2056."

10 SECTION 7. Section 248-2.7, Hawaii Revised Statutes, is
11 amended by amending subsection (b) to read as follows:

12 "(b) For the period beginning on January 1, 2018, to
13 December 31, [~~2030~~] 2056, transient accommodations tax and
14 surcharge on state tax revenues allocated to the mass transit
15 special fund pursuant to sections 237D-2(e) and 248-2.6 shall be
16 deposited into the special fund. All interest earned on the
17 moneys in the special fund shall be credited to the general
18 fund. The mass transit special fund shall be exempt from the
19 central service expenses deduction under section 36-27 and
20 departmental administrative expenses deduction under section
21 36-30."



1 SECTION 8. Act 247, Session Laws of Hawaii 2005, as
2 amended by Act 240, Session Laws of Hawaii 2015, as amended by
3 Act 1, First Special Session Laws of Hawaii 2017, is amended by
4 amending section 9 to read as follows:

5 "SECTION 9. This Act shall take effect upon its approval;
6 provided that:

7 (1) If none of the counties of the State adopt an
8 ordinance to levy a county surcharge on state tax by
9 December 31, 2005, this Act shall be repealed and
10 section 437D-8.4, Hawaii Revised Statutes, shall be
11 reenacted in the form in which it read on the day
12 prior to the effective date of this Act;

13 (2) If any county does not adopt an ordinance to levy a
14 county surcharge on state tax by December 31, 2005, it
15 shall be prohibited from adopting such an ordinance
16 pursuant to this Act, unless otherwise authorized by
17 the legislature through a separate legislative act;
18 and

19 (3) If an ordinance to levy a county surcharge on state
20 tax is adopted by December 31, 2005:



S.B. NO. 220

1 (A) The ordinance shall be repealed on December 31,
2 [~~2022~~] 2056; provided that the repeal of the
3 ordinance shall not affect the validity or effect
4 of an ordinance to extend a surcharge on state
5 tax adopted pursuant to an act of the
6 legislature; and

7 (B) This Act shall be repealed on December 31,
8 [~~2030~~] 2056, and section 437D-8.4, Hawaii
9 Revised Statutes, shall be reenacted in the form
10 in which it read on the day prior to the
11 effective date of this Act; provided that the
12 amendments made to section 437D-8.4, Hawaii
13 Revised Statutes, by Act 226, Session Laws of
14 Hawaii 2008, as amended by Act 11, Session Laws
15 of Hawaii 2009, and Act 110, Session Laws of
16 Hawaii 2014, shall not be repealed."

17 SECTION 9. This Act shall not be construed to prohibit the
18 use of funds generated by a county for purposes not prohibited
19 by state law.



1 SECTION 10. This Act does not affect rights and duties
2 that matured, penalties that were incurred, and proceedings that
3 were begun before its effective date.

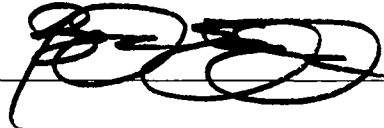
4 SECTION 11. If any provision of this Act, or the
5 application thereof to any person or circumstance, is held
6 invalid, the invalidity does not affect other provisions or
7 applications of the Act that can be given effect without the
8 invalid provision or application, and to this end the provisions
9 of this Act are severable.

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

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

13

INTRODUCED BY: _____

A handwritten signature in black ink, appearing to be "R. J. ...", is written over a horizontal line.

S.B. NO. 220

Report Title:

County Surcharge on State Tax; Extension; General Excise Tax;
Transient Accommodations Tax

Description:

Authorizes a county that has adopted a surcharge to state tax to extend the surcharge to 12/31/2056. Extends the end date of the one percent Transient Accommodation Tax increase to 12/31/2056. Requires the State Auditor to conduct an audit and annual review of the Honolulu Authority for Rapid Transportation until 12/31/2056. Requires the Comptroller to certify the Honolulu Authority for Rapid Transportation's invoices for capital costs until 12/31/2056.

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

