
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that Hawaii has an aging
2 transportation system, and that infrastructure on all of the
3 islands in the State are in need of significant upgrades to
4 increase durability and dependability. In order to revitalize
5 the transportation system, more funding is needed. However, the
6 legislature also finds that the traditional methods of raising
7 revenue, such as the fuel tax or vehicle weight tax, would not
8 provide sufficient revenue to fund the needed improvements. The
9 legislature believes that revenues from the county surcharge on
10 state tax would provide the required revenue.

11 The purpose of this Act is to strengthen mass transit
12 projects funded by the county surcharge on state tax by
13 providing a funding source to extend the projects beyond their
14 initial routes.

15 SECTION 2. Section 46-16.8, Hawaii Revised Statutes, is
16 amended as follows:

17 1. By amending subsection (b) to read:



1 "(b) Each county that has established a surcharge on state
2 tax prior to [+]July 1, 2015, [+] under authority of subsection
3 (a) may extend the surcharge [~~from~~] beyond January 1, 2023,
4 [~~until December 31, 2027,~~] at the same rates. A county electing
5 to extend this surcharge shall do so by ordinance; provided
6 that [+]

7 ~~(1)~~ ~~No~~] no ordinance shall be adopted until the county has
8 conducted a public hearing on the proposed ordinance [+
9 and

10 ~~(2)~~ ~~The ordinance shall be adopted prior to July 1, 2016,~~
11 ~~but no earlier than July 1, 2015]~~.

12 A county electing to exercise the authority granted under
13 this subsection shall notify the director of taxation within ten
14 days after the county has adopted an ordinance extending the
15 surcharge on state tax. Beginning on January 1, 2023, the
16 director of taxation shall levy, assess, collect, and otherwise
17 administer the extended surcharge on state tax."

18 2. By amending subsection (e) to read:

19 "(e) Each county with a population greater than five
20 hundred thousand that adopts or extends a county surcharge on



1 state tax ordinance pursuant to subsection (a) or (b) shall use
2 the surcharges received from the State for:

3 (1) Capital costs of a locally preferred alternative for a
4 mass transit project; provided that, upon completion
5 of the initial twenty-mile route of the mass transit
6 project, surcharge revenues received thereafter shall
7 be used to fund extension of the project beyond the
8 initial route; and

9 (2) Expenses in complying with the Americans with
10 Disabilities Act of 1990 with respect to paragraph
11 (1).

12 The county surcharge on state tax shall not be used to build or
13 repair public roads or highways, bicycle paths, or support
14 public transportation systems already in existence prior to July
15 12, 2005."

16 SECTION 3. Section 237-8.6, Hawaii Revised Statutes, is
17 amended by amending subsection (b) to read as follows:

18 "(b) Each county surcharge on state tax that may be
19 adopted or extended pursuant to section 46-16.8 shall be levied
20 beginning in the taxable year after the adoption of the relevant



1 county ordinance; provided that no surcharge on state tax may be
2 levied[+]

3 ~~(1) Prior]~~ prior to:

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

7 [~~B)] (2) January 1, 2018, if the county surcharge on
8 state tax was established by the adoption of an
9 ordinance after June 30, 2015, but prior to July 1,
10 2016 [~~; and~~~~

11 ~~(2) After December 31, 2027]."~~

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

14 "(b) Each county surcharge on state tax that may be
15 adopted or extended shall be levied beginning in the taxable
16 year after the adoption of the relevant county ordinance;
17 provided that no surcharge on state tax may be levied[+]

18 ~~(1) Prior]~~ prior to:

19 [~~A)] (1) January 1, 2007, if the county surcharge on
20 state tax was established by an ordinance adopted
21 prior to December 31, 2005; or~~



1 ~~[(B)]~~ (2) January 1, 2018, if the county surcharge on
 2 state tax was established by the adoption of an
 3 ordinance after June 30, 2015, but prior to July 1,
 4 2016 ~~[, and~~
 5 ~~(2) After December 31, 2027]~~ ."

6 SECTION 5. Section 248-2.6, Hawaii Revised Statutes, is
 7 amended By amending subsection (d) to read as follows:

8 "(d) After the deduction and withholding of the costs
 9 under subsections (a) and (b), the director of finance shall
 10 ~~[pay]~~ :

11 (1) Pay fifty per cent of the remaining balance on ~~[+]a[+]~~
 12 quarterly basis to the director of finance of each
 13 county that has adopted a county surcharge on state
 14 tax under section 46-16.8. The quarterly payments
 15 shall be made after the county surcharges on state tax
 16 have been paid into the state treasury special
 17 accounts or after the disposition of any tax appeal,
 18 as the case may be. All county surcharges on state
 19 tax collected shall be distributed by the director of
 20 finance to the county in which the county surcharge on
 21 state tax is generated and shall be a general fund



1 realization of the county, to be used for the purposes
2 specified in section 46-16.8 by each of the
3 counties[-]; and

4 (2) Deposit the remaining fifty per cent into the state
5 highway fund created by section 248-8."

6 SECTION 6. Act 247, Session Laws of Hawaii 2005, as
7 amended by Act 240, Session Laws of Hawaii 2015, is amended by
8 amending section 9 to read as follows:

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

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

17 (2) If any county does not adopt an ordinance to levy a
18 county surcharge on state tax by December 31, 2005, it
19 shall be prohibited from adopting such an ordinance
20 pursuant to this Act, unless otherwise authorized by



1 the legislature through a separate legislative act;
2 and

3 (3) If an ordinance to levy a county surcharge on state
4 tax is adopted by December 31, 2005[+]

5 ~~(A) The]~~, the ordinance shall be repealed on December
6 31, 2022; provided that the repeal of the
7 ordinance shall not affect the validity or effect
8 of an ordinance to extend a surcharge on state
9 tax adopted pursuant to Act 240, Session Laws of
10 Hawaii 2015[+]

11 ~~(B) This Act shall be repealed on December 31, 2027;~~
12 and

13 ~~(C) Section 437D-8.4, Hawaii Revised Statutes, shall~~
14 ~~be reenacted in the form in which it read on the~~
15 ~~day prior to the effective date of this Act;~~
16 ~~provided that the amendments made to section~~
17 ~~437D-8.4, Hawaii Revised Statutes, by Act 226,~~
18 ~~Session Laws of Hawaii 2008, as amended by Act~~
19 ~~11, Session Laws of Hawaii 2009, and Act 110,~~
20 ~~Session Laws of Hawaii 2014, shall not be~~
21 ~~repealed]."~~



H.B. NO. 1564

Report Title:

County Surcharge on State Tax; Mass Transit; State Highway Fund

Description:

Authorizes a county that has established a county surcharge on state tax to make the surcharge permanent. Requires that a mass transit project funded by county surcharges be extended beyond its initial route. Requires that 50% of county surcharges collected be deposited into the state highway fund.

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