
A BILL FOR AN ACT

RELATING TO COUNTY SURCHARGE TAX.

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

1 SECTION 1. The legislature finds that the current ten per
2 cent deduction of the county rail surcharge is in excess of what
3 is necessary to reimburse the State for the costs of assessment,
4 collection, and disposition of the surcharge. Collection of the
5 surcharge shall be suspended until an audit of actual expenses
6 incurred by the state for the collection of the county surcharge
7 is complete. Currently, the state assessment on county surcharge
8 exceeds the entire Department of Taxation budget.

9 Furthermore, the cost of constructing the rail has greatly
10 exceeded prior estimates and will continue to increase. The
11 legislation that enacted the increase in the General Excise Tax
12 to pay for rail states that all money collected shall be used
13 only for the purpose of constructing the rail. The Tax
14 Foundation of Hawaii recently filed suit to stop the State from
15 keeping ten per cent of funds because not all funds are being
16 used towards the rail project as required by the statute. The
17 state assessment on the county surcharge is unfair to the tax



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1 payers who will ultimately reimburse the county rail project for
2 the total sum of money diverted to the state general fund.

3 SECTION 2. Section 248-2.6, Hawaii Revised Statutes, is
4 repealed.

5 ~~[" [§248-2.6] County surcharge on state tax, disposition of~~
6 ~~proceeds. [Section repealed December 31, 2027. L 2015, c 240,~~
7 ~~§7.] (a) If adopted by county ordinance, all county surcharges~~
8 ~~on state tax collected by the director of taxation shall be paid~~
9 ~~into the state treasury quarterly, within ten working days after~~
10 ~~collection, and shall be placed by the director of finance in~~
11 ~~special accounts. Out of the revenues generated by county~~
12 ~~surcharges on state tax paid into each respective state treasury~~
13 ~~special account, the director of finance shall deduct ten per~~
14 ~~cent of the gross proceeds of a respective county's surcharge on~~
15 ~~state tax to reimburse the State for the costs of assessment,~~
16 ~~collection, and disposition of the county surcharge on state tax~~
17 ~~incurred by the State. Amounts retained shall be general fund~~
18 ~~realizations of the State.~~

19 ~~(b) The amounts deducted for costs of assessment,~~
20 ~~collection, and disposition of county surcharges on state tax~~
21 ~~shall be withheld from payment to the counties by the State out~~



1 ~~of the county surcharges on state tax collected for the current~~
2 ~~calendar year.~~

3 ~~(c) For the purpose of this section, the costs of~~
4 ~~assessment, collection, and disposition of the county surcharges~~
5 ~~on state tax shall include any and all costs, direct or~~
6 ~~indirect, that are deemed necessary and proper to effectively~~
7 ~~administer this section and sections 237 8.6 and 238 2.6.~~

8 ~~(d) After the deduction and withholding of the costs under~~
9 ~~subsections (a) and (b), the director of finance shall pay the~~
10 ~~remaining balance on [a] quarterly basis to the director of~~
11 ~~finance of each county that has adopted a county surcharge on~~
12 ~~state tax under section 46 16.8. The quarterly payments shall~~
13 ~~be made after the county surcharges on state tax have been paid~~
14 ~~into the state treasury special accounts or after the~~
15 ~~disposition of any tax appeal, as the case may be. All county~~
16 ~~surcharges on state tax collected shall be distributed by the~~
17 ~~director of finance to the county in which the county surcharge~~
18 ~~on state tax is generated and shall be a general fund~~
19 ~~realization of the county, to be used for the purposes specified~~
20 ~~in section 46 16.8 by each of the counties."]~~

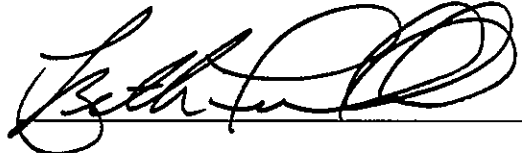


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1 SECTION 3. Statutory material to be repealed is bracketed
2 and stricken.

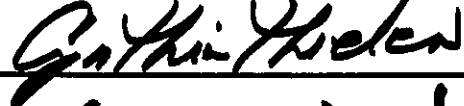
3 SECTION 4. This Act shall take effect upon its approval.
4

INTRODUCED BY:











JAN 22 2016



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Report Title:

Recalibration of State Tax on County Surcharge

Description:

Deletes the state tax of ten per cent on county surcharge to realign with more accurate sum as determined by department of taxation audit.

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

