
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 purpose of this measure is to reduce the
2 state collection on the county surcharge to the general excise
3 tax from ten per cent to two per cent. Currently, the state
4 assessment on county surcharge exceeds the entire Department of
5 Taxation budget.

6 SECTION 2. Section 248-2.6, Hawaii Revised Statutes, is
7 amended to read as follows:

8 " ~~[+] §248-2.6 [+]~~ County surcharge on state tax; disposition
9 of proceeds. *[Section repealed December 31, 2027. L 2015, c*
10 *240, §7.]* (a) If adopted by county ordinance, all county
11 surcharges on state tax collected by the director of taxation
12 shall be paid into the state treasury quarterly, within ten
13 working days after collection, and shall be placed by the
14 director of finance in special accounts. Out of the revenues
15 generated by county surcharges on state tax paid into each
16 respective state treasury special account, the director of
17 finance shall deduct ~~[ten]~~ two per cent of the gross proceeds of



1 a respective county's surcharge on state tax to reimburse the
2 State for the costs of assessment, collection, and disposition
3 of the county surcharge on state tax incurred by the State.
4 Amounts retained shall be general fund realizations of the
5 State.

6 (b) The amounts deducted for costs of assessment,
7 collection, and disposition of county surcharges on state tax
8 shall be withheld from payment to the counties by the State out
9 of the county surcharges on state tax collected for the current
10 calendar year.

11 (c) For the purpose of this section, the costs of
12 assessment, collection, and disposition of the county surcharges
13 on state tax shall include any and all costs, direct or
14 indirect, that are deemed necessary and proper to effectively
15 administer this section and sections 237-8.6 and 238-2.6.

16 (d) After the deduction and withholding of the costs under
17 subsections (a) and (b), the director of finance shall pay the
18 remaining balance on [f]a[f] quarterly basis to the director of
19 finance of each county that has adopted a county surcharge on
20 state tax under section 46-16.8. The quarterly payments shall
21 be made after the county surcharges on state tax have been paid



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1 into the state treasury special accounts or after the
 2 disposition of any tax appeal, as the case may be. All county
 3 surcharges on state tax collected shall be distributed by the
 4 director of finance to the county in which the county surcharge
 5 on state tax is generated and shall be a general fund
 6 realization of the county, to be used for the purposes specified
 7 in section 46-16.8 by each of the counties."

8 SECTION 3. Statutory material to be repealed is bracketed
 9 and stricken. New statutory material is underscored.

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

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INTRODUCED BY:

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Report Title:

Recalibration of State Tax on County Surcharge

Description:

Changes the state tax retainer of ten per cent on the county surcharge to two per cent in order to align with actual costs to the State for assessment.

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