

JAN 25 2017

A BILL FOR AN ACT

RELATING TO REIMBURSEMENTS TO THE STATE FOR THE COSTS OF
ASSESSMENT, COLLECTION, AND DISPOSITION OF THE COUNTY
SURCHARGE ON STATE TAX.

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

1 SECTION 1. Section 248-2.6, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[+] §248-2.6 [+] County surcharge on state tax; disposition
4 of proceeds. (a) If adopted by county ordinance, all county
5 surcharges on state tax collected by the director of taxation
6 shall be paid into the state treasury quarterly, within ten
7 working days after collection, and shall be placed by the
8 director of finance in special accounts. [~~Out of the revenues~~
9 ~~generated by county surcharges on state tax paid into each~~
10 ~~respective state treasury special account, the director of~~
11 ~~finance shall deduct ten per cent of the gross proceeds of a~~
12 ~~respective county's surcharge on state tax to reimburse the~~
13 ~~State for the costs of assessment, collection, and disposition~~
14 ~~of the county surcharge on state tax incurred by the State.~~
15 ~~Amounts retained shall be general fund realizations of the~~
16 ~~State.~~

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1 ~~(b) The amounts deducted for costs of assessment,~~
2 ~~collection, and disposition of county surcharges on state tax~~
3 ~~shall be withheld from payment to the counties by the State out~~
4 ~~of the county surcharges on state tax collected for the current~~
5 ~~calendar year.~~

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

11 ~~(d) After the deduction and withholding of the costs under~~
12 ~~subsections (a) and (b), the]~~

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

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1 to be used for the purposes specified in section 46-16.8 by each
2 of the counties."

3 SECTION 2. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 3. This Act, upon its approval, shall take effect
6 on January 1, 2018.

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INTRODUCED BY:

 MUN. M.

9

BY REQUEST

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Report Title:

Reimbursements to the State for the Costs of Assessment, Collection, and Disposition of the County Surcharge on State Tax

Description:

Repeals the requirement that the Director of Finance deduct ten per cent of the gross proceeds of a respective county's surcharge on state tax to reimburse the State for the costs of assessment, collection, and disposition of the county surcharge on state tax incurred by the State.

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JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO REIMBURSEMENTS TO THE STATE FOR THE COSTS OF ASSESSMENT, COLLECTION, AND DISPOSITION OF THE COUNTY SURCHARGE ON STATE TAX.

PURPOSE: The purpose of this bill is to repeal the requirement that the director of finance deduct 10 percent of the gross proceeds of a respective county's surcharge on state tax to reimburse the State for the costs of assessment, collection, and disposition of the county surcharge on state tax incurred by the State.

MEANS: Amend section 248-2.6, Hawaii Revised Statutes (HRS).

JUSTIFICATION: Section 248-2.6, HRS requires 10 percent of revenues generated by a county's surcharge on state tax to be withheld by the State as reimbursement for certain costs. Removing the withholding will increase revenues available for the purposes of the surcharge.

Impact on the public: State revenue will be reduced which will reduce resources available to provide state services. A county that adopted the surcharge on state tax will receive increased revenue that can be used for public transportation projects.

Impact on the department and other agencies: State general fund revenues will be reduced.

GENERAL FUND: Approximately \$30,000,000 per year.

OTHER FUNDS: n/a.

PPBS PROGRAM DESIGNATION: BUF 115 Financial Administration.

OTHER AFFECTED
AGENCIES:

None.

EFFECTIVE DATE:

January 1, 2018.