
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 46-16.8, Hawaii Revised Statutes, is
2 amended as follows:

3 1. By amending subsection (c) to read:

4 "(c) Each county that has not established a surcharge on
5 state tax prior to July 1, 2015, may establish the surcharge at
6 the rates enumerated in sections 237-8.6 and 238-2.6. A county
7 electing to establish this surcharge shall do so by ordinance;
8 provided that:

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

11 (2) The ordinance shall be adopted prior to [~~March 31,~~
12 ~~2019,~~] December 31, 2021; and

13 (3) No county surcharge on state tax that may be
14 authorized under this subsection shall be levied prior
15 to January 1, 2019, or after December 31, 2030.

16 A county electing to exercise the authority granted under
17 this subsection shall notify the director of taxation within ten



1 days after the county has adopted a surcharge on state tax
 2 ordinance. Beginning on January 1, 2019, [~~or~~] January 1, 2020,
 3 or January 1, 2023, as applicable pursuant to sections 237-8.6
 4 and 238-2.6, the director of taxation shall levy, assess,
 5 collect, and otherwise administer the county surcharge on state
 6 tax."

7 2. By amending subsection (f) to read:

8 "(f) Each county [~~with~~] having a population equal to or
 9 less than five hundred thousand that adopts a county surcharge
 10 on state tax ordinance pursuant to this section prior to
 11 January 1, 2021, shall use the surcharges received from the
 12 State for:

13 (1) Operating or capital costs of public transportation
 14 within each county for public transportation systems,
 15 including public roadways or highways, public buses,
 16 trains, ferries, pedestrian paths or sidewalks, or
 17 bicycle paths; [~~and~~]

18 (2) Expenses in complying with the Americans with
 19 Disabilities Act of 1990 with respect to paragraph (1)
 20 [~~and~~]; and



1 (3) Affordable and workforce housing infrastructure to
2 provide housing for households having incomes of no
3 more than one hundred forty per cent of the area
4 median income, as determined by the United States
5 Department of Housing and Urban Development; provided
6 that a county that uses surcharge revenues for
7 affordable housing shall not pass on related
8 infrastructure costs to the developer of a housing
9 project that sells or rents its housing units to
10 households having incomes of no more than one hundred
11 forty per cent of the area median income;
12 provided that each county having a population equal to or less
13 than five hundred thousand that adopts a county surcharge on
14 state tax ordinance pursuant to this section after December 31,
15 2020, shall use the surcharges received from the State only for
16 the purposes described in paragraph (3)."

17 SECTION 2. Section 237-8.6, Hawaii Revised Statutes, is
18 amended by amending subsection (b) to read as follows:

19 "(b) Each county surcharge on state tax that may be
20 adopted or extended pursuant to section 46-16.8 shall be levied
21 beginning in a 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 to:

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

7 (B) January 1, 2019, if the county surcharge on state
8 tax was established by the adoption of an
9 ordinance after June 30, 2015, but prior to
10 June 30, 2018; [~~or~~]

11 (C) January 1, 2020, if the county surcharge on state
12 tax was established by the adoption of an
13 ordinance on or after June 30, 2018, but prior to
14 March 31, 2019; [~~and~~] or

15 (D) January 1, 2023, if the county surcharge on state
16 tax was established by the adoption of an
17 ordinance on or after March 31, 2019, but prior
18 to December 31, 2021; and

19 (2) After December 31, 2030."

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



1 "(b) Each county surcharge on state tax that may be
2 adopted or extended shall be levied beginning in a taxable year
3 after the adoption of the relevant county ordinance; provided
4 that no surcharge on state tax may be levied:

5 (1) Prior to:

6 (A) January 1, 2007, if the county surcharge on state
7 tax was established by an ordinance adopted prior
8 to December 31, 2005;

9 (B) January 1, 2019, if the county surcharge on state
10 tax was established by the adoption of an
11 ordinance after June 30, 2015, but prior to
12 June 30, 2018; [~~or~~]

13 (C) January 1, 2020, if the county surcharge on state
14 tax was established by the adoption of an
15 ordinance on or after June 30, 2018, but prior to
16 March 31, 2019; [~~and~~] or

17 (D) January 1, 2023, if the county surcharge on state
18 tax was established by the adoption of an
19 ordinance on or after March 31, 2019, but prior
20 to December 31, 2021; and

21 (2) After December 31, 2030."



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

3 SECTION 5. This Act shall take effect on January 1, 2055.



Report Title:

Surcharge on State Tax; Extension

Description:

Extends the period in which a county may adopt a surcharge on state tax, under certain conditions, from 3/31/2019 to 12/31/2021. Authorizes the use of county surcharge revenues for affordable and workforce housing infrastructure. Effective 1/1/2055. (HD1)

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