

JAN 22 2016

A BILL FOR AN ACT

RELATING TO TRANSPORTATION.

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

1 SECTION 1. In 2005, the legislature authorized the
2 counties to adopt a 0.5 per cent surcharge on the state general
3 excise tax to fund transit-oriented development projects. The
4 city and county of Honolulu adopted an ordinance establishing a
5 0.5 per cent surcharge on the general excise tax on business
6 transactions on Oahu. No other county adopted a surcharge as
7 authorized by the legislature. Section 248-2.6, Hawaii Revised
8 Statutes, detailing the disposition of county surcharge
9 proceeds, provides a ten per cent withholding of surcharge funds
10 by the state to cover the costs of assessment, collection, and
11 disposition of county surcharges on state tax.

12 The legislature finds that development around rapid transit
13 stations involves relatively more intense mixed use development,
14 which reduces the costs of constructing affordable housing,
15 especially since less parking is provided. With daily goods and
16 services located within walking distance, households located



1 near rapid transit stations can also considerably reduce
2 transportation costs.

3 The legislature further finds that if insufficient
4 incentives are provided for the development and maintenance of
5 affordable housing in areas surrounding rapid transit stations,
6 gentrification of these neighborhoods may occur, resulting in
7 significantly more expensive market housing replacing affordable
8 housing. Therefore, it is important to encourage the
9 construction of new affordable housing and maintenance of
10 existing affordable housing in transit-oriented development
11 projects.

12 The legislature finds that because the amounts collected by
13 the State for administration of the county surcharge likely
14 exceed the actual costs of administration, the excess funds
15 should be used by the State for transit-oriented development.

16 The purpose of this Act is to allocate one-half of the
17 portion of the county surcharge on state tax retained by the
18 State to fund transit-oriented development.

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



1 " ~~[+]~~§248-2.6~~[+]~~ County surcharge on state tax; disposition
2 of proceeds. (a) If adopted by county ordinance, all county
3 surcharges on state tax collected by the director of taxation
4 shall be paid into the state treasury quarterly, within ten
5 working days after collection, and shall be placed by the
6 director of finance in special accounts. Out of the revenues
7 generated by county surcharges on state tax paid into each
8 respective state treasury special account, the director of
9 finance shall deduct ten per cent of the gross proceeds of a
10 respective county's surcharge on state tax to ~~[reimburse]~~:

11 (1) Reimburse the State for the costs of assessment,
12 collection, and disposition of the county surcharge on
13 state tax incurred by the State~~[-Amounts]~~; and

14 (2) Fund transit-oriented development.

15 One-half of the amounts retained by the State shall be
16 deposited into the dwelling unit revolving fund established
17 under section 201H-191. The remaining amounts retained shall be
18 general fund realizations of the State.

19 (b) The amounts deducted ~~[for costs of assessment,~~
20 ~~collection, and disposition of county surcharges on state tax]~~
21 under subsection (a) shall be withheld from payment to the



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



1 SECTION 3. Section 201H-191, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[+]§201H-191[+] Dwelling unit revolving fund. (a) There
4 is created a dwelling unit revolving fund. The funds
5 appropriated for the purpose of the dwelling unit revolving fund
6 and all moneys received or collected by the corporation for the
7 purpose of the revolving fund shall be deposited in the
8 revolving fund. The proceeds in the revolving fund shall be
9 used to reimburse the general fund to pay the interest on
10 general obligation bonds issued for the purposes of the
11 revolving fund, for the necessary expenses in administering
12 housing development programs, and for carrying out the purposes
13 of housing development programs, including but not limited to
14 the expansion of community facilities constructed in conjunction
15 with housing projects, permanent primary or secondary financing,
16 and supplementing building costs, federal guarantees required
17 for operational losses, and all things required by any federal
18 agency in the construction and receipt of federal funds or
19 low-income housing tax credits for housing projects.

20 (b) Funds deposited into the dwelling unit revolving fund
21 pursuant to section 248-2.6 shall be expended for infrastructure



S.B. NO. 2183

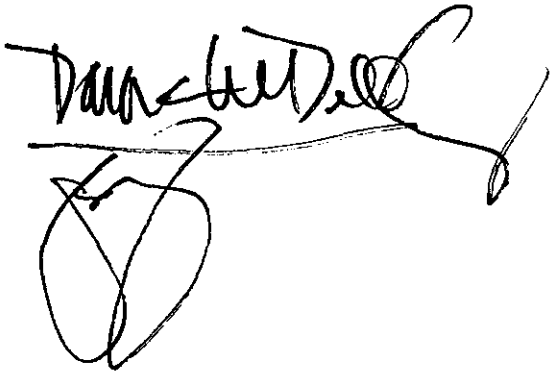
1 costs related to the development of affordable housing and other
 2 transit-oriented development projects within a half-mile radius
 3 of a rail transit station.

4 For the purposes of this section, "infrastructure costs"
 5 includes but it not limited to costs related to the design and
 6 construction of new roads, road widenings, road improvements,
 7 sidewalks, drainage, sewer improvements, traffic signals,
 8 bicycle lanes, and lighting."

9 SECTION 4. Statutory material to be repealed is bracketed
 10 and stricken. New statutory material is underscored.

11 SECTION 5. This Act shall take effect on July 1, 2016.
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S.B. NO. 2183

Report Title:

County Surcharge on State Tax; Transit-Oriented Development;
Transportation

Description:

Requires that one-half of the portion of the county surcharge on state tax retained by the State be deposited into the dwelling unit revolving fund. Requires that the funds deposited be used for transit-oriented development.

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

