

June 29, 2023

MEMO TO: BFED-74 File

F R O M: Yuki Lei K. Sugimura, Chair *Yuki Lei K. Sugimura*
Budget, Finance, and Economic Development Committee

SUBJECT: **TRANSMITTAL OF LEGISLATIVE PROPOSAL RELATING TO
GENERAL EXCISE AND USE TAX SURCHARGE** (BFED-74)

The attached legislative proposal pertains to Item 74 on the Committee's agenda.

bfed:ltr:074afile04:kmatt

Attachment

2023 JUN 30 PM 2:28
OFFICE OF THE
COURT CLERK

RECEIVED

ORDINANCE NO. _____

BILL NO. 49, CD1 (2023)

A BILL FOR AN ORDINANCE ESTABLISHING CHAPTER 3.100,
MAUI COUNTY CODE, INSTITUTING A GENERAL EXCISE AND USE TAX
SURCHARGE

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Title 3, Maui County Code, is amended by adding a new chapter to be appropriately designated and to read as follows:

“Chapter 3.100

GENERAL EXCISE AND USE TAX SURCHARGE

Sections:

3.100.010 Establishment of surcharge.

3.100.020 General excise tax fund.

3.100.030 Administration.

3.100.040 Use of funds.

3.100.050 Termination of surcharge.

3.100.010 Establishment of surcharge. In accordance with section 46-16.8, Hawaii Revised Statutes, as amended, a one-half percent general excise and use tax surcharge on state tax is established. The general excise and use tax surcharge will be levied beginning January 1, 2024.

3.100.020 General excise tax fund. There is established and created a fund to be known as the “general excise tax fund” to serve as the exclusive depository of all funds received from the state director of taxation that derive from the imposition of the surcharge under this chapter. All money from this fund must be designated and used as described in section 3.100.040.

3.100.030 Administration. A. The state director of taxation must levy, assess, collect, and otherwise administer the general

excise and use tax surcharge in accordance with Sections 237-8.6 and 238-2.6, Hawaii Revised Statutes.

B. The director of finance must establish a separate account to record revenues and expenditures made from the fund.

C. The managing director must administer the fund.

3.100.040 Use of funds. A. The council, in adopting each fiscal year's budget and capital program, must appropriate any surcharge received from the state in accordance with Section 46-16.8, Hawaii Revised Statutes. Allowable uses of the fund include housing infrastructure; provided that the surcharge revenues used for housing infrastructure costs must not be passed on to the developer of a housing project.

B. For the purpose of this chapter, "housing infrastructure" includes pedestrian paths or sidewalks on a county road near or around a public school, water, drainage, sewer, water reuse, waste disposal, and waste treatment systems that connect to the infrastructure of the county.

C. Twenty percent of all revenue generated by this surcharge must be for projects that directly support the Department of Hawaiian Homelands homestead development.

D. Any balance remaining in the general excise tax fund at the end of each fiscal year will not lapse but must remain in the fund, accumulating from year to year. The money in this fund must not be used for any purpose except those listed in this section.

3.100.050 Termination of surcharge. The general excise and use tax surcharge may not extend beyond December 31, 2030, unless authorized by state law."

SECTION 2. This ordinance takes effect upon approval.

bfed:misc:074abill02:kmat