



A BILL FOR AN ORDINANCE

ESTABLISHING A GENERAL EXCISE AND USE TAX SURCHARGE FOR THE CITY AND COUNTY OF HONOLULU.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose and Findings. Currently, traffic congestion on Oahu is a major drain on the quality of life for all island residents. Past efforts to implement more comprehensive mass transit solutions have not come to fruition. Future plans to implement transit solutions that might mitigate congestion are tentative at best. There is not yet a consensus on what transportation and transportation system management modes, methods, or combinations thereof, would best serve the island. However, one thing is incontrovertible: any successful transportation solution or system of solutions to Oahu's traffic problems will be expensive, and will require a reliable and significant commitment of local resources to create.

The council finds that the most effective way to proceed to address Oahu's traffic problems is to begin with a firm financial commitment. To this end, the Hawaii State legislature has authorized the counties to enact a surcharge of up to one-half percent on the general excise taxes currently imposed by the state. The council finds that it is vital to the future of Oahu's residents and visitors that it enact the authorized surcharge. Therefore, the purpose of this ordinance is to establish a general excise and use tax surcharge and provide for receipt and expenditure of these monies.

SECTION 2. Chapter 6, Revised Ordinances of Honolulu 1990, is amended by adding a new article to be appropriately designated by the revisor of ordinances and to read as follows:

"Article __. Transportation Surcharge—Use of Funds

Sec. 6-__ .1 Establishment of surcharge.

Pursuant to Section 2 of Act __, Session Laws of Hawaii, Regular Session of 2005, codified as Section 46-__ of the Hawaii Revised Statutes, there is hereby established a one-half percent general excise and use tax surcharge to be used for purposes of funding the operating and capital costs of public transportation within the City and County of Honolulu as specified herein. The excise and use tax surcharge shall be levied beginning January 1, 2007.



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Sec. 6-__2 Use of funds.

- (a) All moneys received from the state derived from the imposition of the surcharge established under this article shall be deposited into the special account within the general fund created by Sec. 6-__3 and expended for the following purposes authorized by state law:
 - (1) Operating or capital costs of a locally preferred alternative for a mass transit project; and
 - (2) Expenses in complying with the Americans with Disabilities Act of 1990 with respect to paragraph (1).
- (b) No moneys received from the surcharge shall be used to build or repair public roads or highways or bicycle paths, or to support public transportation systems already in existence prior to the effective date of Act __, Session Laws of Hawaii, Regular Session of 2005.

Sec. 6-__3 General excise tax surcharge account.

- (a) The department of budget and fiscal services shall create a special account within the general fund which shall serve as the exclusive depository of all funds received from the imposition of the general excise and use tax surcharge imposed under this article.
- (b) All funds received by the city as a result of the imposition of the general excise and use tax surcharge shall promptly be deposited into and held in the special account until expended or encumbered pursuant to this article.
- (c) The mayor shall, quarterly, provide to the council a report accounting for all money paid into and expended from the special account and indicating the balances in the account.

Sec. 6-__4 Repeal of surcharge.

Pursuant to Section 9 of Act __, Session Laws of Hawaii, Regular Session of 2005, Section 6-__1 shall be repealed on December 31, 2022."



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SECTION 3. This ordinance shall take effect upon its approval. The clerk shall transmit a copy of this ordinance to the state director of taxation within ten days of its approval.

INTRODUCED BY:

Nestor Garcia

Romy M. Cachola

Ann Kobayashi

Gary Okino

Donovan Dela Cruz

Rod Tam

Todd Apo

DATE OF INTRODUCTION:

May 4, 2005
Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 2005.

MUFU HANNEMANN, Mayor
City and County of Honolulu
(OCS/060105/ct)