

**A BILL FOR AN ORDINANCE  
TO ESTABLISH A GENERAL EXCISE AND USE TAX SURCHARGE  
FOR THE COUNTY OF KAUA'I**

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BE IT ORDAINED BY THE COUNCIL OF THE COUNTY OF KAUA'I, STATE OF HAWAII:

SECTION 1. Findings and Purpose: Kaua'i is faced with traffic congestion and its roads are in poor condition. These critical issues affect the quality of life of all residents and visitors. The County of Kaua'i owns approximately three hundred (300) miles of roadways, which has a deferred maintenance cost of approximately \$126 million. Ninety-eight (98) miles of which are in need of reconstruction and resurfacing that is estimated to cost approximately \$104 million, and on Kaua'i there is also a need to improve and expand sidewalks for pedestrians, including people with disabilities.

On Kaua'i, there are 24 Federal-Aid bridges, which, according to the 2014 Routine Bridge Inspections, range in their rating from very good to serious, and many other smaller non-Federal-Aid bridges require repair work.

Kaua'i's Multi-Modal Land Transportation Plan (Multi-Modal Plan) unanimously approved by the County Council in January 2013 sets forth a strategic plan for achieving major county goals, including: 1) reducing traffic congestion; 2) decreasing traffic fatalities; 3) reducing the average annual household transportation costs; 4) increasing physical health through use of active transportation; and 5) lowering fossil fuel use and greenhouse gas production. With proper and timely implementation, the Multi-Modal Plan will greatly strengthen Kaua'i's economy and enhance the quality of life on Kaua'i for residents and visitors.

The Multi-Modal Plan's Preferred Scenario is to provide more transportation choices and shift some single-occupancy vehicle trips to transit, walking, and biking, as shown below:

<b>Mode</b>	<b>2010</b>	<b>2020</b>	<b>2035</b>
Single-Occupancy Vehicle	54.4%	49.2%	39.4%
Multiple Occupancy Vehicle	38.7%	38.3%	37.9%
Walk	4.5%	7.6%	11.5%
Bicycle	2.0%	3.6%	7.6%
Transit	0.4%	1.3%	3.6%

Between 1995 and 2016, there was a 421% increase in fixed bus ridership and a 4% increase in paratransit ridership. There is a need to expand mainline routes, and restructure and re-establish shuttle routes, to address the needs of commuters and encourage visitors to use transit, thereby reducing traffic congestion.

The County recognizes that historically appropriated funding of limited resources have been inadequate to address, improve, and maintain deteriorating roadways and bridges as is evidenced by the unsatisfactory conditions experienced by motorists, bicyclists, and pedestrians.

The County further recognizes the need to increase the accessibility and frequency of service to bus stops and shelters throughout the island. Expansion of mainline and shuttle routes will allow more individuals with disabilities to safely access fixed route service, reducing the demand for costly paratransit service.

The Hawai'i State Legislature has authorized the counties to establish a surcharge of up to one-half percent on the general excise taxes currently imposed by the state. The purpose of this bill is to establish a general excise and use tax surcharge for the County of Kaua'i and to provide for receipt and expenditure of these moneys.

SECTION 2. Chapter 5, Kaua'i County Code 1987, as amended, is hereby amended by adding a new article as follows:

“Article 3. General Excise and Use Tax Surcharge

Sec. 5-3.1 Pursuant to Section 3 of Act 001, Session Laws of Hawai'i, Special Session of 2017, codified as Section 46-16.8 of the Hawai'i Revised Statutes, there is hereby established a one-half percent (0.5%) general excise and use tax surcharge to be used for purposes of funding the operating and capital costs of public transportation within the County of Kaua'i as specified herein. The excise and use tax surcharge shall be levied beginning January 1, 2019.

Sec. 5-3.2 The Director of Finance is hereby authorized to establish and create a fund to be known as the “G.E. Tax Fund.” All moneys received from the state derived from the imposition of the surcharge established under this article shall be deposited into the G.E. Tax Fund. The Council, in adopting each fiscal year's budget and capital program, shall appropriate any surcharge collected for the following purposes authorized by state law:

- (a) Operating or capital costs of public transportation within each county for public transportation systems as allowed by law.
- (b) Expenses in complying with the Americans with Disabilities Act of 1990 as allowed by law.

(c) As used in this section, "capital costs" means nonrecurring costs required to construct a transit facility or system, including debt service, costs of land acquisition and development, acquiring of rights-of-way, planning, design, and construction, and including equipping and furnishing the facility or system.

(d) Any balance remaining in this fund at the end of any fiscal year shall not lapse, but shall remain in the fund accumulating from year to year. The moneys in this fund shall not be used for any purpose except those listed in this section.

Section 5-3.3 Pursuant to Section 4 of Act 001, Session Laws of Hawai'i, Special Session of 2017, codified as Section 238-2.6 of the Hawai'i Revised Statutes, no surcharge on state tax may be levied under this ordinance prior to January 1, 2019 and after December 31, 2030.

Section 5-3.4 This Ordinance shall take effect upon its approval. The County Clerk shall transmit a copy of this Ordinance to the State Director of Taxation within ten (10) days of its approval."

SECTION 3. Severability. If any provision of this Article, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or applications of this Article that can be given effect without the invalid provision or application, and to this end the provisions of this Article are severable.

SECTION 4. New material to be added is underscored. When revising, compiling, or printing this Ordinance for inclusion in the Kaua'i County Code 1987, as amended, the underscoring need not be included.

SECTION 5. This Ordinance shall take effect upon its approval.

Introduced by:



ARRYL KANESHIRO  
(By Request)

DATE OF INTRODUCTION:

October 18, 2017

Lihu'e, Kaua'i, Hawai'i

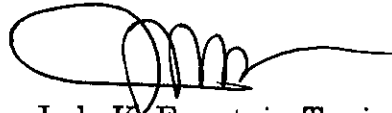
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CERTIFICATE OF THE COUNTY CLERK

I hereby certify that heretofore attached is a true and correct copy of Bill No. 2670, which was passed on first reading and ordered to print by the Council of the County of Kaua'i at its meeting held on October 18, 2017, by the following vote:

FOR PASSAGE:	Chock, Kaneshiro, Kawakami, Yukimura, Rapozo	TOTAL – 5,
AGAINST PASSAGE:	Kagawa	TOTAL – 1,
EXCUSED & NOT VOTING:	Brun	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Lihu'e, Hawai'i  
October 19, 2017



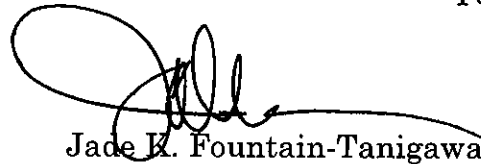
Jade K. Fountain-Tanigawa  
County Clerk, County of Kaua'i

CERTIFICATE OF THE COUNTY CLERK

I hereby certify that heretofore attached is a true and correct copy of Bill No. 2670, which was adopted on second and final reading by the Council of the County of Kaua'i at its meeting held on December 6, 2017 by the following vote:

FOR ADOPTION:	Brun, Chock, Kagawa, Kaneshiro, Kawakami, Yukimura	TOTAL - 6*,
AGAINST ADOPTION:	None	TOTAL - 0,
EXCUSED & NOT VOTING:	Rapozo	TOTAL - 1,
RECUSED & NOT VOTING:	None	TOTAL - 0.

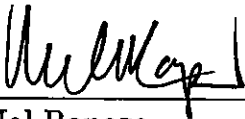
Līhu'e, Hawai'i  
December 6, 2017



Jade K. Fountain-Tanigawa  
County Clerk, County of Kaua'i

\*Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kaua'i, Councilmember Kagawa was noted as voting silent, but shall be recorded as an affirmative for the motion.

ATTEST:



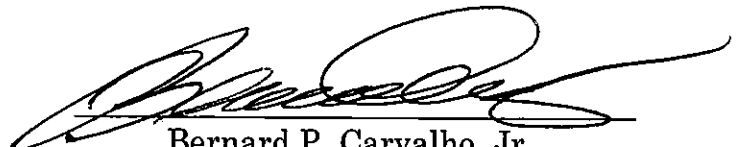
Mel Rapozo  
Chairman & Presiding Officer

DATE OF TRANSMITTAL TO MAYOR:

December 7, 2017

Approved this 11<sup>th</sup> day of

December, 2017.



Bernard P. Carvalho, Jr.,  
Mayor  
County of Kaua'i

RECEIVED

'17 DEC 11 P12 :42

OFFICE OF  
THE COUNTY CLERK  
COUNTY OF KAUAI