

Honolulu, Hawaii
March 22, 2006

RE: S.B. No. 2650
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committees on Transportation and Public Safety & Military Affairs, to which was referred S.B. No. 2650, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO MOTOR VEHICLES,"

beg leave to report as follows:

The purpose of this bill is to assist Hawaii residents serving in the armed services by exempting members of the National Guard and federal reserves who were ordered to active federal service and who were deployed to a combat zone or hazardous duty area in 2005, from motor vehicle taxes and fees for noncommercial motor vehicles.

The Department of Transportation, Hawaii National Guard Enlisted Association, Hawaii National Guard Association, The Chamber of Commerce of Hawaii, and a concerned individual testified in support of this bill. The Department of Customer Services of the City and County of Honolulu supported the intent of this measure. The Department of Defense supported the original intent of this measure, but opposed the additional restrictions imposed by the current version of the bill. The Tax Foundation of Hawaii submitted comments.

Your Committees recognize that many residents of Hawaii serve their country in the Hawaii Army National Guard, Hawaii Air National Guard, and the Army Reserves and that many of these units



have been activated by executive order to serve in hostile combat zones. Your Committees find that exempting their vehicles from taxes and fees is a small price to pay for their sacrifices.

Your Committees also find that these exemptions should be applied to all members of the National Guard and federal reserves who serve their country with honor and that the new restrictions imposed by the current version of the bill do not allow for this. Accordingly, your Committees have amended this bill by:

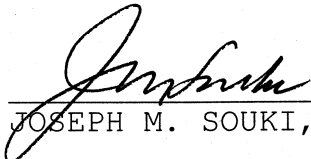
- (1) Deleting the tax and fee exemption requirements of a member of the National Guard or federal reserve who was:
 - (A) Ordered to active federal service; and
 - (B) Deployed for any period of time during the 2005 calendar year to a combat zone or qualified hazardous duty area;
- (2) Changing the effective date to July 1, 2007; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Transportation and Public Safety & Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2650, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2650, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Transportation
and Public Safety & Military
Affairs,



KEN ITO, Chair



JOSEPH M. SOUKI, Chair



