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# A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE INSURANCE.

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

1       SECTION 1. Chapter 431, Hawaii Revised Statutes, is amended  
2 by adding new article to be appropriately designated and to read  
3 as follows:

4                                   **"ARTICLE .**

5                                   **MOTOR VEHICLE INSURANCE SPECIAL AND**

6                                   **REVOLVING FUND PROGRAM**

7                                   **PART I. GENERAL PROVISIONS**

8       **§431: -101 Definitions.** As used in this article:

9       "Contract insurer" means a single insurer or a consortium  
10 of insurers awarded an exclusive contract to offer vehicle  
11 insurance on non-exempted registered vehicles in a county.

12       "Insured" means a motor vehicle owner whose vehicle is  
13 registered and who is the named insured or an operator of a  
14 motor vehicle who is a minor, spouse, or other relative of the  
15 named insured and resides in the same household with the named  
16 insured.



1 "Motor vehicle insurance" means the required overages and  
2 required optional coverages for motor vehicles.

3 "Motor vehicle insurance state fund program" or "fund" means  
4 the motor vehicle insurance state fund program established  
5 pursuant to section 431: -102.

6 **§431: -102 Motor vehicle insurance state fund program**  
7 **established; revolving fund.** (a) There is established, within  
8 the department of commerce and consumer affairs, for  
9 administrative purposes only, the motor vehicle insurance state  
10 fund program, hereinafter referred to as "the fund". The fund  
11 shall be under the control of a board of trustees. The purpose  
12 of the fund is to collect moneys received as motor vehicle  
13 insurance fees, invest and manage them, and make premium  
14 payments on the exclusive contracts with the motor vehicle  
15 insurers for the several counties.

16 (b) There is established, within the department of  
17 commerce and consumer affairs, a motor vehicle insurance state  
18 revolving fund into which shall be deposited all revenues from  
19 the motor vehicle insurance fees imposed under section 243-4.  
20 An appropriation from the state general fund to the motor  
21 vehicle insurance state revolving fund shall be deemed a loan  
22 that shall be repaid by the fund within five years.



1 Expenditures from the account shall be used for the operation of  
2 the insurance system authorized under this article.

3       **§431: -103 Board of directors; composition.** (a) The  
4 fund shall be administered by a board of five directors to be  
5 placed in the department of commerce and consumer affairs for  
6 administrative purposes. The directors shall be appointed by  
7 the governor for staggered terms in the manner provided in  
8 section 26-34. A director may be removed by the governor for  
9 good cause. A vacancy on the board shall be filled in  
10 accordance with section 26-34. Any director whose term has  
11 expired may continue to serve until a successor is appointed.  
12 The directors shall select one member to serve as chairperson  
13 and another to serve as vice-chairperson. The vice-chairperson  
14 shall serve as chairperson when the chairperson is absent.

15       (b) Except as an insured person of the fund, no person may  
16 serve on the board if the person has any conflict of interest or  
17 does business directly with the fund, including but not limited  
18 to, persons who are in the business of providing legal,  
19 accounting and auditing, hospital, medical, motor vehicle  
20 repair, administrative, investment, or actuarial services.

21       **§431: -104 Meetings; quorum required; minutes.** (a) The  
22 board shall meet at least once every month. The chairperson may



1 call a board meeting at any time by giving at least seven days'  
2 written notice of the time and place of the meeting to all other  
3 directors. Any three directors may call a board meeting by  
4 giving at least ten days' written notice of the time and place  
5 of the meeting to all other directors. A board meeting may be  
6 called at any time without notice if at least four directors  
7 agree.

8 (b) Three directors shall be a quorum to transact the  
9 fund's business. Each director present at a meeting shall have  
10 one vote. Any action taken shall be by a simple majority of the  
11 directors present at a meeting. Every director present shall  
12 cast one vote.

13 (c) The board shall keep records and minutes of all  
14 meetings.

15 **§431: -105 Powers and duties.** Except as otherwise  
16 provided in this article, the board may do whatever is necessary  
17 to effectuate the purposes of this part, including but not  
18 limited to:

19 (1) Bidding for and procuring an exclusive contract with  
20 an insurer or a consortium of insurers to provide  
21 motor vehicle insurance to each county of the State;



- 1           (2) Gathering actuarially relevant data from other state  
2           and county agencies, such as the district courts, the  
3           county finance departments, the insurance division of  
4           the department of commerce and consumer affairs, the  
5           department of transportation, and the department of  
6           taxation, to determine a contract price and other  
7           material items in accepting bids from insurers, to  
8           develop and maintain adequate amounts of moneys to  
9           make the premium payments on the contracts, to provide  
10          the fund with the necessary information to establish  
11          the liquid fuel fees that shall be charged  
12          simultaneously with the fuel taxes under chapter 243;
- 13          (3) Collecting, receiving, holding, and disbursing all  
14          moneys payable to or by the fund;
- 15          (4) Receiving moneys as set forth in sections 243-4 and  
16          disbursing funds as premium payments to motor vehicle  
17          insurers as required under this article;
- 18          (5) Reimbursing the State and counties for their  
19          administrative expenses in channelling the motor  
20          vehicle insurance fees to the fund;
- 21          (6) Investing the fund's assets as authorized by law;



- 1           (7) Using income on investment reserves or profits to  
2           reduce amounts needed from the motor vehicle insurance  
3           fees imposed under sections 243-4 as long as the fund  
4           has reserves deemed sufficient in accordance with  
5           sound actuarial practices to provide the motor vehicle  
6           insurance benefits required under this article;
- 7           (8) Serving as a fiduciary for motor vehicle owners and  
8           drivers in the State;
- 9           (9) Hiring or contracting for the services of attorneys,  
10          insurance consultants, actuaries, health consultants,  
11          motor vehicle repair consultants, certified public  
12          accountants, insurance adjusters, investment advisers,  
13          and other technical services;
- 14          (10) Hiring an administrator to function as the fund's  
15          chief executive officer, and other necessary  
16          administrative, technical, and professional employees  
17          who shall be exempt from chapter 76;
- 18          (11) Keeping abreast of developments in the motor vehicle  
19          insurance market;
- 20          (12) Conducting claims studies and other research necessary  
21          to ensure the adequacy of the system of premium  
22          collection and disbursement by the fund to the motor



1 vehicle insurers and the payment of motor vehicle  
2 insurance benefits provided by insurers to insureds in  
3 this article; and

4 (13) Proposing recommendations to the governor and the  
5 legislature for amendments to this article that are  
6 necessary to implement a more effective motor vehicle  
7 reparations system for this State.

8 **PART II. EXCLUSIVE INSURER CONTRACTS**

9 **§431: -201 Competitive bids for exclusive motor vehicle**  
10 **insurance coverage.** (a) Any other law to the contrary  
11 notwithstanding, the motor vehicle insurance coverage required  
12 under section 431:10C-301 for policy terms beginning on or after  
13 September 1, 2009, shall be provided exclusively in each county  
14 by one insurer or a consortium of insurers that has been awarded  
15 the contract for providing the required motor vehicle insurance  
16 policies on all motor vehicles registered in that county as well  
17 as motor vehicles located in that county but exempt from the  
18 registration requirements.

19 This section shall not preclude an insurer or a consortium  
20 of insurers from being awarded the contracts for all four  
21 counties. This section shall require the contract insurers to  
22 also offer the required optional coverage for motor vehicles



1 under section 431:10C-302. This section also shall not affect  
2 the authority of any authorized insurer, regardless of whether  
3 that insurer is also a contract insurer, to provide insurance  
4 coverage supplemental to that described in sections 431:10C-301  
5 and 431:10C-302.

6 (b) The contracts shall extend for a three-year policy  
7 period. The fund shall administer the bidding process, exempt  
8 from chapter 103D, and shall adopt rules under chapter 91 to  
9 implement the purposes of this section, which shall include, but  
10 not be limited to the:

- 11 (1) Minimum qualifications of prospective bidders; and  
12 (2) Specific information to be contained in the bid such  
13 as financial data, staffing data, proposed premium  
14 rate schedules developed in accordance with the rate-  
15 making guidelines under part II of article 10C.

16 (c) Before any prospective bidder is entitled to submit  
17 any bid as provided in this section, the bidder shall submit  
18 written notice of the intent to bid at least six calendar days  
19 prior to the date for opening bids, and the fund shall determine  
20 whether the bidder has the financial ability, experience, and  
21 competence to provide insurance coverage for all registered  
22 motor vehicles in the entire State that are required to maintain





1 insurance coverage under article 10C. Whenever it appears to  
2 the fund that the prospective bidder is not fully qualified or  
3 able to perform the duties required, the fund, after affording  
4 the bidder an opportunity to be heard, and, if still of the  
5 opinion that the bidder is not fully qualified, shall refuse to  
6 receive or to consider the bid offered by that prospective  
7 bidder.

8 (d) The fund shall publish an invitation for bids at least  
9 once in a newspaper of general circulation and posted in areas  
10 accessible to the general public not less than twenty-one days  
11 prior to the anticipated opening date for the acceptance of  
12 bids. The invitation shall include, but not be limited to:

13 (1) Information on the place, the date, and the time at  
14 which the bid must be received;

15 (2) A description of the insurance coverage and service  
16 required under this article and the criteria upon  
17 which the bids are to be evaluated;

18 (3) All contractual terms and conditions applicable to the  
19 purchase, including rating tables and classifications;  
20 and

21 (4) The name of the county served under the contract.



1           (e) Bids shall be opened publicly in the presence of one  
2 or more witnesses at the time and place designated in the  
3 invitation for bids. The amount of each bid, and such other  
4 relevant information or data that may be required under rules  
5 adopted by the fund in accordance with chapter 91, together with  
6 the name of each bidder, shall be recorded and made available  
7 for public inspection. To the extent that a bidder requests and  
8 the fund concurs, trade secrets, and other proprietary  
9 information contained in a bid document shall remain  
10 confidential.

11           (f) Except as authorized in this chapter, all bids shall  
12 be unconditionally accepted without alteration or correction.  
13 Bids received after the closing date posted on the invitation  
14 shall not be accepted unless the delay was due to an error of  
15 the contracting agency. Bids shall be evaluated on criteria  
16 established by the fund to determine acceptability. No criteria  
17 may be used in bid evaluations that are not set forth in the  
18 invitation for bids.

19           (g) Correction or withdrawal of inadvertently erroneous  
20 bids before or after award, or cancellation of awards or  
21 contracts on the basis of bid errors, shall be permitted in  
22 accordance with rules adopted by the fund. Following bid



1 opening, no changes in any provisions of bids prejudicial to the  
2 interest of the public or fair competition shall be permitted.  
3 Except as otherwise provided by rule, all decisions to permit  
4 the correction or withdrawal of bids, or to cancel awards or  
5 contracts based on bid errors, shall be supported by a written  
6 determination made by the fund.

7 (h) The contract shall be awarded with reasonable  
8 promptness by written notice to the lowest responsible and  
9 responsive bidder whose bid meets the requirements and criteria  
10 set forth in the invitation for bids. The contract with an  
11 insurer shall be in writing and shall be executed in the name of  
12 the State, on behalf of the people of Hawaii, by the fund. If  
13 the lowest bid is rejected, or if the bidder to whom the  
14 contract is awarded fails to enter into the contract, the fund  
15 may award the contract to the lowest remaining bidder or may  
16 publish another invitation for bids.

17 (i) The contract shall be for a term of three years and  
18 shall require the insurer to provide motor vehicle insurance  
19 coverage as required under article 10C at the premium rate  
20 schedules submitted by the selected bidders that shall serve as  
21 the premium rate schedules over the term of the contract. The  
22 contract shall stipulate that the insurer shall be liable beyond



1 the contract period for the processing and payment of all claims  
2 arising from an accident that occurred during the contract  
3 period.

4 (j) Any actual or prospective bidder who is aggrieved in  
5 connection with the solicitation or award of a contract may  
6 submit a protest to the fund. The protest shall be submitted in  
7 writing within fourteen calendar days after the aggrieved party  
8 became aware or should have been aware of the facts that gave  
9 rise to the action to protest.

10 (k) The fund shall settle and resolve any protest  
11 submitted. If the protest is not resolved by mutual agreement,  
12 the fund shall issue a written decision and shall furnish a copy  
13 of the decision to the aggrieved party. An appeal on the fund's  
14 decision may be taken to a court of appropriate jurisdiction.  
15 In the event of an appeal taken after the contract insurer has  
16 commenced its service, the contract insurer shall not be  
17 restrained from continuing its service if the restraint means  
18 that the residents of this State will not have access to the  
19 motor vehicle insurance coverages required under article 10C.

20 **§431: -202 Rate adjustments during contract period.**

21 Notwithstanding the rate-making procedures for motor vehicle  
22 insurance rates under article 10C, a contract insurer shall not



1 make any changes to the rate schedules unless the insurer  
2 submits evidence to the fund that its solvency is in imminent  
3 danger. No rate change shall become effective without the prior  
4 approval of the fund. The fund, in considering the necessity  
5 and reasonableness of any rate change request, shall request  
6 that the insurer furnish all financial and claims records and  
7 other data to justify any rate change.

8       **§431: -203 Monitoring of contract insurer; investigation**  
9 **of complaints; examinations.** (a) The fund shall closely  
10 monitor the operations of a contract insurer to ensure that the  
11 processing of claims is expeditious and that the terms of the  
12 contract are being met. In carrying out its monitoring  
13 responsibilities, the fund shall conduct annual examinations of  
14 a contract insurer's affairs, transactions, accounts, records,  
15 documents, and assets.

16       (b) The fund shall investigate any complaint filed against  
17 a contract insurer by an insured. If the fund finds that the  
18 contract insurer erred, the fund shall order the contract  
19 insurer to correct the error or subject the contract insurer to  
20 an appropriate penalty as authorized under section 431:10C-117.  
21 If, in the opinion of the fund, a contract insurer's complaints  
22 record is unacceptable, the insurer may be disqualified from



1 bidding for the next contract term. The fund shall adopt rules  
2 pursuant to chapter 91 establishing specific criteria and  
3 procedures for disqualification.

4 (c) After the completion of the annual examination, the  
5 fund shall evaluate a contract insurer's performance. The fund  
6 shall include in its evaluation, specific areas that require  
7 improvement and performance expectations for the ensuing year.

8 (d) The fund shall report annually to the legislature  
9 prior to the convening of each regular session on the status of  
10 the motor vehicle insurance system as operated by the contract  
11 insurers. The report shall be organized by county and include,  
12 but not be limited to: the number of insureds, claims data,  
13 complaints filed and their disposition, the fund's examination  
14 findings, the insurance commissioner's evaluation of the  
15 contract insurer, and recommendations for legislative action.

16 **§431: -204 Electric motor vehicles; specialty bidding.**

17 Nothing in this part shall prohibit any authorized insurer from  
18 offering required and supplemental motor vehicle insurance  
19 policies for only electric motor vehicles or motor vehicles  
20 propelled by electric power."

21 SECTION 2. Section 243-4, Hawaii Revised Statutes, is  
22 amended by amending subsections (a) and (b) to read as follows:



1           "(a) Every distributor [~~shall~~] in addition to any other  
2 taxes provided by law, shall pay a license tax to the department  
3 of taxation for each gallon of liquid fuel refined,  
4 manufactured, produced, or compounded by the distributor and  
5 sold or used by the distributor in the State or imported by the  
6 distributor, or acquired by the distributor from persons who are  
7 not licensed distributors, and sold or used by the distributor  
8 in the State. Any person who sells or uses any liquid fuel  
9 knowing that the distributor from whom it was originally  
10 purchased has not paid and is not paying the tax thereon shall  
11 pay [~~such~~] the tax as would have applied to [~~such~~] the sale or  
12 use by the distributor. The rates of tax hereby imposed are as  
13 follows:

- 14           (1) For each gallon of diesel oil, 1 cent;
- 15           (2) For each gallon of gasoline or other aviation fuel  
16           sold for use in or used for airplanes, 1 cent;
- 17           (3) For each gallon of liquid fuel other than fuel  
18           mentioned in paragraphs (1) and (2), and other than an  
19           alternative fuel, sold or used in the city and county  
20           of Honolulu, or sold in any county for ultimate use in  
21           the city and county of Honolulu, 16 cents state tax[~~7~~]  
22           and a motor vehicle insurance tax to be set by the



1           motor vehicle insurance state fund program, and in  
2           addition [~~thereto such~~] to that amount, to be known as  
3           the "city and county of Honolulu fuel tax", as shall  
4           be levied pursuant to section 243-5;

5           (4) For each gallon of liquid fuel other than fuel  
6           mentioned in paragraphs (1) and (2), and other than an  
7           alternative fuel, sold or used in the county of  
8           Hawaii, or sold in any county for ultimate use in the  
9           county of Hawaii, 16 cents state tax[~~7~~] and a motor  
10           vehicle insurance tax to be set by the motor vehicle  
11           insurance state fund program, and in addition [~~thereto~~  
12           ~~such~~] to that amount, to be known as the "county of  
13           Hawaii fuel tax", as shall be levied pursuant to  
14           section 243-5;

15           (5) For each gallon of liquid fuel other than fuel  
16           mentioned in paragraphs (1) and (2), and other than an  
17           alternative fuel, sold or used in the county of Maui,  
18           or sold in any county for ultimate use in the county  
19           of Maui, 16 cents state tax[~~7~~] and a motor vehicle  
20           insurance tax to be set by the motor vehicle insurance  
21           state fund program, and in addition [~~thereto such~~] to  
22           that amount, to be known as the "county of Maui fuel





1 tax", as shall be levied pursuant to section 243-5;  
2 and  
3 (6) For each gallon of liquid fuel other than fuel  
4 mentioned in paragraphs (1) and (2), and other than an  
5 alternative fuel, sold or used in the county of Kauai,  
6 or sold in any county for ultimate use in the county  
7 of Kauai, 16 cents state tax~~[7]~~ and a motor vehicle  
8 insurance tax to be set by the motor vehicle insurance  
9 state fund program, and in addition [~~thereto such~~] to  
10 that amount, to be known as the "county of Kauai fuel  
11 tax", as shall be levied pursuant to section 243-5.

12 If it is shown to the satisfaction of the department, based  
13 upon proper records and from [~~such~~] any other evidence as the  
14 department may require, that liquid fuel other than fuel  
15 mentioned in paragraphs (1) and (2) is used for agricultural  
16 equipment that does not operate upon the public highways of the  
17 State, the user thereof may obtain a refund of all taxes thereon  
18 imposed by this section in excess of 1 cent per gallon. The  
19 department shall adopt rules to administer [~~such~~] these refunds.

20 (b) Every distributor of diesel oil, in addition to the  
21 tax required by subsection (a), shall pay a license tax to the  
22 department for each gallon of [~~such~~] the diesel oil sold or used



1 by the distributor for operating a motor vehicle or motor  
2 vehicles upon public highways of the State. The rates of the  
3 additional tax hereby imposed are as follows:

4 (1) For each gallon of diesel oil sold or used in the city  
5 and county of Honolulu, or sold in any other county  
6 for ultimate use in the city and county of Honolulu,  
7 15 cents state tax~~[7]~~ and a motor vehicle insurance  
8 tax to be set by the motor vehicle insurance state  
9 fund program, and in addition [~~thereto such~~] to that  
10 amount, to be known as the "city and county of  
11 Honolulu fuel tax", as shall be levied pursuant to  
12 section 243-5;

13 (2) For each gallon of diesel oil sold or used in the  
14 county of Hawaii, or sold in any other county for  
15 ultimate use in the county of Hawaii, 15 cents state  
16 tax~~[7]~~ and a motor vehicle insurance tax to be set by  
17 the motor vehicle insurance state fund program, and in  
18 addition [~~thereto such~~] to that amount, to be known as  
19 the "county of Hawaii fuel tax", as shall be levied  
20 pursuant to section 243-5;

21 (3) For each gallon of diesel oil sold or used in the  
22 county of Maui, or sold in any other county for



1 ultimate use in the county of Maui, 15 cents state  
2 tax[~~7~~] and a motor vehicle insurance tax to be set by  
3 the motor vehicle insurance state fund program, and in  
4 addition [~~thereto-such~~] to that amount, to be known as  
5 the "county of Maui fuel tax", as shall be levied  
6 pursuant to section 243-5; and

- 7 (4) For each gallon of diesel oil sold or used in the  
8 county of Kauai, or sold in any other county for  
9 ultimate use in the county of Kauai, 15 cents state  
10 tax[~~7~~] and a motor vehicle insurance tax to be set by  
11 the motor vehicle insurance state fund program, and in  
12 addition [~~thereto-such~~] to that amount, to be known as  
13 the "county of Kauai fuel tax", as shall be levied  
14 pursuant to section 243-5.

15 If any user of diesel oil furnishes a certificate, in  
16 [~~such~~] a form as the department shall prescribe, to the  
17 distributor, or the distributor who uses diesel oil signs [~~such~~]  
18 the certificate, certifying that the diesel oil is for use in  
19 operating a motor vehicle or motor vehicles in areas other than  
20 upon the public highways of the State, the tax as provided in  
21 paragraphs (1) to (4) shall not [~~be applicable.~~] apply. In the  
22 event a certificate is not or cannot be furnished and the diesel



1 oil is in fact for use for operating a motor vehicle or motor  
2 vehicles in areas other than upon public highways of the State,  
3 the user thereof may obtain a refund of all taxes thereon  
4 imposed by the foregoing paragraphs. The department shall adopt  
5 rules to administer the refunding of [~~such~~] these taxes."

6 SECTION 3. Section 243-6, Hawaii Revised Statutes, is  
7 amended to read as follows:

8 "**§243-6 Fuel taxes[~~7~~] and fees, dispositions.** (a) All  
9 fuel taxes under this chapter shall be disposed as follows:

10 (1) The "city and county of Honolulu fuel tax" shall be  
11 paid by the department of taxation into the state  
12 treasury, and [~~shall~~7] by the state director of  
13 finance, shall be paid over to the director of finance  
14 of the city and county of Honolulu for deposit into  
15 the fund known as the "highway fund" created by  
16 section 249-18[~~7~~];

17 (2) The "county of Kauai fuel tax" shall be paid by the  
18 department into the state treasury, and [~~shall~~7] by  
19 the state director of finance, shall be paid over to  
20 the director of finance of the county of Kauai for  
21 deposit into the fund known as the "highway fund"  
22 created by section 249-18[~~7~~];



- 1        (3) The "county of Hawaii fuel tax" shall be paid by the  
2        department into the state treasury, and [~~shall,~~] by  
3        the state director of finance, shall be paid over to  
4        the director of finance of the county of Hawaii for  
5        deposit into the fund known as the "highway fund"  
6        created by section 249-18[~~-~~]; and
- 7        (4) The "county of Maui fuel tax" collected on account of  
8        liquid fuel sold or used on the island of Lanai or  
9        sold elsewhere for ultimate use on the island of  
10       Lanai, shall be paid by the department into the state  
11       treasury, and [~~shall,~~] by the state director of  
12       finance, shall be paid over to the director of finance  
13       of the county of Maui for deposit into the fund known  
14       as the "highway fund" created by section 249-18, for  
15       expenditure on the island of Lanai. The "county of  
16       Maui fuel tax" collected on account of liquid fuel  
17       sold or used on the island of Molokai or sold  
18       elsewhere for ultimate use on the island of Molokai,  
19       shall be paid by the department into the state  
20       treasury, and [~~shall,~~] by the state director of  
21       finance, shall be paid over to the director of finance  
22       of the county of Maui for deposit into the fund known



1 as the "highway fund" created by section 249-18, for  
2 expenditure on the island of Molokai. The remainder  
3 of the "county of Maui fuel tax" shall be paid by the  
4 department into the state treasury, and shall, by the  
5 state director of finance, be paid over to the  
6 director of finance of the county of Maui for deposit  
7 into the fund known as the "highway fund" created by  
8 section 249-18.

9 (b) Each of the foregoing taxes shall be expended for the  
10 following purposes, for the island for which the tax revenue is  
11 specially indicated, or, if none, for the county for which the  
12 tax revenue is indicated:

- 13 (1) For payment of interest on and redemption of any bonds  
14 duly issued or sold on or after July 1, 1951,  
15 under chapter 47 for the financing or aiding in  
16 financing the construction of county highway  
17 tunnels, approach roads thereto, and highways.  
18 [~~Such~~] The payments of interest and principal on  
19 the bonds when due, shall be first charges on  
20 [~~such~~] the moneys so deposited in the fund[-];
- 21 (2) For acquisition, [~~designing,~~] design, construction,  
22 reconstruction, improvement, repair, and maintenance



- 1 of county main and general thoroughfares, highways,  
2 and other streets, street lights, storm drains, and  
3 bridges, including costs of new land therefor, when  
4 expenditures for the foregoing purposes cannot be  
5 financed under state-federal aid projects[-];
- 6 (3) In the case of the city and county of Honolulu, for  
7 payment of the city and county's share in an  
8 improvement district initiated by the city and county  
9 for an improvement listed in paragraph (2) [~~above~~  
10 ~~which~~] that is permitted to be constructed in the city  
11 and county[-];
- 12 (4) For the construction of county highway tunnels,  
13 overpasses, underpasses, and bridges, where [~~such~~] the  
14 improvement cannot be made under state-federal aid  
15 projects[-];
- 16 (5) For purposes and functions connected with county  
17 traffic control and preservation of safety upon the  
18 public highways and streets[-];
- 19 (6) For purposes and functions in connection with mass  
20 transit[-];
- 21 (7) For acquisition, design, construction, improvement,  
22 repair, and maintenance of bikeways[-]; and



1           (8) No expenditure shall be made, out of the revenues paid  
2           into any such fund, which will jeopardize federal aid  
3           for highway construction.

4           (c) All revenue derived from the motor vehicle insurance  
5 tax imposed under section 243-4 shall be paid by the department  
6 of taxation into the state treasury, and, by the state director  
7 of finance, shall be deposited into the motor vehicle insurance  
8 special revolving fund established under section 431: -102."

9           SECTION 4. There is appropriated out of the general  
10 revenues of the State of Hawaii the sum of \$                   , or so  
11 much thereof as may be necessary for fiscal year 2007-2008, and  
12 the same sum thereof, or so much thereof as may be necessary for  
13 fiscal year 2008-2009, to the motor vehicle insurance state  
14 revolving fund.

15           SECTION 5. There is appropriated out of the motor vehicle  
16 insurance state revolving fund the sum of \$                   , or so  
17 much thereof as may be necessary for fiscal year 2007-2008, and  
18 the same sum thereof, or so much thereof as may be necessary for  
19 fiscal year 2008-2009, to the motor vehicle insurance state fund  
20 program, to pay for start-up costs, including the hiring of  
21 necessary staff; provided that this appropriation shall be in





1 the form of a loan that shall be repaid to the general fund by  
2 June 30, 2015.

3 The sums appropriated shall be expended by the department  
4 of commerce and consumer affairs for the purposes of this Act.

5 SECTION 6. Upon the effective date of this Act, the  
6 governor shall appoint the board of directors for the state  
7 motor vehicle insurance fund program created by this Act to  
8 begin planning for the implementation of the state motor vehicle  
9 insurance state fund program created by this Act. The insurance  
10 commissioner shall assist the board of the state motor vehicle  
11 insurance fund program in developing and implementing a plan to  
12 ease the transition between the current insurance system and the  
13 state motor vehicle insurance fund program. Twenty days prior  
14 to the convening of the 2008 regular session, the board of  
15 directors of the state motor vehicle insurance fund program  
16 shall submit the transition plan to the legislature that shall  
17 include recommendations for any further amendments to the  
18 insurance code and other laws that are necessary to effectuate  
19 this Act effectively. In considering the effects this Act will  
20 have on other laws, the state motor vehicle insurance fund  
21 program's board of directors shall at least determine whether



1 chapter 287, Hawaii Revised Statutes, should be repealed in its  
2 entirety or whether certain provisions should remain in force.

3 SECTION 7. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 8. This Act shall take effect on July 1, 2007.

6

INTRODUCED BY:

~~\_\_\_\_\_~~ *MC*  
Sammi Chun Oakland



**Report Title:**

Motor Vehicle Insurance; Pay at the Pump

**Description:**

Creates a motor vehicle insurance state fund program.  
Establishes a competitive bid process for motor vehicle  
insurance coverage. Establishes a motor vehicle insurance tax.  
Appropriates funds.

