
A BILL FOR AN ACT

RELATING TO HIGHWAYS.

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

Part I

SECTION 1. The purpose of this part is to:

- (1) Prohibit the transfer of moneys out of the state highway fund for non-highway purposes; and
- (2) Require the remittance to the state highway fund of general excise tax revenues from the manufacturing, production, wholesaling, and retailing of liquid fuel for other than airplanes or small boats.

The legislature finds that this Act is necessary to ensure that moneys in the state highway fund are expended only for state highway projects as intended. The legislature believes that the highway infrastructure needs a guaranteed source of funding. The legislature further finds that the sources of funding for the state highway fund require enhancements to meet these needs. The legislature also finds that public confidence in government is lessened if moneys intended for highway projects are diverted to other uses.



1 This Act does not affect any provision concerning the
2 authorized revenues of or expenditures from the county highway
3 funds. The legislature intends to honor the principle of home
4 rule in this respect.

5 SECTION 2. Section 37-53, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "**§37-53 Transfer of special funds.** At any time during a
8 fiscal year, notwithstanding any other law to the contrary, any
9 department [~~may,~~] with the approval of the governor or the
10 director of finance if so delegated by the governor, may
11 transfer from any special fund relating to such department to
12 the general revenues of the State all or any portion of moneys
13 determined to be in excess of fiscal year requirements for such
14 special fund, except for special funds under the control of the
15 department of transportation relating to highways, airports,
16 transportation use, and harbors activities, special funds under
17 the control of the Hawaii health systems corporation or
18 subaccounts under the control of its regional system boards, and
19 special funds of the University of Hawaii. At any time the
20 department of transportation, with the approval of the governor
21 or the director of finance if so delegated by the governor, may
22 transfer from any special fund, other than the state highway



1 fund, under the control of the department of transportation, or
2 from any account within any such special fund, to the general
3 revenues of the State or to any other special fund, including
4 the state highway fund, under the control of the department of
5 transportation all or any portion of moneys determined to be in
6 excess of requirements for the ensuing twelve months determined
7 as prescribed by rules adopted pursuant to chapter 91; provided
8 that no such transfer shall be made [~~which~~] that would cause a
9 violation of federal law or federal grant agreements."

10 SECTION 3. Section 237-31, Hawaii Revised Statutes, is
11 amended to read as follows:

12 **"§237-31 Remittances.** All remittances of taxes imposed by
13 this chapter shall be made by money, bank draft, check,
14 cashier's check, money order, or certificate of deposit to the
15 office of the department of taxation to which the return was
16 transmitted. The department shall issue its receipts therefor
17 to the taxpayer and shall pay the moneys into the state treasury
18 as a state realization, to be kept and accounted for as provided
19 by law; provided that:

20 (1) The sum from all general excise tax revenues realized
21 by the State that represents the difference between
22 \$90,000,000 and the proceeds from the sale of any



1 general obligation bonds authorized for that fiscal
2 year for the purposes of the state educational
3 facilities improvement special fund shall be deposited
4 in the state treasury in each fiscal year to the
5 credit of the state educational facilities improvement
6 special fund for public school capital improvement
7 program needs; [~~and~~]

8 (2) A sum, not to exceed \$5,000,000, from all general
9 excise tax revenues realized by the State shall be
10 deposited in the state treasury in each fiscal year to
11 the credit of the compound interest bond reserve
12 fund[~~-~~]; and

13 (3) The sum of all moneys realized from the manufacturing,
14 production, wholesaling, and retailing of liquid fuel
15 sold or intended to be sold to persons for use in
16 motor vehicles or internal combustion engine
17 equipment, but not airplanes or small boats, shall be
18 deposited into the state highway fund created by
19 section 248-8."

20 SECTION 4. Section 248-9, Hawaii Revised Statutes, is
21 amended to read as follows:



1 **"§248-9 State highway fund.** [~~(a)~~] Moneys in the state
2 highway fund may be expended for the following purposes:

3 (1) To pay the costs of operation, maintenance, and repair
4 of the state highway system, including without
5 limitation, the cost of equipment and general
6 administrative overhead;

7 (2) To pay the costs of acquisition (including real
8 property and interests therein), planning, designing,
9 construction, and reconstruction of the state highway
10 system and bikeways, including, without limitation,
11 the cost of equipment and general administrative
12 overhead;

13 (3) To reimburse the general fund for interest on and
14 principal of general obligation bonds issued to
15 finance state highway projects where the bonds are
16 designated to be reimbursable out of the state highway
17 fund; and

18 (4) To pay the costs of construction, maintenance, and
19 repair of county roads; provided that none of the
20 funds expended on a county road or program shall be
21 federal funds when such expenditure would cause a
22 violation of federal law or a federal grant agreement.



1 ~~[(b) At any time, the director of transportation may~~
2 ~~transfer from the state highway fund all or any portion of~~
3 ~~available moneys determined by the director of transportation to~~
4 ~~exceed one hundred thirty five per cent of the requirements for~~
5 ~~the ensuing twelve months for the state highway fund as~~
6 ~~permitted by and in accordance with section 37-53. For purposes~~
7 ~~of the determination, the director of transportation shall take~~
8 ~~into consideration:~~

- 9 ~~(1) The amount of federal funds and bond funds on deposit~~
10 ~~in, and budgeted to be expended from, the state~~
11 ~~highway fund during the period;~~
- 12 ~~(2) Amounts on deposit in the state highway fund that are~~
13 ~~encumbered or otherwise obligated;~~
- 14 ~~(3) Budgeted amounts payable from the state highway fund~~
15 ~~during the period;~~
- 16 ~~(4) Revenues anticipated to be received by and~~
17 ~~expenditures to be made from the state highway fund~~
18 ~~during the period based on existing agreements and~~
19 ~~other information for the ensuing twelve months; and~~
- 20 ~~(5) Any other factors as the director of transportation~~
21 ~~shall deem appropriate.] "~~



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Part II

SECTION 5. The purpose of this part is to generate additional sources of revenue that may be expended for the operation, maintenance, and repair of the state highway system.

SECTION 6. Section 251-2, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) There is levied and shall be assessed and collected each month a tour vehicle surcharge tax of:

- (1) [~~\$65~~] \$___ for each tour vehicle used or partially used during the month that falls into the over twenty-five passenger seat category; and
- (2) [~~\$15~~] \$___ for each tour vehicle used or partially used during the month that falls into the eight to twenty-five passenger seat category.

The tour vehicle surcharge tax shall be levied upon the tour vehicle operator."

Part III

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

SECTION 8. This Act shall take effect on July 1, 2040; provided that the amendments to section 237-31, Hawaii Revised Statutes, by this Act shall not be repealed when that section is



1 reenacted on June 30, 2008, pursuant to Act 304, Session Laws of
2 Hawaii 2006.



Report Title:

State Highway Fund; Various Amendments; Tour Vehicle Surcharge Tax

Description:

Requires the remittance of general excise tax revenues from liquid fuel sales to the state highway fund. Repeals provisions authorizing transfers of revenues deemed excess out of the state highway fund; replaces the tour vehicle surcharge tax of \$65 for each tour vehicle that falls into the over twenty-five passenger seat category, and \$15 for the eight to twenty-five passenger seat category, with unspecified surcharge amounts. (SD2)

