

Honolulu, Hawaii

FEB 04 2008

RE: S.B. No. 3149
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Transportation and International Affairs,
to which was referred S.B. No. 3149 entitled:

"A BILL FOR AN ACT RELATING TO HIGHWAYS,"

begs leave to report as follows:

The purpose of this measure is to ensure that sufficient
resources are available to maintain a safe and adequate highway
system.

Specifically the measure:

- (1) Prohibits the transfer of moneys out of the state
highway fund for non-highway purposes;
- (2) Requires 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; and
- (3) Deletes the requirement under current law to allocate
0.3 per cent of the highway fuel tax to the special land
and development fund established by the Department of
Land and Natural Resources.

Testimony in support of this measure was received from Hawaii
Transportation Association; Hawaii Highway Users Alliance;
CATRALA-Hawaii; Cement and Concrete Products Industry of Hawaii;
and Charley's Taxi, Limousine, Vans, Tours & Shuttles. The



Department of Land and Natural Resources, Department of Taxation, and the Tax Foundation of Hawaii submitted comments.

Your Committee finds that increasing vehicle traffic in Hawai'i is having a substantial negative impact on the state highway system. Current law allows the transfer of moneys from the state highway fund, once certain conditions have been met, and moneys in the fund that might have gone to highway maintenance and repair have been transferred to the general fund for other uses.

The Department of Taxation testified that the measure will result in a loss to the general fund of \$36,800,000 in fiscal year 2009; \$78,000,000 in fiscal year 2010; and \$79,100,000 in fiscal year 2011.

Your Committee understands the concerns expressed by the Department of Taxation regarding the loss to the general fund, but finds that maintaining a safe and adequate state highway system is critically important for the State's residents and visitors.

Your Committee has also heard a request from the Department of Land and Natural Resources to reinstate the allocation from the state highway fund for management and maintenance of trails and trail access throughout the State. In fiscal year 2007, this transfer was for \$230,328, which provided funds for 3.5 positions, and helped to meet the matching requirements for an additional \$750,000 in federal funds. Your Committee notes that this allocation was established to help manage and maintain unimproved roads used by hunters and other off-road vehicle users, and therefore is well within the concerns of the state highway fund.

Your Committee has amended this measure by:


- (1) Deleting section 4, which would have deleted the allocation of 0.3 per cent of the highway fuel tax to the special land and development fund; and
- (2) Making technical amendments to correct references to the state highway fund.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3149, as amended herein, and recommends that it pass Second Reading in the form attached hereto



as S.B. No. 3149, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Respectfully submitted on
behalf of the members of the
Committee on Transportation and
International Affairs,



J. KALANI ENGLISH, Chair



