

STAND. COM. REP. NO.

2786

Honolulu, Hawaii

FEB 29 2008

RE: S.B. No. 3149
S.D. 3

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

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 3149, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HIGHWAYS,"

begs leave to report as follows:

The purpose of this measure is to ensure that moneys in the state highway fund are expended only for state highway projects as intended and not diverted for other purposes, and to generate additional sources of revenue for operation, maintenance, and repair of the state highway system.

Specifically, this 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 derived from the manufacturing, production, wholesaling, and retailing of liquid fuel for other than airplanes or small boats; and
- (3) Changes the tour vehicle surcharge to an unspecified amount.

Testimony in support of this measure was submitted by the Hawaii Highway Users Alliance and the Cement and Concrete Products Industry of Hawaii. Testimony in opposition to this measure was submitted by Robert's Hawaii. Comments on this measure were

SB3149 SD3 SSCR LRB 08-2088.doc



submitted by the Department of Taxation, Tax Foundation of Hawaii, Hawaii Transportation Association, PHT, Inc. dba Polynesian Hospitality, and Charley's Taxi & Limousine.

Your Committee finds that it is crucial to maintain the viability of the state highway fund to provide for the operation, maintenance, and repair of the State's roadways. This measure would prevent the transfer of funds from the state highway fund to the general fund, as has been done in the past, to the detriment of the quality of our State's roadways.

Your Committee, however, has concerns with the provision of this bill that would divert general excise tax revenue from liquid fuel sales away from the general fund. Your Committee believes that this would deprive the State of a considerable amount of operating revenue and, in turn, deprive other programs in the State of a significant source of funding.

Accordingly, your Committee has amended this measure by deleting section 3 which would require remittance of tax revenue from the manufacturing, production, and retailing of liquid fuel to the state highway fund.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3149, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3149, S.D. 3.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



ROSALYN H. BAKER, Chair



