

STATE OF HAWAII
DEPARTMENT OF DEFENSE

TESTIMONY ON HOUSE BILL 2605 HD1
A BILL FOR AN ACT RELATING TO THE ARMED SERVICES

PRESENTATION TO THE
HOUSE COMMITTEE ON FINANCE

BY

MAJOR GENERAL ROBERT G. F. LEE
ADJUTANT GENERAL
February 26, 2008

Chair Oshiro, Vice-Chair Lee, and Members of the Committee:

I am Major General Robert G. F. Lee, State Adjutant General. I am testifying on House Bill 2605 HD1. This bill exempts members of the National Guard, military reserve, or armed service, including the Coast Guard from State and county vehicular taxes and fees for non-commercial vehicles.

We strongly support House Bill 2605 HD1.

If House Bill 2605 HD1 is passed, it exempts good standing members of the National Guard, reserves, or armed services, including the Coast Guard from county vehicular taxes and fees for their privately owned vehicles. We concur that this measure should be applicable to personal vehicles owned by our military members and not to commercial vehicles.

Passage of House Bill 2605 HD1 would strongly indicate to the members of the Guard, reserves, or armed services, including the Coast Guard, especially those that recently returned from Iraq and Afghanistan that Hawaii truly cares and supports their duty to State and nation. Incentives and benefits such as this exemption would certainly influence our highly trained and experienced soldiers to remain in the Reserve Components, active military, and the Coast Guard, and would also assist in our recruiting program. It has always been our intent to exempt all individuals of the guard, reserves, active military, and Coast Guard from the fees and registration as long as they are good standing members

throughout their military career. The administration fully supports our military members for their support in our nation's war on terrorism and our state during disasters.

Chair Oshiro, this concludes my testimony. Are there any questions

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



KURT KAWAFUCHI
DIRECTOR OF TAXATION

SANDRA L. YAHIRO
DEPUTY DIRECTOR

STATE OF HAWAII
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HOUSE COMMITTEE ON FINANCE

TESTIMONY REGARDING HB 2605 HD 1 RELATING TO THE ARMED SERVICES

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)

DATE: FEBRUARY 26, 2008

TIME: 1:00PM

ROOM: 308

This bill proposes to exempt Hawaii residents in the armed services, reserves, or National Guard from the vehicle tax and registration fees imposed under Chapter 249, Hawaii Revised Statutes.

The House Committees on Public Safety & Military Affairs and Transportation amended the bill by deleting the reference to federal law, as requested by the Department.

The Department of Taxation (Department) **supports** this measure; however **prefers the Lingle-Aiona Administration measure, HB 3114.**

STRONG SUPPORT FOR THE NATIONAL GUARD—This legislation provides for a much-deserved exemption from the vehicle tax and registration fees associated with licensing a motor vehicle. This exemption is extended to members of the National Guard, reserves, all branches of the armed services, including the Coast Guard, provided the individual is in good standing and a resident of Hawaii. Members of the various armed services that protect this country should be exempt from taxation on their vehicle, especially since their absence when called to duty would otherwise result in the payment of these fees for the nonuse of an automobile.

This legislation will result in a decrease to the State Highway Fund of approximately \$741,000 per year.

L E G I S L A T I V E

30(a)
TAXBILLSERVICE

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Honolulu, Hawaii 96813 Tel: 536-4587

SUBJECT: MOTOR VEHICLE, Exempt vehicles of Hawaii national guard and reserves

BILL NUMBER: HB 2605, HD-1

INTRODUCED BY: ^{Fin 2/26} House Committee on Public Safety and Military Affairs

BRIEF SUMMARY: Adds a new section to HRS chapter 249 to provide that all noncommercial motor vehicles registered to a member of the national guard, military reserves or armed services, including the coast guard, who is: (1) assigned to a unit in the state; and (2) a member in good standing, shall be exempt from the vehicle weight tax and registration fees.

EFFECTIVE DATE: October 1, 2008

STAFF COMMENTS: This measure proposes to exempt noncommercial motor vehicles registered to a member of the Hawaii national guard, reserves, armed services, or coast guard from the motor vehicle registration and weight taxes.

Inasmuch as the motor vehicle weight tax and registration fees are user charges designed to recover the cost of construction and maintenance of Hawaii's highway system, there is little justification for exempting national guard personnel. Regardless of the motorist's status, resident or nonresident, active or reserve, all motorists use the state highways and should therefore lend a hand in paying for good and safe roads. Note well, that any exemption granted to a select group of users requires that the lost revenues be made up by those who must continue to pay. Motorists who will have to pick up the additional cost created by this proposed exemption should hold those who would propose such an exemption responsible for raising their taxes. Given the impending fiscal crisis of the state highway fund, it makes little sense to reduce the potential revenue to the fund by exempting this class of motorists.

This measure amounts to nothing more than pandering to the current situation. While troops are deployed to areas of danger at the moment, this is not always the case for the national guard and reservists. There is no indication that this select group of motorists is in need of relief from the tax and registration fees and, therefore, there is no justification for this proposal. Administrators, as well as lawmakers, need to separate the two issues and look at the fact that they are in office to insure the efficient operation of state government that provides services to those who pay for those services. They should stick to the business of running government rather than trying to make photo-op points.

Unlike providing an exemption from income taxes for service personnel deployed in a combat zone, which is provided by both state and federal laws recognizing the hardship circumstances for those who must leave their regular employment, the vehicle weight and registration fees are user taxes for the privilege of using the public roadways. It is not as if the national guard or armed service reservist is not here to drive on the state and county roads. They and their dependents will continue to drive on the state and county highways and will also demand that the roads be pothole free and safe. To that end, as users of the roadways, they should be asked to shoulder the cost of maintaining those facilities.

Digested 2/25/08

**HAWAII NATIONAL GUARD ENLISTED ASSOCIATION
3949 DIAMOND HEAD ROAD
Honolulu, Hawaii 96816-4495
February 25, 2008**

COMMITTEE ON FINANCE
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

HOUSE HEARING

DATE: Tuesday, February 26, 2008
TIME: 1:00 pm
PLACE: Conference Room 308
State Capitol
415 South Beretania Street

From: CMSgt Ethan Toyama
President of the Hawaii National Guard Enlisted Association

Subject: Testimony in strong support of HB2605

Chair, Vice-Chair, and Members of the Committee:

My name is Chief Master Sergeant Ethan Toyama, President of the Hawaii National Guard Enlisted Association. I am providing testimony in strong support of HB2605, which will provide an exemption of vehicle taxes and registration fees for members of the National Guard and Reserves.

This bill will help balance the out of pocket cost to guardsmen and it is a key to improving recruitment and retention in the Guard. The financial help will also show that the state recognizes the commitment of the guardsmen and reservists to our State, its citizens, and our nation.

Our guardsmen and reservists have made many sacrifices to support us during times of need, and I believe we should honor them and take care of them to ensure that the State of Hawaii is prepared and ready to deal with any emergency that could come upon us.

I thank you for your commitment and dedication to the well being of our State and the servicemen that defend it.



**The Chamber of
Commerce of Hawaii**
Since 1850

**Testimony to the House Committee on Finance
Tuesday, February 26, 2008; 1:00 p.m.
Conference Room 308**

RE: HOUSE BILL NO. 2605 HD1 RELATING TO ARMED SERVICES

Chair Oshiro, Vice Chair Lee and Members of the Committee:

My name is Charlie Ota and I am the Vice President of the Military Affairs Department of The Chamber of Commerce of Hawaii. The Department oversees the Military Affairs Council (MAC) which serves as a liaison seeking solutions to issues of common concern to the military, private sector, and state.

The MAC submits testimony in support of House Bill 2605 HD1, relating to the Armed Services, which proposes to provide an exemption of vehicle taxes and registration fees for members of the National Guard and Reserves. This exemption is similar to the exemption extended nonresident military personnel under the federal Soldiers and Sailors Civil Relief Act.

The US military has undergone a transformation that has resulted in creating a single military force consisting of active duty, reserve, and guard units. Hawaii residents have witnessed this transformation as thousands of Hawaii's National Guards and reserve members have deployed and will continue to deploy in fighting the ongoing global war against terrorism. This bill will result in providing an equal vehicle tax and registration fee exemptions to all members of the US armed forces in Hawaii.

In light of the above, the MAC strongly recommends approval of HB 2605 HD1.

Hawaii National Guard Association
360 Mamala Bay Drive
Hickam AFB 96853
Peter.ching@hick.af.mil

Testimony to the House Committee on
Finance on
Tuesday, February 26, 2008
Conference Room 308
1:00 pm

**RE: Testimony in Strong Support of HB 2605- Vehicle Tax & Registration
Exemption for Active and Reserve Military**

Chair, Vice-Chair, and members of the Committee, I appreciate the opportunity to testify in strong support of HB 2605, which will give guardsmen and reservists an exemption of vehicle taxes and registration fees.

My name is Lieutenant Colonel Peter Ching and I am the president of the Hawaii National Guard Association. I represent the officers and enlisted men and women in the Hawaii Air and Army National Guard, which boasts over 5,000 members.

We all know that the cost of living and the living wage in Hawaii is disproportionately high in comparison to the average income. For most families, any financial help is greatly appreciated, and in the case of the guardsmen, who make personal sacrifices on behalf of the state, the financial help would also honor their commitment and recognize their efforts.

This exemption is long overdue. In fact, we are one of a handful of states which do not have any sort of vehicle tax or licensing exemption in the nation. On the eve of another deployment just 2 and ½ short years after returning from Iraq, I ask for your support today in the hopes of finally allowing guardsmen and reservists a chance to enjoy this privilege.

As beneficiaries of their courageous and dedicated service, the people of this State bear a special responsibility toward United States military forces, and I hope that you choose to honor that responsibility today.

Representative Mark R. Oshiro, Chairman
Representative Marilyn B. Lee, Vice Chair

House of Representatives, Committee on Finance

Ramon Maui Quizon, Legislative Chairman
Hawaii National Guard Enlisted Association
95-1074 Hoalia Street
Mililani, Hawaii 96789
(808) 228-0915

February 25, 2008

Support of HB 2605 HD1, Relating to the Armed Services (Provides an exemption of vehicle taxes and registration fees for members of the National Guard and Reserves)

Aloha Representative Oshiro, I am Master Sergeant Maui Quizon, Legislative Chairman, Hawaii National Guard Enlisted Association. The Hawaii National Guard Enlisted Association (HNGEA) was originally organized in July 1964. Its objective is to promote and advance the status, welfare and professionalism of the enlisted members of the Hawaii National Guard, to promote and maintain adequate national security, and to further the interests of the Hawaii National Guard. We strongly support S.B. 2448, relating to Vehicle Registration Tax & Registration Fee Exemption, which would provide State vehicle tax and registration fee exemption to members in good standing of the Hawaii National Guard.

The terrorist attacks of September 11, 2001, continue to have repercussions today. Thousands of military members and their families are grappling with the news of upcoming deployments to dangerous, volatile, and unstable areas of the world, such as Iraq and Afghanistan. In addition, many of those who have already completed one tour of duty have been redeployed in what the United States Department of Defense describes as the largest series of troop rotations since World War II. Such a massive mobilization and deployment of U.S. forces has not left Hawaii untouched.

The National Guard, Army and Air, and reserve components of our Armed Forces have and continue to deploy thousands of soldiers, marines, sailors, and airmen stationed in Hawaii, to Iraq and Afghanistan.

One of the most unfortunate consequences of war is the loss of our men and women in uniform. As a beneficiary of their courageous and dedicated service, the State bears a special responsibility toward the United States forces. As the war continues, many more of our soldiers and airmen are being sent overseas, with some who are already on their second and third deployment. As a result, it is vital to create appropriate legislation, such as SB 2448, to help address and alleviate some of the many challenges facing our military personnel and their families.

As a voter, and as a member of the HNGEA representing over 5,000 Hawaii National Guard soldiers and airmen, men and women, and their families, I urge you to support passage HB 2605 HD1, Relating to the Armed Services (Provides an exemption of vehicle taxes and registration fees for members of the National Guard and Reserves).

Thank you for this opportunity to testify.

Very Sincerely,

RAMON MAUI QUIZON

Representative Mark R. Oshiro, Chairman
Representative Marilyn B. Lee, Vice Chair

House of Representatives, Committee on Finance

Ramon Maui Quizon, Legislative Chairman
Hawaii National Guard Enlisted Association
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RAMON MAUI QUIZON