

LATE TESTIMONY

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



KURT KAWAFUCHI
DIRECTOR OF TAXATION

SANDRA L. YAHIRO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
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SENATE COMMITTEE ON HIGHWAYS

TESTIMONY REGARDING SB 3149 RELATING TO HIGHWAYS

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)
DATE: JANUARY 30, 2008
TIME: 2:45PM
ROOM: 224

This legislation seeks to direct all general excise tax revenues received from the sale of liquid fuel for all purposes other than airplanes and boats to the Highways Fund.

The Department of Taxation (Department) takes **no position** on this legislation; however has concerns relating to the general excise tax revenue diversion.

I. FUNDING HIGHWAY IMPROVEMENTS IS IMPORTANT.

The Department understands the importance of ensuring that the Department of Transportation has sufficient and consistent revenue streams to ensure that Hawaii's transportation infrastructure is adequately maintained and improved from time to time.

II. THE DEPARTMENT IS CONCERNED WITH GET REVENUE DIVERSIONS.

The Department is always cautious about policy that redirects general excise tax revenue away from the general fund and into specific special funds. The Department is concerned because the general excise tax represents over one-half of the State's overall operating revenue stream. The Department strongly prefers that a direct appropriation be the means for funding this program so that the amount may be budgeted and prioritized just as any other program.

III. ADMINISTRATION ISSUES

The Department also points out that tracking the specific fuel revenues as contemplated by this measure is likely unworkable. The Department does not track the gross proceeds of sales of fuel to the extent requested in this measure. The Department would need an appropriation for computer and form enhancements, as well as additional time, in order to capture the data requested in this

measure. Again, the Department reiterates that a direct appropriation is more appropriate.

IV. REVENUE ESTIMATE.

This bill will result in loss to the general fund and gain to the highways fund as follows:

- FY2009 (loss): \$36.8 million
- FY2010 (loss): \$78.0 million
- FY2011 (loss): \$79.1 million



Hawaii Automobile Dealers' Association



Wayne De Luz, President
Dave Rolf, Executive Director

January 30, 2008

Testimony in SUPPORT of SB3149
Presented to the Committee Hearing on Transportation and International Affairs

At the hearing 2:45 p.m. Wednesday, January 30, 2008
In Conference Room 224, Hawaii State Capitol

Submitted by David H. Rolf, for the Hawaii Automobile Dealers Association
Hawaii's Franchised New Car Dealers

Chair English and members of the committee,

The state highway fund will be depleted in the coming years as the funding requirements for highway maintenance and construction is not met by the reduced amount of revenues from gasoline taxes caused by more fuel-efficient vehicles.

This past year, HADA participated in the national discussions and legislation on Corporate Average Fuel Economy standards which increases the average fleet mileage of new vehicles sold up by 40% to 35 mpg by 2020.

Less fuel use will lower revenues from gas taxes. The Hawaii Department of Transportation's briefing during the interim showed the upcoming shortfall in funding.

It is important that all monies in the highway fund remain in that fund for highway use.

This bill seeks to assure that.

HADA, as a member of the Hawaii Highway Users Alliance, strongly supports this measure.

Respectfully submitted,

David H. Rolf

**Dollar Thrifty
Automotive Group, Inc.**



Honorable J. Kalani English, Chair
Committee on Transportation and
International Affairs
Hawaii State Senate
Room 224

Hearing: January 30, 2008, 2:45 PM, Conf.

Re: SB 3149 — Relating To Highways

Honorable Chair English and Honorable Committee Members:

My name is Garrick Higuchi and I am the Area Director with Dollar Rent A Car and Thrifty Car Rental.

Our company supports this bill and Catrala-Hawaii's position on this bill. We commend you for taking action and dealing with this important issue.

With future cutback in federal revenues of up to 43 % and rising exponential maintenance costs of \$300,000 to \$1,000,000 per lane mile steps must be taken to ensure all revenues generated from motorists are deposited into the highway fund and not redirected, diverted or used for other purposes.

Reports to you by your recent Joint Senate and House Task Force as well as the Department of Transportation raises and identifies further concerns as to the future dire needs of the highway fund.

We respectfully urge you to pass this bill to assist in ensuring public confidence in government. Thank you for allowing us to testify on this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Garrick Higuchi", written over a circular stamp or seal.

Garrick Higuchi
Area Director

DTG Operations, Inc.
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Ste. 825
Honolulu, HI 96814
808-952-4242
Fax 808-952-4255

LATE TESTIMONY

Re: Hearing on SB 3149-Relating to Highways
January 30, 2008 at 2:45 pm
Conference Room 224, State Capitol

TESTIMONY IN SUPPORT

Dear Chairman English, Vice Chairman Gabbard and Members:

Kobayashi Travel Service, Ltd. supports HB 3149-Relating to Highways. This bill 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.

I urge you to please pass SB 3149. We need to protect the highway trust fund from diversions in order to ensure that the management, operation and expansion of our highway and bridges are met systematically and cost-effectively. Your support is greatly appreciated.

Sincerely,

Michael K. Kobayashi
President