

LINDA LINGLE
GOVERNOR



BRENNON T. MORIOKA
DIRECTOR

Deputy Directors
MICHAEL D. FORMBY
FRANCIS PAUL KEENO
BRIAN H. SEKIGUCHI
JIRO A. SUMADA

IN REPLY REFER TO:

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 3, 2009

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

HOUSE BILL NO. 370

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

House Bill 370 clarifies that the additional one cent license tax added to diesel fuel is not applicable to diesel oil that is sold for use in electric power generation by a power-generating facility.

The Department opposes this bill. This legislation will decrease the fuel tax revenues from non-transportation fuel uses by an estimated \$1.6 million for fiscal year 2010 and by \$1.079 million in fiscal year 2011 and each year thereafter.

At a time when the Highways Division is looking for new ways to generate revenue and maintain current revenue levels, any decrease would be detrimental to the health of the State Highway Fund. The fuel tax revenue account for more than 40% of the State Highway Fund revenues and is the primary means of funding to support the operations and maintenance, and construction of the State Highway System.