

STAND. COM. REP. NO.

895

Honolulu, Hawaii

March 6, 2009

RE: H.B. No. 1167  
H.D. 2

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1167, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HIGHWAYS,"

begs leave to report as follows:

The purpose of this bill is to improve and modernize Hawaii's land transportation system by:

- (1) Increasing the state liquid fuel tax for all islands with a total resident population of 20,000 or more;
- (2) Increasing the state vehicle registration fee on vehicles registered on all islands with a total resident population of 20,000 or more;
- (3) Establishing the Land Transportation Modernization Special Fund (Special Fund);
- (4) Requiring the Director of Transportation to deposit \$20 from each annual motor vehicle registration fee that is increased into the Special Fund;
- (5) Increasing the vehicle weight tax and flat rate fees on vehicles registered on all islands with a total resident population of 20,000 or more;

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- (6) Permanently increasing the rental motor vehicle surcharge tax from \$2-a-day to \$3-a-day;
- (7) Exempting the transfer of funds from the Special Fund from fees charged by the Director of Finance for central services expenses;
- (8) Exempting the Special Fund from administrative expenses incurred by the Special Fund;
- (9) Authorizing the Department of Transportation (DOT) to expend funds for various projects and programs dealing with land transportation improvement projects and programs;
- (10) Requiring DOT to develop one or more pilot programs to test alternatives to the current state and county motor vehicle fuel tax systems;
- (11) Allowing the Department of Taxation (DOTAX) to refund motor vehicle fuel taxes paid by participants in a pilot program established by DOT;
- (12) Allowing DOT to terminate any pilot program established at any time and requiring DOT to notify DOTAX if a pilot program is terminated; and
- (13) Requiring DOT to submit various reports to the Legislature on the status of the Land Transportation Modernization Program as well as a Vehicle Miles Traveled Pilot Program.

DOT, The Chamber of Commerce of Hawaii, People's Advocacy for Trails Hawaii, Building Industry Association of Hawaii, The Pacific Resource Partnership, Catrala - Hawaii, The Hertz Corporation, Alamo Rent A Car, Enterprise Rent-A-Car, National Car Rental, Avis Rent A Car, Budget Rent A Car, Hawaii Developers Council, and several concerned individuals supported this bill. The Department of Taxation, City & County of Honolulu's Department of Customer Services, Tax Foundation of Hawaii, and Hawaii Transportation Association submitted comments.

Your Committee has amended this bill by, among other things:

- (1) Deleting provisions establishing and referring to the Special Fund;



- (2) Removing provisions exempting the transfer of funds from the Special Fund from fees charged by the Director of Finance for central services expenses;
- (3) Deleting provisions exempting the Special Fund from administrative expenses incurred by the Special Fund;
- (4) Replacing each amount set for fee increases, cost elements, and appropriations with unspecified dollar amounts;
- (5) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (6) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1167, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1167, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Finance,

  
MARCUS R. OSHIRO, Chair



