

STAND. COM. REP. NO. 1278

Honolulu, Hawaii

March 27, 2009

RE: S.B. No. 1611  
S.D. 2  
H.D. 1

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

Sir:

Your Committee on Transportation, to which was referred S.B. No. 1611, S.D. 2, 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, state vehicle registration fee, and state vehicle weight tax;
- (2) Creating the Land Transportation Modernization Special Fund;
- (3) Providing funding for a six-year comprehensive modernization program;
- (4) Authorizing the implementation of one or more pilot programs to test alternatives to the current state and county system of motor vehicle fuel taxes; and
- (5) Requiring the Department of Transportation (DOT) to implement the Vehicle Miles Traveled Pilot Program.

SB1611 HD1 HSCR TRN HMS 2009-3301



DOT, Pacific Resources Partnership, Building Industry Association of Hawaii, Hawaii Developers' Council, The Chamber of Commerce of Hawaii, and Land Use Research Foundation of Hawaii testified in support of this bill. The Department of Taxation (DOTAX) supported the intent of this measure. E Noa Corporation, Hawaii Ship Agents Association, Ocean Tourism Coalition, and Waikiki Trolley testified in opposition to this bill. The Department of Customer Services of the City and County of Honolulu, Tax Foundation of Hawaii, Catrala-Hawaii, Avis Rent A Car, Budget Rent A Car, Enterprise Rent A Car, Alamo Rent A Car, National Car Rental, DTG Operations, Inc., dba Dollar Rent a Car and Thrifty Car Rental, and Hawaii Transportation Association provided comments on this measure.

Hawaii has an aging land transportation system that is in desperate need of improvement. In addition to traffic congestion concerns which result in direct quality of life and economic impacts on the people of Hawaii, safety concerns abound with deteriorating roadways and bridges. Although DOT has been diligent in its attempts to deal with these infrastructure issues, dramatic increases in construction and material costs have required DOT to make difficult choices and fund the most critically needed projects and programs. This results in basic preservation and preventative maintenance projects being deferred, adding to the long-term costs of our land transportation infrastructure.

According to DOT, at current funding levels, it will take over 30 years to address the over \$7,000,000,000 in infrastructure and program needs currently facing the department. This measure attempts to infuse a large amount of capital into transportation projects to assist DOT in meeting Hawaii's future transportation needs and preventing further degradation of Hawaii's land transportation infrastructure.

After further consideration, your Committee has amended this bill by deleting its contents and replacing it with the language contained in H.B. 1167, H.D. 1. As amended, this bill:

- (1) Increases the state liquid fuel tax for all islands with a total resident population of 20,000 or more;
- (2) Increases the state vehicle registration fee on vehicles registered on all islands with a total resident population of 20,000 or more;



- (3) Increases the vehicle weight tax and flat rate fees on vehicles registered on all islands with a total resident population of 20,000 or more;
- (4) Permanently increases the rental motor vehicle surcharge tax from \$2-a-day to \$3-a-day;
- (5) Authorizes DOT to expend funds for various projects and programs dealing with land transportation improvement projects and programs;
- (6) Requires DOT to develop one or more pilot programs to test alternatives to the current state and county motor vehicle fuel tax systems;
- (7) Allows DOTAX to refund motor vehicle fuel taxes paid by participants in a pilot program established by DOT;
- (8) Allows DOT to terminate any pilot program established at any time and requiring DOT to notify DOTAX if a pilot program is terminated; and
- (9) Requires 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.

Your Committee has further amended this bill by:

- (1) Deleting provisions establishing and referring to the Land Transportation Modernization Special Fund (Special Fund) and instead providing for tax and fee increases to be deposited directly to the Highway 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) Stipulating that the tax and fee increases shall take effect immediately by changing its effective date to upon approval; and



- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1611, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1611, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

  
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JOSEPH M. SOUKI, Chair



State of Hawaii  
House of Representatives  
The Twenty-fifth Legislature

**Record of Votes of the Committee on Transportation**

<b>Bill/Resolution No.:</b> SB 1611, SD2	<b>Committee Referral:</b> TRN, FIN	<b>Date:</b> 03/23/2009		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
<b>TRN Members</b>	<b>Ayes</b>	<b>Ayes (WR)</b>	<b>Nays</b>	<b>Excused</b>
1. SOUKI, Joseph M. (C)	/			
2. AWANA, Karen Leinani (VC)	/			
3. AQUINO, Henry J.C.	/			
4. HANOHANO, Faye P.	/			
5. KEITH-AGARAN, Gilbert S.C.	/			
6. LEE, Marilyn B.	/			
7. NAKASHIMA, Mark M.	/			
8. RHOADS, Karl	/			
9. SAIKI, Scott K.	/			
10. TAKUMI, Roy M.	/			
11. YAMASHITA, Kyle T.	/			
12. PINE, Kymberly Marcos	<i>mm</i> /	/		
<b>TOTAL (12)</b>	<b>11</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
<b>Vice Chair's or designee's signature:</b> <i>Karen Awana</i>				
<b>Distribution:</b> Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				