

Honolulu, Hawaii

Feb 18, 2011

RE: H.B. No. 1039

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred H.B. No. 1039 entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION,"

begs leave to report as follows:

The purpose of this bill is to assist the Department of Transportation (DOT) with addressing state highway transportation infrastructure needs. Among other things, this bill:

- (1) Authorizes DOT to issue revenue anticipation notes and bonds, also known as GARVEE bonds, for legislatively appropriated federal-aid highway program transportation projects;
- (2) Establishes a special trust fund in the State Highway Fund into which shall be deposited proceeds from the sale of GARVEE bonds;
- (3) Establishes criteria for the selection of state federal-aid highway program transportation projects that will be eligible to be financed through the use of GARVEE bonds; and
- (4) Requires the Director of Transportation to submit an annual report to the Governor and Legislature detailing:
 - (A) The amount of GARVEE bonds issued;



- (B) The projects financed by GARVEE bonds;
- (C) The amount of GARVEE bond proceeds expended on each project;
- (D) The status of the project;
- (E) The estimated date of completion of projects not yet completed;
- (F) The total amount of federal transportation funds paid to the department since the issuance of the GARVEE bonds; and
- (G) The total amount of proceeds from the issuance of GARVEE bonds, state matching funds, and federal funds applied by DOT in each fiscal year for the payment of GARVEE bonds and the costs associated with their issuance and administration.

DOT, the Department of Budget and Finance, and Hawaii Laborers' Union testified in support of this bill.

Hawaii's highway system, which consists of over 2,400 lane miles of roadway, is facing numerous repair and maintenance issues. With the downturn in both the national and State economies over the last several years, State Highway Fund monies have continued to be negatively impacted, with revenues failing to keep pace with expenditures for the operation, maintenance, and construction of State highways. As a result, our land transportation system has failed to address increased transportation demands with project needs far outpacing available resources.

GARVEE bonds are tax-exempt revenue anticipation notes or bonds backed by annual federal appropriations that Congress has authorized states to issue for the funding of state federal-aid highway program projects. Allowing DOT to issue GARVEE bonds will allow DOT to leverage future federal funds on existing highway projects to expedite delivery, reduce costs, and deliver project benefits to the public earlier.

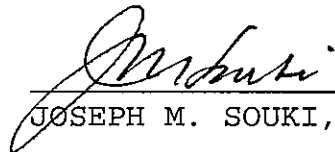
While your Committee notes that numerous questions remain on the establishment and implementation of the program contained in this measure, including the possible need for a State



constitutional amendment, this measure deserves future consideration.

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 H.B. No. 1039 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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



JOSEPH M. SOUKI, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 456

Record of Votes of the Committee on Transportation

Bill/Resolution No.: HB 1039	Committee Referral: TRN, FIN	Date: 2/2/11		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input 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)				
TRN Members	Ayes	Ayes (WR)	Nays	Excused
1. SOUKI, Joseph M. (C)	/			
2. ICHIYAMA, Linda (VC)	/			
3. AQUINO, Henry J.C.				✓
4. CULLEN, Ty	/			
5. LEE, Marilyn B.	/			
6. LUKE, Sylvia	/			
7. SAIKI, Scott K.	/			
8. TAKUMI, Roy M.	/			
9. YAMASHITA, Kyle T.	/			
10. FONTAINE, George R.	/			
11. JOHANSON, Aaron Ling	/			
TOTAL (11)	10			1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u><i>Linda Ichigame</i></u>				
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