

STAND. COM. REP. NO. 270

Honolulu, Hawaii

Feb 15, 2011

RE: H.B. No. 1531  
H.D. 1

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. 1531 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) 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;
- (4) Permanently increasing the rental motor vehicle surcharge tax from \$2-a-day to \$3-a-day;
- (5) Authorizing the Department of Transportation (DOT) to expend funds for various projects and programs dealing with land transportation improvement projects and programs;

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- (6) Requiring DOT to develop one or more pilot programs to test alternatives to the current state and county motor vehicle fuel tax systems;
- (7) Allowing the Department of Taxation (DOTAX) to refund motor vehicle fuel taxes paid by participants in a pilot program established by DOT;
- (8) Allowing DOT to terminate any pilot program established at any time and requiring DOT to notify DOTAX if a pilot program is terminated;
- (9) Appropriating funds from highway revenue bonds and federal funds for the Vehicle Miles Traveled Pilot Program; and
- (10) 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.

The Pacific Resource Partnership, The Chamber of Commerce of Hawaii, the Hawaii Laborers-Employers Education Trust, and the General Contractors Association of Hawaii testified in support of this bill. The Hawaii Transportation Association testified in opposition to this measure. DOTAX and the Tax Foundation of Hawaii provided comments.

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, it was estimated in 2009 that funding levels at that time would take over 30 years to address the over \$7,000,000,000 in infrastructure and program needs facing the Department.



While this measure is an attempt 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, your Committee notes that a number of other measures working towards increasing State Highway Fund revenues are currently progressing through the legislative process, some of which have already passed your Committee on Transportation. Accordingly, your Committee has amended this bill by:

- (1) Deleting provisions that would have increased the state vehicle registration fee; increased vehicle weight tax and flat rate fees; permanently increased the rental motor vehicle surcharge tax; authorized the expenditure of funds for land transportation improvement projects and programs; required DOT to develop pilot programs to test alternatives to the current motor vehicle fuel tax systems; allowed DOTAX to refund motor vehicle fuel taxes paid by participants in a pilot program established by DOT; allowed DOT to terminate any pilot program with notification to DOTAX; appropriated funds for the Vehicle Miles Traveled Pilot Program; and required DOT to submit various reports to the Legislature; and
- (2) Providing for an unspecified increase in the state liquid fuel tax for all islands with a total resident population of 20,000 or more for a period of six years.

Technical, nonsubstantive amendments have also been made 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 H.B. No. 1531, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1531, H.D. 1, and be referred to the Committee on Finance.



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

  
\_\_\_\_\_  
JOSEPH M. SOUKI, Chair



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

|  |  |                        |             |                |
|--|--|------------------------|-------------|----------------|
| <b>Bill/Resolution No.:</b><br>HB 1531   | <b>Committee Referral:</b><br>TRN, FIN | <b>Date:</b><br>2/7/11 |             |                |
| <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<br><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. 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   |  | ✓                      |             |                |
|  |  |                        |             |                |
|  |  |                        |             |                |
|  |  |                        |             |                |
| <b>TOTAL (11)</b>  | <b>9</b>                               | <b>2</b>               |             |                |
| <b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted<br>If joint referral, _____ did not support recommendation.<br><span style="margin-left: 150px;">committee acronym(s)</span>  |  |                        |             |                |
| <b>Vice Chair's or designee's signature:</b> <u>Linda Ichiyama</u>   |  |                        |             |                |
| <b>Distribution:</b> Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO  |  |                        |             |                |