

HB 1626, hd1

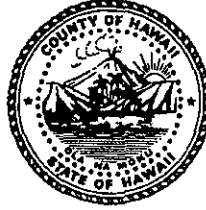
Measure Title:

RELATING TO FUEL TAXES

Report Title:

Permits the County of Hawaii to appropriate the County's share of fuel tax revenue for the maintenance of substandard private subdivision roads that are used by the public. Sunsets June 30, 2016. Effective July 1, 2030. (HB1626 HD1)

William P. Kenoi
Mayor



William T. Takaba
Managing Director

Walter K.M. Lau
Deputy Managing Director

County of Hawai'i Office of the Mayor

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(808) 323-4444 • Fax (808) 323-4440

March 17, 2011

Honorable Will Espero, Chair
And Members of the Senate Committee on
Public Safety, Government Operations and Military Affairs
Hawai'i State Capitol, Room 224
415 South Beretania Street
Honolulu, Hawai'i 96813

Aloha Chair Espero and Committee Members:

Thank you for this opportunity to offer my support for House Bill 1626, which would allow the County of Hawai'i to use a portion of its fuel tax collections to help maintain private roads.

The extraordinary growth in the County of Hawai'i's rural subdivisions requires that we search for new ways to support residents in private subdivisions who seek improved transportation infrastructure. This bill offers the county new flexibility in this effort.

During the past two years we have dramatically expanded our bus county system to help serve rural subdivision residents as well as other county residents. We also intend to use tools such as improvement districts and grants-in-aid in cooperation with the rural community associations to partner with these communities to support their efforts to provide safe, well-maintained transportation networks.

We urge the committee to support this measure to give the county greater flexibility as we work to improve transportation infrastructure across the island.

Thank you for your consideration.

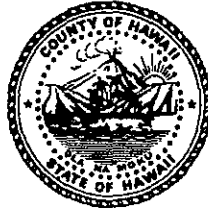
Aloha,

A handwritten signature in black ink, appearing to read "W. P. Kenoi".

William P. Kenoi
MAYOR

DOMINIC YAGONG
Chairperson

PETE HOFFMANN
Vice Chair



FRED BLAS
BRENDA FORD
DONALD IKEDA
DENNIS "FRESH" ONISHI
K. ANGEL PILAGO
BRITTANY SMART
J YOSHIMOTO

HAWAI'I COUNTY COUNCIL

*County of Hawai'i
Hawai'i County Building
25 Aupuni Street
Hilo, Hawai'i 96720*

Committee on Public Safety, Government Operations, and Military Affairs
Conference Room 224
March 17, 2011
2:55pm

Testimony of Dominic Yagong
Council Chair, Hawai'i County Council

IN STRONG SUPPORT
OF
House Bill No. 1626 HD1
Relating to the fuel tax

Aloha Chairman Espero, Vice-Chairwoman Kidani, and distinguished members of the Senate Committee on Public Safety, Government Operations, and Military Affairs

I am testifying today in strong support of House Bill No. 1626 HD1 which, if approved, would give the County of Hawai'i the option of utilizing a portion of the County's fuel tax funds to help with much needed road repairs in private substandard subdivisions on our island.

In the 1960's, the County approved large substandard private subdivisions here on the Big Island, mostly concentrated in the Puna district and in Ka'u near the community of Ocean View. These areas represent the fastest growing districts in the State of Hawaii. House Bill 1626 HD1 would give the County of Hawai'i the discretion of allocating a portion of the district fuel tax allocation to be utilized for these substandard subdivision roadways. It would allow the Council to prioritize the spending of our precious fuel tax dollars and to address the dire need to help repair and maintain these substandard roadways that pose a health and safety issue. Our police and ambulances are not able to respond in a timely fashion because of the horrible condition of many of these roadways. Although these residents have paid fuel taxes at the pump for over 50 years, their local community roadways have received no benefit from the county fuel taxation.

Serving the Interests of the People of Our Island

Council Chairman Dominic Yagong Testimony

HB 1626 HD1

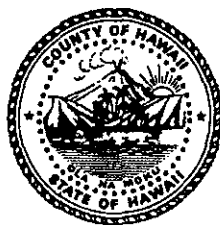
March 17, 2011

Page 2 of 2

It is the belief of the Council that this is the right thing to do for our residents living on these government approved sub-standard roadways. The fuel tax re-allocation would not take money from one district to another, instead it would allow home rule in determining our spending priorities within each district. I strongly support House Bill No. 1626 HD1 and ask for this committee's favorable recommendation. Thank you for this opportunity to testify.

Warmest Aloha

Fred Blas
Council Member
Council District 5



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(Former County Building)
25 Aupuni Street
Hilo, Hawai'i 96720

Business Address:
15-2660 Pahoa-Village Road
Pahoa Marketplace, Room 105
Pahoa, Hawai'i 96778

Hawai'i County Council
County of Hawai'i

March 16, 2011

Senator Will Espero, Chair
Public Safety, Government Operations and Military Affairs
Hawai'i State Capitol, Room 231
Honolulu, Hawai'i

Aloha Senator Espero and Members of the Public Safety, Government Operations and Military Affairs,

I wanted to commend you on your decision to hold a public hearing on this important matter. I am also urging you to pass HB1626 HD1 in your Committee on Public Safety, Government Operations and Military Affairs. HB1626 HD1 is very important for my district on the Big Island. If you have ever visited the Puna District you are probably familiar with our road situation. HB1626 HD1 will allow the County of Hawai'i to address long standing road deficiencies without raising taxes and will also provide for a more equitable distribution and use of the County's existing Fuel Tax revenues.

I also support HB 1626 HD1 as stated by our Council Chair, Dominic Yagong:

On January 28, 2011 House Bill No. 1626, relating to fuel taxes, was introduced by Representative Faye Hanohano and passed first reading. It was then referred to your Transportation Committee for further consideration. I am writing today to humbly request a hearing be scheduled for House Bill No. 1626 as soon as possible.

In the 1960's, the County approved large substandard private subdivisions here on the Big island, mostly concentrated in the Puna district and in Ka'u near the community of Ocean View. These areas represent the fastest growing districts in the State of Hawaii. House Bill 1626 would give Hawaii County the discretion of allocating a portion of the district fuel tax allocation to be utilized for a grant in aide program. It would allow the Council to prioritize the spending of our precious fuel tax dollars and to address the dire need to help repair and maintain these substandard roadways that poses a health and safety issue. Our police and ambulances are not able to respond in a timely fashion because of the horrible condition of many of these roadways. Although these residents have paid fuel taxes at the pump for over 50 years, their local community roadways have received no benefit from the county fuel taxation.

It is the belief of the Council that this is the right thing to do for our residents living on these government approved sub-standard roadways. As outlined in the bill, if approved, the County will be able to make grants in aid to the non-profit road corporations established by the private subdivisions to oversee the road maintenance funds. The fuel tax re-allocation would not take money from one district to another, instead it would allow home rule in determining our spending priorities within each district.

In closing I urge you to pass HB 1626 HD 1 through your Committee on Public Safety, Government Operations and Military Affairs without delay. Please feel free to contact me anytime if you have questions or concerns.

Mahalo Nui Loa,
Fred Blas

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: FUEL, Disposition of Hawaii county fuel tax revenue

BILL NUMBER: HB 1626, HD-1

INTRODUCED BY: House Committee on Finance

BRIEF SUMMARY: Amends HRS section 243-6 to allow that Hawaii county fuel taxes may be used for the maintenance of substandard private subdivision roads that are used by the public.

This section shall be repealed on June 30, 2016 and HRS section 243-6 shall be reenacted in the form in which it read prior to the effective date of this act.

EFFECTIVE DATE: July 1, 2030

STAFF COMMENTS: This measure would allow county fuel tax revenue to be used for the maintenance of private roads that are used by the public. It appears that there are many roads on the island of Hawaii that were in place before statehood and are not under the jurisdiction of the county. In other cases, house lots were sold in the wild volcanic flats of Puna and Ka'u where there was no county infrastructure and what roads were placed there were part of the subdivision of the house lots by the land owners. Those roads were never dedicated to the county and are considered private roads.

While some may argue that as highway users, owners of these house lots and private roads, the highway taxes they pay should be allocated to the repair and maintenance of these private roads. The problem with that notion is that if county highway funds are used to repair and maintain these roads, the county, to some degree, takes on liability for the safety of these roadways. Thus, should an incident occur on these private roads that are subsequently maintained with highway user taxes, the county may carry some liability exposure as county funds were used to maintain those roads even if the county does not own them.

While they do not meet the county specifications, they are heavily used by residents, visitors and emergency vehicles. Inasmuch as these roads are used like other county highways, this measure would allow fuel tax revenues to maintain these "public" roads; however, county officials must recognize that the county will assume liability for the safety of these roads. To that extent, this measure creates more problems than it solves.

Digested 3/15/11

Friends of Puna's Future

www.fopf.org 808.965.1555
friendsofpuna1@gmail.com P.O. Box 1959 Pahoehoa, Hawaii 96778

March 14, 2011

Chairman Espero and PGM Committee Members
Hawaii State Senate

Reference: HB 1626

Aloha ,

Friends of Puna's Future asks you to support HB 1626 in committee as has the Hawaii County Council under Resolution 321.10. We offer the following facts and reasons for doing so.

The County of Hawaii is rather unique in that 45% of it's road system are publicly accessed private subdivision roads. This situation goes back to statehood at which time over 80,000 residential lots were subdivided without requirement of infrastructure or road standards or road dedication. This was done with the approval of the then Board of Supervisors. The accumulated history prevents the County of Hawaii from taking possession of the roads as they exist.

Most of these roads at issue are in the districts of Ka'u and Puna. We have heard the question of why don't the owners fix the roads themselves? The answer is that they do. It is a formidable task. While their fuel taxes are unavailable to them they do the best they can with what they have. Some subdivisions basically have no funds and roads are, in too many cases, unfit for fire, police or ambulance. Residents have been required to drive injured family members several miles to meet an ambulance on the highway. This is serious.

For twenty years or so this was a sleeper issue. The population was small. Population growth has since exploded as shown by the census data from 2000 and 2010. Puna itself is the fastest growing district in the state. At this moment there are over 40,000 residents in Puna and they all buy fuel for their vehicles. They all drive extensively on the publicly accessed private roads and in doing so they all contribute to the Highway Fund with their fuel taxes. In some locations the state and county actually direct heavy traffic into private subdivisions to alleviate congestion and in traffic emergencies.

None of the fuel taxes generated on publicly accessed private subdivision roads are currently available to help maintain them. It has developed into an important issue of public safety and tax fairness.

HB 1626 is before you on the advice of Hawaii County Corporation Counsel Lincoln Ashida. Mr. Ashida feels that clarity is needed in the HRS statutes. Hawaii County Council Resolution 321.10 proposes a grant-in-aid program to assist private nonprofit road maintenance groups. It is a practical proposal.

The intended grant-in-aid proposal would accomplish a number of practical things:

1) Goals: HB 1626 would accomplish a goal of government in facilitating the maintenance of our roads for public safety and the movement of people, goods and services. All residents need safe access to the outlying community, jobs, family and the benefit of police, fire and medical attention.


2) Liability: HB 1626 would help relieve the liability issue by allowing the County of Hawaii to work with private nonprofit road maintenance corporations and groups to do the road maintenance work themselves. No county workers are asked to perform on private roads. To a large degree what is needed is gravel and the County of Hawaii owns nine quarries. 1+1=2. This is efficient, cost effective, smart, and an excellent example of how a public /private partnership can meet the needs of residents in tough economic times.

3) Community Building: Not all subdivisions were created equal. Some are more organized than others. HB 1626 would encourage communities to organize themselves to work together intelligently and legally if they want to participate in a grant-in-aid program.

4) Pilot Program: HB 1626 would enable the County of Hawaii to pioneer the solutions to inherited problems. This experience could be beneficial to all counties. A five year minimum sunset date is desired. An ASAP effective date is desired.

We hope that you find our testimony in a positive light in support of HB 1626. We would appreciate hearing from you for your thoughts and wisdom from a state point of view and with any issues you feel we should address or expand on.

Mahalo for your time and consideration.



Rob Tucker, president
Friends of Puna's Future (501c4)
www.fopf.org
<friendsofpuna1@gmail.com>
P.O. Box 1959
Pahoa, HI 96778
808-965-1555

*Friends of Puna's Future (FoPF) is a nonprofit 501(c)4 organization
comprised of concerned Puna residents, businesses and associations working together
to lobby for improvement in the Puna district.*

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 16, 2011 11:20 AM
To: PGM Testimony
Cc: jumemc@yahoo.com
Subject: Testimony for HB1626 on 3/17/2011 2:55:00 PM

Testimony for PGM 3/17/2011 2:55:00 PM HB1626

Conference room: 224
Testifier position: support
Testifier will be present: No
Submitted by: June Conant
Organization: Individual
Address:
Phone:
E-mail: jumemc@yahoo.com
Submitted on: 3/16/2011

Comments:

Because of the failure of government agencies many years ago to enforce developers to provide proper infrastructure, we are left with the burden to pave and maintain roads on our own without any support from the taxes we pay. This bill is a small step toward correcting the wrongs of 40 years ago.

Testimony in SUPPORT of HB 1626 HD1

By Rick Warshauer, Volcano

There is a large mileage of subdivision roads, especially those on the Big Island, that are not supported by state or county funds. Given that these roads are driven on by vehicles consuming fuels that have paid fuel taxes for decades, some of this tax revenue should be shared for use on some of these roads. These subdivisions were created or allowed by state or county governments and are open to all drivers, 24/7, but no provisions or conditions were enacted to maintain these roads at the time of creation or subsequently. Only a few of these roads are given any government maintenance, and the vast majority are labeled “private” or “roads in limbo”, and actively ignored by governments, unless they have a specific use for certain segments. This is taxation without compensation.

I referred to use the revenues for “some of these roads”, not all of them. Should each subdivision or area decide on a few local roads to be the ones to be maintained for major local traffic flow, and the rest just feed into them, the total eligible mileage would be a very small subset of the total. It is these road portions that such funding should be supporting. This road subset should be a strategically selected portion, further reduced by not-in-my-backyard (NIMBY) considerations, and the resulting overall road lengths would be a small fraction of the total. Decision making ought be done by the residents of the subdivisions, not the off-island/off-shore lot owners, to make it fair—these folks have been paying the fuel taxes, not the non-resident speculators.

The general lack of community coordination and NIMBYism should take some time to prioritize target road sections in many subdivision areas, so it is unlikely that the grant requests will come pouring in at one time, thereby pacing the drain on the fuel tax revenues.

Despite considerable property and conveyance taxes received from home owners over the decades, both the county and state have been avoiding contributing to the roads in the messed up subdivisions that they allowed to be created. Both governments are likely to continue doing so, so this HB 1626 provides the only viable avenue to help alleviate some of the inequities visited upon these substandard subdivisions by government.

I served as a steering committee member of the Puna Community Development Plan, which had considerable discussion of these road shortcomings. The “powers that be” and some members ensured that no road upkeep strategy emerged as part of the plan, but if the bill passes with the grant potential for selected road maintenance, future iterations of the plan would have the motivation to better deal with the issue.

Thank you for the chance to input on this issue.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 15, 2011 8:29 AM
To: PGM Testimony
Cc: bubbakim007@yahoo.com
Subject: Testimony for HB1626 on 3/17/2011 2:55:00 PM

Testimony for PGM 3/17/2011 2:55:00 PM HB1626

Conference room: 224
Testifier position: support
Testifier will be present: No
Submitted by: kim pinkerton
Organization: koupa farm lots
Address:
Phone:
E-mail: bubbakim007@yahoo.com
Submitted on: 3/15/2011

Comments:

Our subdivision could use some help on the funding for the dirt roads. Our budget only allows for about \$1500.00 per month for our roads and there are 12 miles of road.

To: Chair, Senate Public Works and Government Operations Committee

From: M. Eileen O'Hara, Ph.D.
Board President, Hawaiian Shores Community Association & Pakaka Road Association

Re: H.B. 1626 - Amendments to Fuel Tax Revenue HRS 243-6

Date: Feb. 23. 2011

Aloha Committee Members,

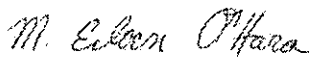
We appreciate the Senate Public Works and Government Operations Committee agreeing to hear HB 1626 which calls for amendments to the Fuel Tax Revenue statute. A measure like this is needed given the vast expanses of the Puna and Ka'u districts that are home to some of the country's largest substandard subdivisions.

Hawaii Island has an estimated 750 miles of roads in private subdivisions which are included in Hawaii County's accounting for the purposes of receiving its full complement of road maintenance revenue. All of our subdivision private roads are open to and used by other, non-resident, road users. We strongly encourage the Committee to pass HB 1626.

The substandard private subdivisions of the Big Island are an embarrassing legacy of poor planning and lack of appropriate public oversight in their initial permitting stage. These roadways will continue to be an environmental injustice issue for all the residents of the State until an appropriate source of funds is made available to these substandard subdivisions to help correct the issue of safe public ingress and egress. This situation has existed as long as vehicle fees and fuel taxes have been paid by subdivision owners.

Please advance this Bill and allow Hawaii County to take steps to redress this inequity.

Thank you for your consideration of this matter,



M. Eileen O'Hara, Ph.D.
Natural Resource and Environmental Economics

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 15, 2011 10:22 AM
To: PGM Testimony
Cc: associate1@hppo.com
Subject: Testimony for HB1626 on 3/17/2011 2:55:00 PM

Testimony for PGM 3/17/2011 2:55:00 PM HB1626

Conference room: 224
Testifier position: support
Testifier will be present: No
Submitted by: Leilani Bronson
Organization: Individual
Address:
Phone:
E-mail: associate1@hppo.com
Submitted on: 3/15/2011

Comments:

Thank you for hearing HB1626 in your committee. I encourage support of its passage. The proposed grant-in-aid program is an opportunity for private subdivisions like Hawaiian Paradise Park to utilize a portion of the fuel tax revenues to make improvements to our 137 miles of roadways, which are used by both lot owners and the public.

15 March 2011

15-2780 Opae Street
Pahoa, HI 96778

Testimony in support of HB1626

Aloha kakou,

My name is Solveig Lamberg and I live in Hawaiian Shores Recreational Park subdivision on the island of Hawaii. I am also a member of The Board of Directors for the Hawaiian Shores Recreational Park subdivision community association known as Hawaiian Shores Community Association.

I support HB 1626 because:

- All residents in this subdivision pay tax on fuel, and as such, should be able to access these funds to maintain our roads.
- The roads are use by members of the greater community of Puna, not just members of our subdivision. Because of this, there is much wear and tear of the road not necessarily caused by the residents of the subdivision.
- Hawaii County lists our private roads as part of their road inventory. If the county receives funding based on their road inventory, then we should have access to a proportionate share of that funding.

Mahalo,
Solveig Lamberg

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 15, 2011 1:24 PM
To: PGM Testimony
Cc: hiloclayton@yahoo.com
Subject: Testimony for HB1626 on 3/17/2011 2:55:00 PM

Testimony for PGM 3/17/2011 2:55:00 PM HB1626

Conference room: 224
Testifier position: support
Testifier will be present: No
Submitted by: Clayton Hale
Organization: Individual
Address:
Phone:
E-mail: hiloclayton@yahoo.com
Submitted on: 3/15/2011

Comments:

I'm writing in support of HB1626.

When I bought my house, which is on a dirt road, I did not know that the prior owner had just spent a great deal of money to improve the road, which has since deteriorated. I pay road fees to the local road committee and I'm lucky if the road is worked on twice a year.

There is a neighbor, about a half mile from me, with a tractor who spends about \$450 a year out of his own pocket for materials to work on the road near his house.

If HB1626 passes we can form our own road committee to work on our roads.

Our Corporation Counsel, Lincoln Ashida, has looked at our subdivision laws and determined that we need HB 1626.

Please pass HB1626

Thank you

Clayton Hale

982-3802