

STAND. COM. REP. NO. 458

Honolulu, Hawaii

Feb 18, 2011

RE: H.B. No. 1373
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. 1373 entitled:

"A BILL FOR AN ACT RELATING TO FUEL TAXATION,"

begs leave to report as follows:

The purpose of this bill is to maintain the solvency of the State Highway Fund and improve the State's ability to construct, operate, and maintain the State Highway System by:

- (1) Assessing the state fuel tax based on a percentage of the weighted wholesale price per gallon of gasoline and average wholesale price per gallon of diesel oil rather than cents per gallon;
- (2) Requiring the Public Utilities Commission (PUC) to determine the weighted wholesale price per gallon of gasoline and gallon of diesel oil on a monthly basis; and
- (3) Establishing a formula for the PUC to use when determining the weighted wholesale price for gasoline.

The Department of Taxation and Tax Foundation of Hawaii provided comments on this bill.

Hawaii's highway system, which consists of over 2,400 lane miles of roadway, is facing numerous repair and maintenance

HB1373 HD1 HSCR TRN HMS 2011-2251

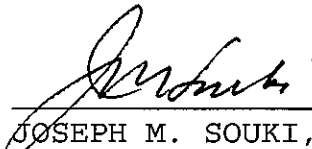


issues. With the downturn in both the national and State economies over the last several years, State Highway Fund monies have continued to be negatively impacted, with revenues failing to keep pace with expenditures for the operation, maintenance, and construction of State highways. As a result, our land transportation system has failed to address increased transportation demands with project needs far outpacing available resources. Although recent indicators have suggested that economic recovery is beginning, expectations are that the economic recovery will be slow and may take several years. Without additional funding, the State Highway Fund will lack the necessary revenues for even routine maintenance and operation of our roadways, let alone the construction of new and necessary roadways and appurtenances.

While questions remain as to the positive financial impact this measure will have on the State Highway Fund, it deserves further consideration. Accordingly, your Committee has amended this bill by changing its effective date to July 1, 2050, to encourage further discussion.

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. 1373, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1373, 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



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 458

Record of Votes of the Committee on Transportation

Bill/Resolution No.: HB 1373	Committee Referral: TRN, FIN	Date: 2/14/11		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <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)				
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)	8	2		1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 10pt;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <i>Linda Ichiyama</i>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				