

TAXBILLSERVICE

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SUBJECT: MOTOR VEHICLE REGISTRATION, Increase registration fee for disabled parking program

BILL NUMBER: HB 892, HD-1

INTRODUCED BY: House Committee on Transportation

BRIEF SUMMARY: Amends HRS section 249-31 to increase the annual state motor vehicle registration fee from \$45 to \$46 and provide that \$1 of that amount shall be deposited into the disability and communication access board special fund.

This act shall be repealed on January 1, 2019.

EFFECTIVE DATE: January 1, 2014

STAFF COMMENTS: This is an administration measure submitted by the department of health HTH-01(13). This bill proposes to increase the annual state motor vehicle registration fee by \$1 and earmarks that \$1 to cover the costs of administering the parking for persons with disabilities program. While the justification sheet submitted by the department of health states that since this program is currently funded by 100% of general funds, the adoption of this measure will free up general funds in the amount of \$503,000 and make them available for other programs.

If this measure is adopted, the funding for this program will be from the \$1 increase in the state motor vehicle registration fee that is paid each time a motor vehicle is registered. While it will create a new funding source and provide that \$1 will be deposited into the disability and communication access board special fund each time a motor vehicle is registered, this will provide funds to the program automatically without any legislative oversight or scrutiny, resulting in a special fund that could either be underfunded or produce more revenues than needed to run the program, thereby making it a fund to be raided when the legislature is on the hunt for more money to spend. It should be noted that there over one million taxable motor vehicles are registered in the state. Thus, adoption of the dollar per vehicle fee will produce more than twice the amount that the measure states will be freed up in state general funds or about \$503,000.

The justification sheet argues that the dollar fee will allow the programs to be self sufficient - a term that the department of health does not seem to understand. This measure is asking all motor vehicle owners to subsidize a program that should be paid either by the disabled driver beneficiaries or by the public at large through a general fund appropriation. Enacting such a fee insures that the funding for this program will always be flying under the radar as there is no accountability to the motor vehicles owners who will be paying the fee for a program from which they derive no benefit. More importantly, motor vehicle taxes are dedicated for the construction and maintenance of the state highway system. Deviating from the relationship between users and beneficiaries seriously jeopardizes the accountability for this fee.

The adoption of this measure may open the door for other “add-ons” to provide revenue for other “important” programs. In 2004, Act 158 increased the state motor vehicle registration fee from \$5 to \$25 and deposited \$20 in the highway fund and \$5 into the emergency medical special fund. While it appears that the \$1 fee proposed appears to be a nominal amount, if this particular program area requires additional funds, there is no doubt that the amount of the fee will be increased or other sources of revenue may be tapped.

If the legislature considers the parking for persons with disabilities program to be a high priority, then it should be subject to the general fund appropriation process to ensure that adequate funds are appropriated and reviewed by the legislature rather than the method proposed by this measure. The bottom line is that this proposal is nothing more than a tax increase as the justification sheet points out, that it frees up money in the general fund for other programs. Much as the health department may want to make the proposal look like it is related to highway transportation, it has nothing to do with highways for which the registration fee is imposed. It is for parking for the disabled which is already subsidized by highway users as a disabled permit allows the vehicle to be parked without paying the parking fee. As such, this measure should not be approved.

Digested 2/28/13



DISABILITY AND COMMUNICATION ACCESS BOARD

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February 28, 2013

TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE

House Bill 892 – Relating to Funding for Parking for Disabled Persons

The Disability and Communication Access Board (DCAB) strongly supports House Bill 892 - Relating to Funding for Disabled Persons. The purpose of this bill is to increase the annual vehicle registration fee by \$1.00, which will be deposited into the DCAB Special Fund to cover the costs of administering parking for persons with disabilities.

DCAB is the State agency responsible for the overall coordination and administration of this federally required program. The parking program is managed through a centralized, Internet-based database operated by DCAB staff. DCAB enters into memorandums of agreement with the counties to issue first time and replacement placards on a walk-in basis at satellite city halls. The renewals are issued through a mail-in process by DCAB.

The program now is one hundred percent (100%) general funded, except for a small portion of revenue collected for replacement and temporary placards which is retained by the counties. The revenue generated will allow the program to be self-sufficient. Reliance on general funds is expected to be reduced in the subsequent biennium by approximately \$503,000. This bill proposes to create a revenue stream from the motor vehicle registration fee. We believe that this nominal increase will ensure the continued existence of this program in a manner that ensures quality and integrity of the program and not tap into valuable, limited general funds. DCAB has discussed this with the counties to ensure that it is administratively feasible, as well as the State Department of Transportation to ensure that they can transfer the money collected to the Department of Health. We have assurances of support in this regard.

Because the placard is transferable to any vehicle and only vehicles can park in accessible parking stalls, this program actually benefits all vehicle owners who potentially can transport a person with a placard. This is a more appropriate financing mechanism than the general fund.

Should the bill pass in 2013, the DCAB general fund requirement will be reduced in the subsequent biennium by approximately \$503,000. The bill would take effective January 1, 2014 to allow the counties to reprogram their computers. We ask that you not make any adjustments to our budget in the subsequent fiscal year, as program expenses will not be moved to, nor charged against, the Special Fund until July 1, 2014.

Thank you for the opportunity to provide comment.

Respectfully submitted,

BARBARA FISCHLOWITZ-LEONG
Chairperson

for FRANCINE WAI
Executive Director