



GOV. MSG. NO. 1297

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

July 1, 2016

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on July 1, 2016, the following bill was signed into law:

HB2086 HD2 SD2

RELATING TO TRANSPORTATION
ACT 195 (16)

Sincerely,

A handwritten signature in black ink that reads "David Y. Ige".

DAVID Y. IGE
Governor, State of Hawai'i

A BILL FOR AN ACT

RELATING TO TRANSPORTATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to address immediate
2 deficits in the state highway fund. Projections from the
3 department of transportation indicate that, beginning in fiscal
4 year 2016-2017, revenue estimates for the state highway fund
5 will fall well below planned expenditures, resulting in
6 immediate deficits and the need to eliminate over \$200,000,000
7 in expenses over the next five years. To account for this
8 shortfall, the State would be required to reduce highway special
9 maintenance and capital improvement projects, which would also
10 result in less timely responses to highway-related emergencies.

11 The primary causes for the decreased fund balance of the
12 state highway fund are:

- 13 (1) The lower rate of revenues generated from the fuel tax
14 due to an increase in the number of fuel-efficient
15 motor vehicles;
- 16 (2) Increased costs to maintain existing state highways,
17 operate the highways division of the department of



1 transportation, and pay debt service on revenue bonds
2 issued to construct state highways; and
3 (3) Unanticipated costs arising from emergency repairs to
4 and major restoration projects of the state highways.

5 The legislature finds that the fiscal health of the state
6 highway fund must be addressed immediately. Delays in the
7 construction, repair, and maintenance of state highways must be
8 avoided to the extent possible. Further deterioration would
9 require more costly re-construction in the future, including the
10 need for expensive emergency repairs, exacerbating the shortfall
11 of the state highway fund even further.

12 The legislature recognizes that, from 1981 to 1990, general
13 excise tax revenues from fuel sales were diverted to the state
14 highway fund. The legislature finds that re-enactment of the
15 diversion of any portion of the general excise tax from the
16 general fund is not in the public interest. General excise tax
17 revenues are already eroded by numerous tax credits and
18 exclusions. The general fund must also be preserved for other
19 important public programs, especially those that do not have
20 access to dedicated revenue sources.



1 The purpose of this Act is to provide an infusion of state
2 general funds into the state highway fund while plans and
3 immediate actions are taken to restore the state highway fund to
4 solvency. The legislature very reluctantly makes this deposit.
5 Subsidizing the state highway fund with state general funds is a
6 drastic initiative contrary to recent past practices and sound
7 budgetary policy. The legislature finds that the consequence of
8 failing to provide the subsidy, however, would be more drastic:
9 the decline of the condition and capacity of state highways,
10 thus diminishing the general welfare and jeopardizing public
11 safety.

12 SECTION 2. There is appropriated out of the general
13 revenues of the State of Hawaii the sum of \$37,000,000 or so
14 much thereof as may be necessary for fiscal year 2016-2017 for
15 deposit into the state highway fund.

16 The sum appropriated shall be expended by the department of
17 budget and finance for the purpose of this section.

18 SECTION 3. The general funds deposited into the state
19 highway fund under section 2 shall be expended in accordance
20 with appropriations in:



1 (1) Act 119, Session Laws of Hawaii 2015, as may be
2 amended by House Bill No. 1700 of the regular session
3 of 2016; or

4 (2) Any other act enacted during the 2016 regular session
5 that appropriates the proceeds of the state highway
6 fund.

7 SECTION 4. No later than November 1, 2018, the governor
8 shall submit a report to the legislature on the sustainability
9 of the state highway fund. The report shall include:

- 10 (1) Actions already taken to sustain the state highway
11 fund;
- 12 (2) A plan, including various options, for the continued
13 sustainability of the state highway fund;
- 14 (3) Five-year financial projections for the state highway
15 fund and an analysis of those projections; and
- 16 (4) Proposed legislation, if any.

17 SECTION 5. This Act shall take effect on July 1, 2016.

18

APPROVED this 1 day of JUL, 2016



GOVERNOR OF THE STATE OF HAWAII

