

STAND. COM. REP. NO. 2461

Honolulu, Hawaii

FEB 19 2016

RE: S.B. No. 2938
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Transportation and Energy, to which was referred S.B. No. 2938 entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Increase the state fuel tax to generate additional revenues for the state highway fund;
- (2) Increase the state motor vehicle registration fee and the amount of the fee to be deposited into the state highway fund;
- (3) Increase the state motor vehicle weight tax; and
- (4) Make an appropriation to the Department of Transportation for the operations and maintenance of the state highways program.

Your Committee received testimony in support of this measure from the Department of Transportation, Hawaii Energy Policy Forum, and Blue Planet Foundation. Your Committee received testimony in opposition to this measure from two individuals. Your Committee received comments on this measure from the Department of Land and Natural Resources, Tax Foundation of Hawaii, Chamber of Commerce Hawaii, Hawaii Transportation Association, and one individual.



Your Committee finds that the state fuel tax, state motor vehicle registration fee, and state motor vehicle weight tax are the major revenue sources for the state highway fund. They are also the major sources of pledged revenues for the highway revenue bonds. The additional revenue provided by this measure will positively impact the highway revenue bonds ratings. A higher bond rating decreases the cost of borrowing.

Your Committee further finds that appropriations from the state highway fund are used for the construction, operations, and maintenance of the state highway system. Any increase in this primary source of revenues for the state highway fund will enhance the Department of Transportation's ability to construct, operate, and maintain the state highway system. This would enable an increase in the highways capital improvement program and special maintenance programs. The failure of the State to properly maintain the state highway system may result in sanctions by the Federal Highway Administration, including the loss of federal funds.

The increase in revenues provided by this measure will provide safer infrastructure enhancements for all users including motorists, pedestrians, bicyclists, and transit users and will positively impact the Department of Transportation's ability to qualify state matching funds for the highways federal-aid program. In addition, the availability of state matching funds may result in attracting additional federal funds. The normal federal share for projects on the interstate system is ninety percent and for other eligible roadways it is eighty percent.

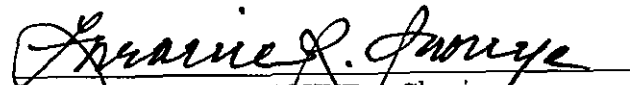
Your Committee has amended this measure by:

- (1) Blanking out the amounts of the increases for fuel taxes, motor vehicle registration fee, and motor vehicle weight tax; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation and Energy that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2938, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2938, S.D. 1, and be referred to your Committee on Ways and Means.



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


LORRAINE R. INOUE, Chair



