

STAND. COM. REP. NO.

1031

Honolulu, Hawaii

MAR 23 2017

RE: H.B. No. 1587
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Transportation and Energy, to which was referred H.B. No. 1587, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to replace the state vehicle weight tax with a tax based on the assessed value of the vehicle.

Your Committee received testimony in support of this measure from the Department of Transportation. Your Committee received testimony in opposition to this measure from the Hawaii Transportation Association and Hawaii Auto Dealers Association. Your Committee received comments on this measure from the Department of Customer Services of the City and County of Honolulu and Tax Foundation of Hawaii.

Your Committee finds that the vehicle weight tax has historically been used for road construction and repairs and is the major source of funding for the state highway fund. The Department of Transportation testified that changing from a vehicle weight tax to an ad valorem tax may negatively impact the Department's highway revenue bonds ratings. The fiscal impact of this measure is unclear and an ad valorem tax may be more complex to administer and may be a less stable source of funding because



the taxable value of a vehicle will decline over time due to depreciation.

Your Committee has amended this measure by:

- (1) Deleting its contents and inserting provisions to raise motor vehicle fuel taxes by unspecified amounts;
- (2) Inserting an effective date of July 1, 2017; and
- (3) 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 H.B. No. 1587, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1587, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

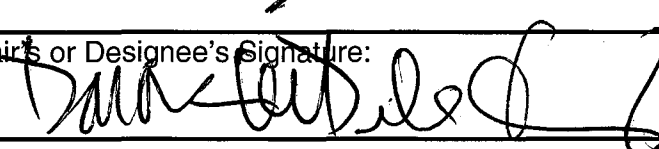
Respectfully submitted on
behalf of the members of the
Committee on Transportation and
Energy,


LORRAINE R. INOUE, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Transportation and Energy
TRE

Bill / Resolution No.:* HB1587, HD1	Committee Referral: TRE, WAM	Date: 3/20/17		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
INOUE, Lorraine R. (C)	/			
DELA CRUZ, Donovan M. (VC)		/		
ENGLISH, J. Kalani				/
HARIMOTO, Breene				/
SHIMABUKURO, Maile S.L.	/			
TOTAL	2	1		2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes