

# SB 1015

RELATING TO ENVIRONMENTAL RESPONSE,  
ENERGY, AND FOOD SECURITY TAX.

Deposits funds from Environmental Response,  
Energy, and Food Security Tax Fund into the  
State Highway Fund.



**Testimony by:**  
FORD N. FUCHIGAMI  
DIRECTOR

Deputy Directors  
JADE T. BUTAY  
ROSS M. HIGASHI  
EDWIN H. SNIFFEN  
DARRELL T. YOUNG

IN REPLY REFER TO:

**STATE OF HAWAII**  
**DEPARTMENT OF TRANSPORTATION**  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

February 15, 2017  
1:20 p.m.  
State Capitol, Room 225

**S.B. 1015**  
**RELATING TO TAXATION**

Senate Committee on Transportation and Energy

---

The Department of Transportation (DOT) strongly **supports** S.B. 1015. This bill will provide additional funding resources needed to accomplish our primary mission and sustainability goals by depositing 60 cents collected from the environmental response, energy, and food security tax collected on each barrel of petroleum product into the State Highway Fund.

This new revenue source for the State Highway fund is estimated to generate approximately \$15 million annually and will improve the Department's ability to construct, operate and maintain the State Highway System. This would enable the Department to increase the highways capital improvement project and special maintenance programs.

The increase in revenues will allow DOT to provide more infrastructure enhancements for all users including pedestrians, bicyclists, transit users and motorists and would positively impact the department's ability to qualify state matching funds for the highways federal-aid program. The normal federal share for projects on the interstate system is 90 percent and for other eligible roadways it is 80 percent.

Thank you for the opportunity to provide testimony.

# TAX FOUNDATION OF HAWAII

---

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

---

SUBJECT: FUEL, Earmarks Barrel Tax for Highway Fund

BILL NUMBER: SB 1015; HB 1149 (Identical)

INTRODUCED BY: SB by Kouchi by request; HB by Souki by request

EXECUTIVE SUMMARY: Establishes a new earmark off the barrel tax to feed the highway fund. Earmarks and special funds decrease transparency and accountability.

SYNOPSIS: Amends HRS section 243-3.5 to provide that 60 cents per barrel shall be deposited into the state highway fund.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: This measure is sponsored by the Department of Transportation as TRN-09 (17),

The proposed measure would add another siphon of revenues and would perpetuate the earmarking of barrel tax revenues. Yes, our highways and bridges need work, and the fuel tax that now feeds the highway fund has proven to be less stable as more and more consumers start using alternative fuel vehicles, electric vehicles, and hybrids. But does that justify grabbing a pot of barrel tax money without going through the normal appropriation and budgeting process that also considers sweltering primary schools, underfunded state pensions, or the unique costs of intercollegiate athletics?

Rather than the continual earmarking of revenues, a direct appropriation of general funds would be preferable. Earmarking revenues from any tax type for a particular purpose decreases transparency and accountability.

Next, it should be remembered that revenues diverted for a special purpose, in this case to fund highways and bridges, will not be counted against the state's spending ceiling or debt limit and will obscure the state's true financial condition.

Digested 2/14/2017

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 7, 2017 6:53 PM  
**To:** TRE Testimony  
**Cc:** mendezj@hawaii.edu  
**Subject:** \*Submitted testimony for SB1015 on Feb 15, 2017 13:20PM\*

**SB1015**

Submitted on: 2/7/2017

Testimony for TRE on Feb 15, 2017 13:20PM in Conference Room 225

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, February 11, 2017 7:59 AM  
**To:** TRE Testimony  
**Cc:** jbeyhi@yahoo.com  
**Subject:** Submitted testimony for SB1015 on Feb 15, 2017 14:30PM

**SB1015**

Submitted on: 2/11/2017

Testimony for TRE on Feb 15, 2017 14:30PM in Conference Room 225

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
John Begg	Individual	Comments Only	No

Comments: Would you provide our subdivision with an emergency egress route that is not in the path of the tsunami zone. We do not have as you have stated "effective land transportation system for the movement of people and goods"

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)