



## DISABILITY AND COMMUNICATION ACCESS BOARD

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April 3, 2018

### TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE

#### Senate Bill 2714, SD1 – Relating to Motor Vehicle Weight Tax

The Disability and Communication Access Board (DCAB) supports Senate Bill 2714, SD1 – Relating to Motor Vehicle Weight Tax. The purpose of this bill is to amend Chapter 249, Hawaii Revised Statutes, by amending the definition of “net weight” to exempt weight attributable to modifications to make a vehicle accessible to a person with a physical disability. This would apply only to vehicles that are purchased or retrofitted for personal, non-commercial use, and result in a lower motor vehicle weight tax and lower total cost of making a vehicle accessible and more affordable to use over the life of the vehicle.

The State imposes an annual motor vehicle weight tax and authorizes the counties to impose their own and to set their own rates. Depending on which county you reside in, the rate ranges between 1.25 and 5.5 cents per pound for non-commercial vehicles and trucks weighing less than 6,500 pounds.

The rationale behind a motor vehicle weight tax is that the heavier the vehicle, the greater impact on roads, and therefore owners of heavier vehicles should pay more. However, for every trip a disabled person makes using his or her own vehicle instead of a county subsidized paratransit service, the person saves taxpayers a substantial amount. In addition, in the interest of self-empowerment, disincentives to obtaining lift equipped vehicles should be removed. With the proposed weight exemption, owners of vehicles with accessibility modifications would still pay motor vehicle weight fees based on their vehicle’s weight minus the modification. Therefore, the actual revenue impact to the state and/or counties would be minimal, while encouraging persons with disabilities to be independently mobile.

Thank you for the opportunity to provide testimony.

Respectfully submitted,

FRANCINE WAI  
Executive Director

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

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SUBJECT: MOTOR VEHICLE, Exempt Lifts and Ramps for Disabled from Vehicle Weight Tax

BILL NUMBER: SB 2714, SD-1

INTRODUCED BY: Senate Committee on Ways & Means

EXECUTIVE SUMMARY: Excludes the weight of lifts and ramps, motors to operate them, and vehicle chassis reinforcements, from the determination of net weight for non-commercial vehicles for purposes of levying the state and county motor vehicle weight tax.

SYNOPSIS: Amends section 249-1, HRS, by adding a sentence to the definition of “net weight” of a motor vehicle: “For all non-commercial vehicles, the weight of any vehicle modifications made to assist a person with a disability to enter or exit the vehicle including but not limited to lifts, ramps, motors to power lifts or ramps, and chassis reinforcements, shall be excluded from the determination of the vehicle's net weight.”

EFFECTIVE DATE: July 1, 2050.

STAFF COMMENTS: The vehicle weight tax was adopted by Act 195, SLH 1977. At that time, the Conference Report accompanying the bill described the policy rationale:

Additional revenues to the state highway fund are required in order to pay for the increasing costs of operation and maintenance of the present system and future construction. Failure to provide such revenues would adversely affect the present highway system and would inevitably lead to indebtedness in excess of the state debt ceiling.

The fuel tax, which is the primary source of revenues for state highway fund, is an inadequate and unstable source of revenues. It not only unfairly penalizes those citizens with low incomes who must drive long distances, but it fails to address the problems of fuel conservation. An increase in the federal fuel tax and the possibility of another oil embargo could seriously affect the revenue producing capability of the state fuel tax by promoting or compelling a reduction in fuel consumption which, in turn, would result in reduced revenues for the state highway fund.

Rather than viewing the impending highway fund deficit as simply a revenue problem, the legislature finds that a more comprehensive and long-term solution must include the consideration of fuel conservation both as a goal and as it affects fuel tax revenues, tax equity, and the relationship between the numbers and sizes of vehicles, and our capacity to accommodate these vehicles in terms of our limited land area, highway capacity, and funding ability. Your Committee agrees that a tax on a vehicle by weight would provide

both a disincentive which would promote energy conservation and new revenues for the state highway fund.

Conf. Comm. Rep. No. 28 (1977).

The conventional wisdom behind a weight tax is that heavier vehicles tend to cause more wear and tear on highways and bridges than lighter vehicles. A weight tax is also seen as a way of getting more revenue out of electric vehicles and hybrids, which obviously use less gasoline fuel (the fuel tax goes to the highway fund, just like the vehicle weight tax now does) but which tend to be heavier vehicles.

The proposed exemption from weight tax, even assuming that it is administrable on the county level, is not consistent with the general rationale of the tax, which is that heavier vehicles cause more wear and tear on the roads and need to pay for the wear or other damage that they cause. If this exemption is enacted, it would open the door to requests for exemptions for renewable fuel engines, emission control devices, and other basic or additional machinery added to a vehicle that could be seen as furthering another policy that happens to be in vogue at the time.

Digested 3/19/2018

**SB-2714-SD-1**

Submitted on: 4/2/2018 11:09:10 AM

Testimony for FIN on 4/3/2018 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Bryan Mick	Individual	Support	Yes

Comments:

Aloha Finance Committee members. My name is Bryan Mick. I am testifying as an individual in support of this bill. This would encourage and assist individuals and families who are attempting to increase their mobility independence by purchasing or retrofitting a vehicle to be accessible. This bill would exempt the weight caused by those modifications from the calculation of the annual motor vehicle weight tax, the rest of the vehicle would still be counted in the calculation. This in practice works out to a small exempted amount for each vehicle, and as there are only estimated to be a few thousand modified vehicles statewide the overall impact on revenues is negligible. And if this bill helps to redirect someone from a trip on a paratransit service to their own vehicle, the savings is substantial to the taxpayer. On Oahu, the taxpayers subsidize around \$44 dollars of every trip taken on paratransit. This is one of those bills where what is morally correct also makes good financial sense. I urge you to pass it. Mahalo.

Testimony of Kirby L. Shaw

House Committee on Finance

Tuesday, April 3, 2018

1:30 p.m.

Conference Room 308

Dear Chair Luke and Committee Members:

I am writing in support of SB 2714 SD1 – Relating to Motor Vehicle Weight Tax. Under this bill, the added weight of modifications to non-commercial vehicles to make them accessible to persons with disabilities would be excluded from calculating the net weight of such vehicles for purposes of determining the State and county motor vehicle weight tax. The result is that people who modify their personal vehicle for accessibility purposes, which often means additional vehicle weight, will not be penalized for doing so each year when they pay their annual registration fee.

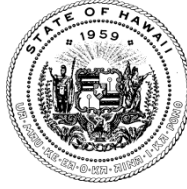
I use a power wheelchair and own a 2005 Chrysler minivan that was modified to make it accessible for me. Having an accessible vehicle gives me the ability to do much more because I do not have to rely on public transportation. However, the accessibility features added weight to the van, which resulted in a higher vehicle weight tax.

If this bill becomes law, it will surely help me and others who have modified vehicles. Please pass SB 2714 SD1. Thank you so much for considering my testimony.

Respectfully,

KIRBY L. SHAW

DAVID Y. IGE  
GOVERNOR



JADE T. BUTAY  
DIRECTOR

Deputy Directors  
ROY CATALANI  
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**LATE**

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

IN REPLY REFER TO:

April 3, 2018  
1:30 p.m.  
State Capitol, Room 308

**S.B. 2714 SD1**  
**RELATING TO MOTOR VEHICLE WEIGH TAX**

House Committee on Finance

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The Department of Transportation (DOT) **supports** this bill.

The DOT generally does not support exemptions as reductions in revenue are detrimental to the health of the State Highway Fund. However, the DOT recognizes that these exemptions help persons with a disability by excluding the weight of disability access modifications from the determination of net weight for non-commercial vehicles for purposes of levying the state and county motor vehicle weight tax.

Thank you for the opportunity to provide testimony.