



DISABILITY AND COMMUNICATION ACCESS BOARD

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March 21, 2018

TESTIMONY TO THE HOUSE COMMITTEE ON TRANSPORTATION

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.

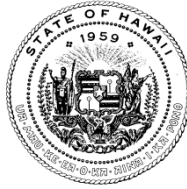
The rationale behind a motor vehicle weight tax is that the heavier the vehicle, the greater impact on roads, and therefore owners of heavier vehicles should pay more. However, for every trip a disabled person makes using his or her own vehicle instead of a county subsidized paratransit service, the 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,

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Executive Director

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IN REPLY REFER TO:

March 21, 2018
9:45 a.m.
State Capitol, Room 423

S.B. 2714, S.D. 1
RELATING TO MOTOR VEHICLE WEIGHT TAX

House Committee on Transportation

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.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

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: 3/19/2018 10:38:00 AM

Testimony for TRN on 3/21/2018 9:45:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|-----------------------|---------------------|---------------------------|---------------------------|
| Javier Mendez-Alvarez | Individual | Support | No |

Comments:

SB-2714-SD-1

Submitted on: 3/19/2018 3:06:19 PM

Testimony for TRN on 3/21/2018 9:45:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Bryan Mick | Individual | Support | Yes |

Comments:

Aloha,

I strongly support this bill. Encouraging people with disabilities to be self-sufficient is a worthy goal. And in this case, it also makes fiscal sense. County provided paratransit trips are very expensive to the taxpayers, in Honolulu the current figure is \$48 for a one-way trip. The taxpayer savings from one round trip taken with a personal vehicle instead of the paratransit service is larger than the annual discount an individual will qualify for under this bill. That is why I believe the normal justification for a vehicle weight tax, i.e. heavier vehicles cause more damage, should be put aside.

Mahalo.

My name is Naomi Fujii and I'm here to ask for your support of Senate Bill 2714, S.D. 1. This bill is very dear to me as it was inspired by my son, Jarin, who suffered a traumatic brain injury during an open heart procedure as a toddler that left him unable to sit, stand, talk or have purposeful use of his arms and legs. As Jarin grew, it became harder and harder for my husband and I to transport Jarin in a standard vehicle, so we decided to invest in a new, modified van with a ramp.

After the van was received, we found that the vehicle's weight was 800 pounds heavier than its standard counterpart, so we would be paying more each time our vehicle's registration was due. This led us to inquire at DCAB about the possibility of an exemption to the weight tax on adapted vehicles for personal use and from this inquiry, DCAB created this bill.

If passed, we believe this bill would be beneficial to the State and City as it is a non-cost item to both entities, but still offers some tax relief to families that provide their own transportation for their disabled loved one. In addition, the State and City realize a cost savings when families utilize their own modified vehicles and NOT public transportation like Handi-Van or other Medicaid transportation services.

Caring for a loved one with a severe disability is not only physically and mentally challenging, but it is also quite costly and this exemption would help many families that have these retrofitted vehicles.

Our son, Jarin passed away late last year at age 20 and will not be here to reap any benefits of this exemption, but we hope that the passing of this bill will become a part of his legacy to other families that face similar challenges.

I'd like to thank DCAB for listening to our needs and for creating this bill.

Thank you for your time and again I urge you to support this bill.