



Brian Kitagawa, President  
 Dave Rolf, Executive Director

HADA TESTIMONY IN OPPOSITION  
 TO SB3049, SD1  
 RELATING TO MOTOR VEHICLES  
 Presented to the House Committee on Transportation  
 At the Public Hearing, 10:30 a.m. Wednesday, March 16, 2018  
 Conference Room 423, Hawaii State Capitol

Chairs Aquino, Vice Chair Quinlan, and members of the committee:

This bill proposes to require businesses, including new car dealers, to pay \$10 for every vehicle that is imported into the state to provide revenue for the disposal of abandoned vehicles.

HADA **remains opposed** to this bill and notes that if counties require additional funding for this purpose, a fee mechanism is already in place and **already designated specifically for purposes like the disposal of derelict vehicles**. It's the Highway Beautification Fee which is assessed on each motor vehicle registration in the state. Each county assesses its own amount.

Currently the counties collect the following highway beautification fees on more than 1 million vehicles which are registered in the state annually.

City and County of Honolulu	\$7 highway beautification fee per vehicle
County of Maui	\$10 highway beautification fee per vehicle
County of Kauai	\$5 highway beautification fee* per vehicle
County of Hawaii	\$1 highway beautification fee per vehicle

\*a portion of which may be used for derelict vehicle removal and disposal.

We've requested information from the City and County of Honolulu about the status of their Highway Beautification Fund. We hope they will be able to confirm the data we retrieved. The most recent data we have been able to obtain shows the total revenue from the fees was \$4,635,910 in FY 2017. The total expenditures for FY2017 were \$710,790.

**For a surplus of \$3,924,120, by our calculations.** Please see the attached charts showing the highway beautification fund revenues and surplus in Honolulu.

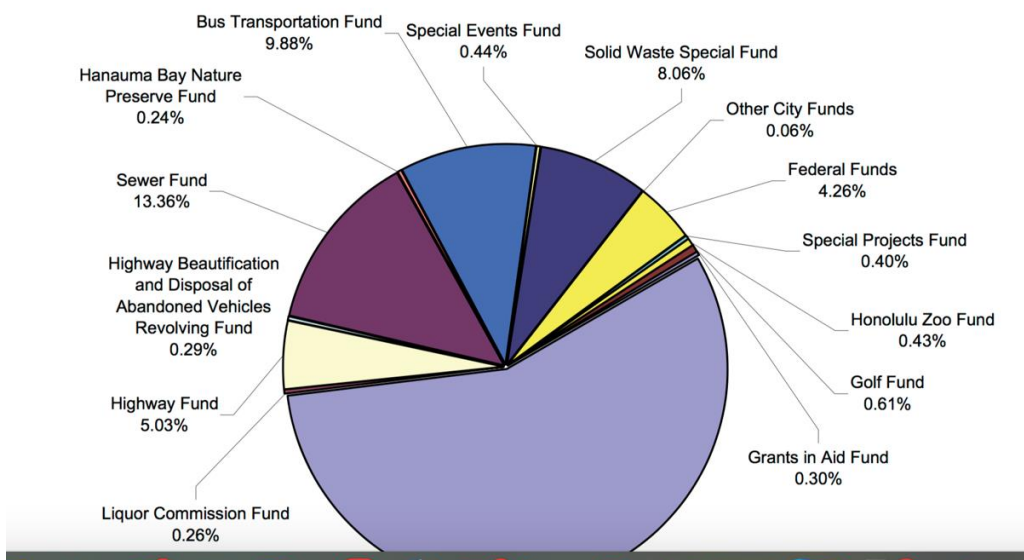
## Detailed Statement of Revenues and Surplus

### Highway Beautification Fund (130)

The Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund accounts for receipts (\$7.00 per vehicle) collected for each certificate of registration. These monies are expended primarily for the beautification of highways under the jurisdiction of the City and the disposition of abandoned vehicles.

Source of Receipts	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimated
<b>Charges for Services</b>			
Hwy Beautification Fees	\$ 4,539,233	\$ 4,635,910	\$ 4,635,910
<b>Total — Charges for Services</b>	<b>\$ 4,539,233</b>	<b>\$ 4,635,910</b>	<b>\$ 4,635,910</b>
<b>Miscellaneous Revenues</b>			
Vacation Accum Deposits	\$ 23,490	\$ 0	\$ 0
<b>Total — Miscellaneous Revenues</b>	<b>\$ 23,490</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Unreserved Fund Balance</b>	<b>\$ 9,865,201</b>	<b>\$ 9,896,560</b>	<b>\$ 9,119,720</b>
<b>Interfund Transfer</b>	<b>\$ (277,100)</b>	<b>\$ (264,000)</b>	<b>\$ (355,700)</b>
<b>Total — Highway Beautification Fund</b>	<b>\$ 14,150,824</b>	<b>\$ 14,268,470</b>	<b>\$ 13,399,930</b>

**(\$2.451 Billion)**



A significant surplus (\$13,399,930) is shown in Honolulu in the Highway Beautification Fund, at \$7 per vehicle.

The \$1 per vehicle charged in Hilo, however, may be insufficient. But we believe the beautification fund is the proper mechanism for collecting money for the purpose of disposing of derelict vehicles.

The \$10 fee proposed on each vehicle would place an unfair burden on 33 owners of Hawaii's 70 new car dealerships, in that the 60,000 new vehicles brought in this year at \$600,000 total fees charged to dealers, averaging \$8600 per dealer, could not readily be passed on to customers.

**It is counterproductive to create additional programs which have administrative burdens on retailers. New car dealers already assist in this area by assisting with the collection of fees for registration of vehicles which are sold through dealerships. Such vehicle registrations already include the Highway Beautification Fee.**

For the above reasons, while we always remain open to working on this, we oppose SB3049 SD1 and ask that the measure be held.

Respectfully submitted,

David H. Rolf

For the Members of the Hawaii Automobile Dealers Association



**SanHi**

GOVERNMENT STRATEGIES  
A LIMITED LIABILITY LAW PARTNERSHIP

Date: March 15, 2018

To: Representative Henry Aquino  
Chair, Committee on Transportation  
*Submitted via Capitol Website*

Re: **S.B. 3049, S.D. 1, Relating to Motor Vehicles**  
**Hearing Date: Friday, March 16, 2018 at 10:30 a.m.**  
**Conference Room: 423**

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Dear Chair Aquino and Members of the Committee on Transportation:

We submit this testimony on behalf of Enterprise Holdings, which includes Enterprise Rent-A-Car, Alamo Rent-A-Car, National Car Rental, Enterprise CarShare and Enterprise RideShare (Van Pool).

Enterprise Holdings respectfully opposes S.B. 3049, S.D. 1, which proposes to assess a \$10 motor vehicle importation fee on each motor vehicle that is imported into the State. The fee would be due and payable to the county that is the final destination of the vehicle. The fee is for the purpose of disposing of abandoned vehicles.

This legislation is not needed because there is already a fee imposed annually on every registered vehicle in the State for this purpose. That fee is the beautification fee imposed under HRS §286-51(b)1. This new fee would be a very substantial additional cost to the company given the number of vehicles the Enterprise companies bring into the State, particularly considering the fact that the company is, along with all other registered owners, already paying an annual beautification fee for the same purpose. Nor has there been any showing by the counties that the present beautification fee is not adequate. To the contrary, it is our understanding that there is a surplus of funds. If there should, in the future, be a demonstrated need for additional funds the appropriate approach would be, upon a showing of need, to increase the beautification fee.

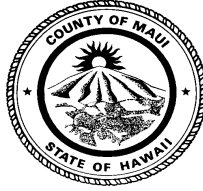
The bill assumes that the counties face an abandoned car problem. Even assuming that to be the case, there has been no showing that the counties do not have the funding to deal with such a problem or that the beautification fee is not an appropriate vehicle for securing the needed funds. We believe if there is a problem it lies elsewhere and not with a lack of funding. We do not believe it is sound to impose a fee with no evidence that the fee will actually go toward providing a solution.

In addition, as regards to rental cars, it is rare for a rental car to be abandoned. Most rental cars, after taken out of rental car service, are sent out of state. That being the case the rental car companies are already paying far more than their fair share of the cost of removing abandoned cars from the roadsides and elsewhere. It would not be fair to impose another substantial cost on the industry in the circumstances we have discussed above.

For the above reasons, we respectfully oppose this measure and ask that it be held in committee.

Thank you for the opportunity to submit testimony.

ALAN M. ARAKAWA  
MAYOR



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**LATE**

**OFFICE OF THE MAYOR**  
Ke`ena O Ka Meia  
COUNTY OF MAUI – Kalana O Maui

March 15, 2018

TESTIMONY OF ALAN M ARAKAWA  
MAYOR  
COUNTY OF MAUI

BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION

Friday, March 16, 2018, 10:30 a.m.  
Conference Room 423

SB3049 SD1 RELATING TO MOOR VEHICLES.

Honorable Henry J.C. Aquino, Chair  
Honorable Sean Quinlan, Vice Chair  
Honorable Members of the House Committee on Transportation

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Thank you for this opportunity to testify in **SUPPORT** OF SB3049 SD1.

The purpose of this bill is to assess a \$10 motor vehicle importation fee for each motor vehicle that is imported into the State, due to the county that is the final destination of the vehicle. It also provides that revenue from the motor vehicle importation fee shall be expended for the disposal of abandoned vehicles.

Currently the cost of dealing with abandoned vehicles that are being brought to our islands is increasing. Because the price of metals has dropped, the processing in disposal of abandoned vehicles has gone up exponentially and the highway beautification fee cannot continue to support this.

For these reasons I support the passage of SB3049 SD1.

Sincerely,

Alan M. Arakawa  
Mayor, County of Maui

ALAN M. ARAKAWA  
MAYOR



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**LATE**

**OFFICE OF THE MAYOR**  
Ke`ena O Ka Meia  
COUNTY OF MAUI – Kalana O Maui

March 15, 2018

TESTIMONY OF SANDY BAZ  
BUDGET DIRECTOR  
COUNTY OF MAUI

BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION

Friday, March 16, 2018, 10:30 a.m.  
Conference Room 423

SB3049 SD1 RELATING TO MOTOR VEHICLES.

Honorable Henry J.C. Aquino, Chair  
Honorable Sean Quinlan, Vice Chair  
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Currently the cost of dealing with abandoned vehicles that are being brought to our islands is increasing. Because the price of metals has dropped, the processing in disposal of abandoned vehicles has gone up exponentially and the highway beautification fee alone cannot continue to support this.

On a similar note, the county is expressly concerned about the restriction on the highway beautification fee being charged to rental cars otherwise known as U-drives. The maximum we can charge them under the current HRS is \$1 while all other cars can be charged up to \$10. Please consider revising this bill to allow U-drives to be charged the same as all other vehicles or consider hearing SB2256 SD1 which addresses this issue.

For these reasons I support the passage of SB3049 SD1.

Sincerely,

Sandy Baz  
Budget Director, County of Maui