



STATE OF HAWAII
DEPARTMENT OF HEALTH
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Testimony in OPPOSITION to SB0739
RELATING TO PARKING

SENATOR LORRAINE R. INOUE, CHAIR
SENATE COMMITTEE ON TRANSPORTATION

Hearing Date: February 11, 2019

Room Number: 225

1 **Fiscal Implications:** The bill will increase operating costs for employers or encourage them to
2 eliminate existing parking subsidy benefits to employees. It will require additional resources for
3 the Department of Health (Department) to develop and run the program.

4 **Department Testimony:** The Department opposes the bill in this form because the proposed
5 program does not belong in Hawaii Revised Statutes, Chapter 342B, Air Pollution Control. The
6 bill addresses how a company must provide employee benefits, a topic about which the
7 Department's Clean Air Branch (CAB) has neither resources nor expertise.

8 The bill would require the CAB to establish a program to: 1) identify every company
9 statewide that has 50 or more employees and provides parking subsidies; 2) impose the cash-out
10 requirement; 3) monitor each company's compliance; 4) penalize non-compliance; and
11 5) establish and conduct an appeals process. The CAB, whose personnel are almost exclusively
12 engineers or environmental health specialists with science backgrounds, would be ill-suited to
13 carry out those tasks.

14 **Offered Amendments:** None.

15 Thank you for the opportunity to testify on this measure.



LATE

Email: communications@ulupono.com

SENATE COMMITTEE ON TRANSPORTATION
Monday, February 11, 2019 — 1:15 p.m. — Room 225

Ulupono Initiative Strongly Supports SB 739 with Amendments, Relating to Parking

Dear Chair Inouye, Vice Chair Harimoto, and Members of the Committee:

My name is Murray Clay and I am Managing Partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally produced food; increase affordable, clean, renewable energy; and better manage waste and fresh water resources. Ulupono believes that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

Ulupono strongly supports SB 739 with Amendments, which requires employers of fifty persons or more who provide a parking subsidy to employees to offer a parking cash-out program, because it reduces Hawai'i's dependence on imported fossil fuels.

Ground transportation alone uses roughly a third of the state's imported fossil fuels. For Hawai'i to reduce imported fossil fuel usage, we need to encourage people to drive less and use alternative forms of transportation such as walking, bicycling, bus, rail, and carpooling. Yet, employers encourage continued use of driving through parking subsidies for employees. Further, current tax policy provides additional financial incentives through tax-exempt benefits. A parking cash-out program helps provide incentives for other forms of transportation.

Since it is likely that some people would choose to switch from driving, this also has additional benefits of reduced traffic congestion, improved commute times for the remaining drivers especially for rural commuters, improved productivity and quality of life, reduced roadway wear and tear, increased revenue for other modes of transportation such as transit and bikeshare, improved air quality, and improved health and life expectancy. A cash-out program will especially benefit low-income employees because a cash allowance would be larger in proportion to income and their low tax bracket means they will keep more of the benefit. Disabled employees and others who are not able to drive a car will also benefit from the option to choose cash in lieu of a parking subsidy.

California's Cash-Out Parking Law

Investing in a Sustainable Hawai'i

In 1992, California enacted legislation (AB 2109, KATZ) that requires employers with over 50 employees in certain air quality areas to offer employees the option to choose cash in lieu of any parking subsidy offered. A guide of the policy can be found at: https://www.arb.ca.gov/planning/tsaq/cashout/cashout_guide_0809.pdf

California's law applies to employee (public or private) parking that:

- Employ at least 50 persons (regardless of how many worksites);
- Have worksites in an air basin designated nonattainment for any state air quality standard;
- Subsidize employee parking that they don't own;
- Can calculate the out-of-pocket expense of the parking subsidies they provide; and
- Can reduce the number of parking spaces without penalty in any lease agreements.

A follow up report¹ by the California Environmental Protection Agency Air Resources Board in June 1998 measured the program's level of effectiveness by conducting eight case studies of employers who have complied with California's cash out requirement. One employer is a government agency, and the other seven are private firms, including three law firms, one accounting firm, one bank, one managed care medical provider, and one video post production company. They range in size from 120 to 300 employees, with a combined total of 1,694 employees. The price of parking at the worksites ranged from \$36 to \$165 a month.

The study found, "After cashing out, solo driving to work fell by 17 percent. Carpooling increased by 64 percent. Transit ridership increased by 50 percent. Walking and bicycling increased by 33 percent. Commuter parking demand fell by 11 percent. These mode shifts reduced total vehicle miles traveled for commuting by 12 percent, with a range from 5 to 24 percent for the eight firms."

Also, "The eight employers average commuting subsidy per employee increased from \$72 a month before complying with the cash-out requirement to \$74 a month after complying with the cash-out requirement. The employer's commuting subsidy declined by \$70 per employee per month at one firm, and increased by an average of \$13 per employee per month at the other seven firms, with a range from \$8 to \$33 more per employee per month. Employers praised the cash option for its simplicity and fairness, and said that it helped to recruit and retain employees."

Further, parking lots require valuable real estate and increased cost both for homeowners in residential and businesses in commercial areas. According to a report² published in the Journal of the American Planning Association, 14 percent of Los Angeles County's incorporated land is devoted to parking.

¹ Evaluating the effects of parking cash out: eight case studies – https://www.arb.ca.gov/research/single-project.php?row_id=55468

² Growth of Parking Infrastructure in Los Angeles – <http://www.transportationlca.org/losangelesparking/>

In addition to California, starting in 2014, Rhode Island also has a parking cash-out program for employers of 50 or more people who provides a parking subsidy to employers and who are located within 1/4 of a mile of a Rhode Island public transit service.

The Cost of Parking Lots

For Hawai'i, an excerpt from a 2013 Honolulu Magazine article noted that, in Honolulu, each individual stall in a structured parking lot is estimated to cost anywhere from \$20,000 to \$50,000 to build, and that doesn't include the cost of the land itself. Paul Kay, development director for Kamehameha Schools, predicts that, in the budding Kaka'ako area, "For a two-bedroom apartment with two stalls, parking will add \$40,000 to \$80,000 to the cost of that apartment. At Kamehameha's proposed specialty retail center in Kaka'ako known as Salt, Kay says parking will account for 28 percent of the total development costs. That being said, if you weren't paying for parking hourly, you'd be paying in higher prices in the stores. One way or another, someone is paying for that space. How do parking expenses rack up so quickly? Underground parking is prohibitively expensive because of Hawai'i's shallow water tables, so developers usually build vertically. And because new buildings tend to bump up against City & County of Honolulu height limitations to make the most of each property's acreage, each story of structured parking takes away from a condo's rentable space. The more parking you build, the more expensive the apartments above."³

Autonomous Vehicles

In the coming decades, it is expected that shared autonomous vehicles will become more prevalent. This is likely to reduce the need for personal vehicle ownership and could lead to a large reduction in demand for parking lots. Yet, parking structures, especially multi-level, can last decades. We should not continue to encourage the development of parking infrastructure that might often far outlast its usefulness, especially when space is valuable and finite.

Tax Implications

One aspect for consideration is that under a parking cash-out program, cash offered instead of parking is taxable as regular compensation, therefore the employer incurs payroll taxes on it and the employee incurs all regular income taxes on it. While this Legislature cannot change Federal tax policy, it should exempt a pre-set amount that is exempt from taxes to equate fair treatment. Note this is exempting compensation that the State currently does not collect so it should not fiscally impact the State, if structured appropriately.

A cash-out program can provide additional tax revenue. In making the choice between a parking subsidy or its cash value, commuters would have to consider that the cash is taxable, while the parking subsidy is not. When a commuter does voluntarily choose

³ Why is Honolulu Parking so Expensive?, Honolulu Magazine – <http://www.honolulumagazine.com/Honolulu-Magazine/February-2013/Parking-in-Paradise/Why-Is-Honolulu-Parking-so-Expensive/>



taxable cash rather than a tax-exempt parking subsidy, federal and state income tax revenues increase.

We should be supporting people to help lower their cost of living, not subsidizing parking.

As Hawai'i's energy issues become increasingly complex and challenging, we appreciate this committee's efforts to look at policies that support clean ground transportation.

Thank you for this opportunity to testify.

Respectfully,

Murray Clay
Managing Partner

LATE

SB-739

Submitted on: 2/11/2019 1:51:15 PM
Testimony for TRS on 2/11/2019 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Todd Boulanger	Testifying for Bikeshare Hawaii	Support	Yes

Comments:

Bikeshare Hawaii supports SB 739 and the adoption of a "parking cash-out" in state law. In my work on the continent I have long seen the importance of similar laws adopted decades ago. Removing this barrier is important to meeting the State's (and Counties) objectives for commuting, public health and the environment. It is also an issue of transportation equity.

Furthermore, I would strongly recommend the committee consider adding the following amendments:

- 1) that the affected businesses be lowered to "x" number (25) employees after 4 years of enactment and "y" number (10) after 10 years.
- 2) that any affected businesses that provide "free" or "no cost" parking for employees shall also provide a equitable parking cash out / commuter benefit for all nonparking employees.

From: [Chad Taniguchi](#)
To: [TRSTestimony](#)
Cc: [Daniel Alexander](#)
Subject: testimony on SB739
Date: Monday, February 11, 2019 3:44:10 PM



by Daniel Alexander, Co-Executive Director, Hawaii Bicycling League

In support of parking cash out for employees of companies where parking subsidies are provided to certain employees:

This would provide incentives to those who walk, bike, bus, and find other ways to go to and from work (other than by parking). Employers would even out the incentives for all employees and has been proven in California to **encourage** those who drive and park to possibly choose other means. This actually could benefit the employee, the employer, and our society by reducing greenhouse gases, reducing congestion, increasing street safety, encouraging more healthy ways of getting around, and saving money for the employees who choose alternative modes of transportation other than driving.

Imagine Safe Streets

Chad Taniguchi

Emeritus Director Hawaii Bicycling League

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Everyone has the right to be safe on Hawaii's roads.

[Mamalahoe Kanawai](#), Kamehameha's [Law of the Splintered Paddle](#) 1797, Hawaii constitution 1978