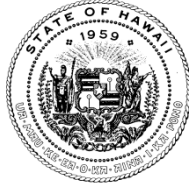


DAVID Y. IGE
GOVERNOR



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A.S. ARAKI-REGAN
DEREK J. CHOW
ROSS M. HIGASHI
EDWIN H. SNIFFEN

LATE

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

February 4, 2019
1:15 pm
State Capitol, Room 225

S.B. 1061
RELATING TO MOTOR VEHICLES

Senate Committee on Transportation

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

S.B. 1061 assess a \$10 importation fee of that would be paid to the Director of Finance of the county that the incoming vehicle will primarily be used and this revenue will be used for the disposal of abandoned vehicles pursuant to Hawaii Revised Statutes Chapter 290. Abandoned vehicles is an ongoing problem in Hawaii and this importation fee will provide additional resources to the counties to help address this issue.

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, Importation Fee

BILL NUMBER: SB 1061

INTRODUCED BY: L. THIELEN, J. KEOHOKALOLE, SHIMABUKURO, Baker

EXECUTIVE SUMMARY: Assesses a \$10 motor vehicle importation fee for each motor vehicle that is imported into the State, paid to the county that is the final destination of the vehicle. Provides that revenue from the motor vehicle importation fee shall be expended for the disposal of abandoned vehicles. As written, the bill may violate the Commerce Clause; however, the problem can be fixed by imposing the fee as a vehicle registration fee.

SYNOPSIS: Adds a new section to chapter 249, HRS, that would impose the described fee. Provides that the fees collected shall be expended in the county in which the fees are collected for disposal of abandoned vehicles.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: As currently drafted, the proposed fee appears to discriminate against interstate commerce because it is imposed on vehicles manufactured out of state and imported into the state, while it is not imposed on vehicles manufactured in the state. State laws discriminating against interstate commerce on their face are “virtually *per se* invalid” because they are contrary to the Commerce Clause of the U.S. Constitution, according to the U.S. Supreme Court. *Fulton Corp. v. Faulkner*, 516 U.S. 325 (1996); *Oregon Waste Systems, Inc. v. Department of Environmental Quality*, 511 U. S. 93 (1994); *Henneford v. Silas Mason Co.*, 300 U.S. 577 (1937).

If the Committee should decide to go forward with the concept, it may wish to consider instead increasing the State vehicle registration fee in HRS section 249-31, which applies to all new vehicles in a non-discriminatory fashion.

Digested 1/31/2019



John Uekawa, President
 Dave Roll, Executive Director

HADA TESTIMONY IN OPPOSITION
 TO SB1061
 RELATING TO MOTOR VEHICLES
 Presented to the Senate Committee on Transportation
 At the Public Hearing, 1:15 p.m. Monday, February 4, 2019
 Conference Room 225, Hawaii State Capitol

Chair Inouye, Vice Chair Harimoto and members of the committee:

This bill proposes to require \$10 for every vehicle that is imported into the state.

The bill lists no purpose.

It proposes a new tax.

The 33 owners (composed of 32 individual citizens of Hawaii and 1 publicly owned dealership group) collectively import 60,000 new vehicles.

Just for new vehicles imported these 32 individuals and the 1 public group would be required to pay \$600,000, which, on average, would be \$18,182 in tax—with no purpose stated for its use.

In the past, a similar \$10 tax amount on vehicles imported was designated to be used for abandoned vehicle disposal and provided to the counties.

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.

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 2017 Actual	FY 2018 Estimate	FY 2019 Estimated
Charges for Services			
Hwy Beautification Fees	\$ 4,604,069	\$ 4,634,530	\$ 4,634,530
Total - Charges for Services	\$ 4,604,069	\$ 4,634,530	\$ 4,634,530
Miscellaneous Revenues			
Vacation Accum Deposits	\$ 5,654	\$ 0	\$ 0
Total - Miscellaneous Revenues	\$ 5,654	\$ 0	\$ 0
Unreserved Fund Balance	\$ 9,896,560	\$ 10,304,277	\$ 7,708,934
Interfund Transfer	\$ (264,000)	\$ (355,700)	\$ (377,600)
Total - Highway Beautification Fund	\$ 14,242,283	\$ 14,583,107	\$ 11,965,864

Currently, the Honolulu City and County fund has an unreserved fund balance of \$7,708,934 Projected for FY2019.

This fund balance in Honolulu, alone, is 7 times the amount that would be brought in by the proposed tax—which is a tax that would apply not only to new imported vehicles, but to all vehicles, including rental car imports, which are used for a short time, and vehicles owned by individuals and family members while serving with the U.S. Armed Forces stationed here.

It is problematic to create additional tax programs which have administrative burdens on businesses and individuals, when no use is proposed, and a tax already exists for abandoned vehicle removal, if that is the purpose of this measure.

While we always remain open to listening to reasons for any proposed measure, we oppose SB1061, because of the lack of information provided and respectfully ask that the measure be held.

Respectfully submitted,

David H. Rolf

For the Members of the Hawaii Automobile Dealers Association