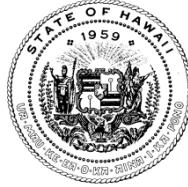


DAVID Y. IGE
GOVERNOR



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

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

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

January 29, 2020
1:00 p.m.
State Capitol, Room 225



S.B. 2123
RELATING TO MOTOR VEHICLES

Senate Committee on Transportation

The Department of Transportation offers **comments** on this bill.

There is already a revolving fund entitled, “the highway beautification and disposal of abandoned and derelict vehicles revolving fund” that was established in §286-51(b), HRS.

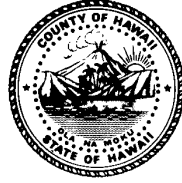
This fund was created for the counties to address each county’s abandoned and derelict vehicle problem. The counties have the authority to increase the rate up to a maximum of \$10. All amounts collected over \$2 must be used to defray the cost of the removal, storage, and disposal of abandoned or derelict vehicles.

The proposed additional annual tax of \$25 for the purpose of increasing the monies into the highway beautification fund does not seem necessary. If additional funding is needed for the abandoned or derelict vehicle problem, it seems that the maximum rate allowed for the highway beautification fund should be amended.

Thank you for the opportunity to provide testimony.

Harry Kim
Mayor

Roy Takemoto
Managing Director



William A. Kucharski
Director

Diane A. Noda
Deputy Director

County of Hawai'i

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

345 Kekūanāo'a Street, Suite 41 · Hilo, Hawai'i 96720

Ph: (808) 961-8083 · Fax: (808) 961-8086

Email: cohdem@hawaiicounty.gov

27 January 2020

Senator Lorraine R. Inouye
Senate Committee on Transportation
Hawai'i State Legislature
415 South Beretania Street
Honolulu, Hawai'i 96813

Re: SB 2123 Comments

Hearing: January 29, 2020

Time: 1:00 p.m.

Dear Senator Inouye and Members of the Committee on Transportation:

SB 2123 RELATING TO MOTOR VEHICLES would establish a State of Hawaii wide Vehicle Registration fee surcharge of \$25 which would be deposited into "...the highway beautification and disposal of abandoned or derelict vehicles revolving fund of the county...".

The County of Hawaii (COH) currently has an established vehicle registration fee of \$12.00 a year dedicated to a Vehicle Disposal Fund and a separate \$1.00 vehicle registration fee for highway beautification. There are sufficient funds, at \$12.00 per registered vehicle, to cover the expenses associated with AV removal and disposal.

If the proposed legislation would allow a County to collect up to the \$25.00 tax per registered vehicle and allocate the collected funds as that County decided, e.g., between an abandoned vehicle and/or beautification program, SB2123 would be more useful to us. In addition, if each County were allowed to create an anti-litter program with a portion of the collected taxes, SB2123 would serve as a solution to an even bigger problem, that being litter throughout our State, including on our highways.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "W. A. Kucharski". The signature is fluid and cursive, with the first name "William" being the most prominent part.

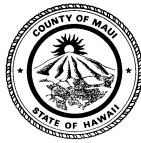
William A. Kucharski
Director

Council Chair
Alice L. Lee

Vice-Chair
Keani N.W. Rawlins-Fernandez

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
Riki Hokama
Kelly Takaya King
Michael J. Molina
Tamara Paltin
Shane M. Sinenci
Yuki Lei K. Sugimura



Director of Council Services
Traci N. T. Fujita, Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

January 28, 2020

TO: Honorable Chair Inouye, Vice Chair Harimoto and
Members of the Committee

FROM: Yuki Lei K. Sugimura
Councilmember, Upcountry Maui

DATE: January 29, 2020

SUBJECT: **SB 2123 RELATING TO MOTOR VEHICLES**

I agree with the intent of SB2123 and provide the following recommendations.

Abandoned vehicles continue to blight our communities despite the many measures that have passed over the years. The County bears the burden of towing the abandoned vehicles to the disposal facility.

Act 269 establishing fees associated with abandoned vehicles was passed in 2007. Costs have risen significantly, and the monetary limits set into law in HRS 286-51 are no longer adequate. Following the intent of this measure to provide fees for disposal of abandoned vehicles, an amendment to HRS 286-51 to increase fees allowed by ordinance is suggested.

HRS286-51 Registration, expense

(b)(2) To defray the additional cost in the disposition and other related activities of abandoned or derelict vehicles as prescribed in chapter 290. For the purposes of this paragraph, other related activities shall include but need not be limited to any and all storage fees that are

January 28, 2020

Page 2

negotiated between each county and a towing company contracted by the county to remove and dispose of abandoned or derelict vehicles.

The \$2 fee established pursuant to this subsection for certificates of registration for motor vehicles ~~other than U-drive motor vehicles~~ may be increased by ordinance. ~~up to a maximum of \$10~~; provided that all amounts received from any fee increase over \$2 shall be expended only for the purpose of paragraph (2). The moneys so assessed and collected shall be placed in a revolving fund entitled, “ the highway beautification and disposal of abandoned or derelict vehicles revolving fund”

I respectfully request your **support of this measure with the above amendment.** Thank you for this opportunity to provide my views on this matter.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MOTOR VEHICLE, New Vehicle Registration Tax

BILL NUMBER: SB 2123

INTRODUCED BY: KOUCHI by request

EXECUTIVE SUMMARY: Establishes a motor vehicle registration tax to fund the disposal of abandoned vehicles.

SYNOPSIS: Amends section 249, HRS, to impose a \$25 annual tax per vehicle in addition to any existing taxes and fees.

Adds a new section to chapter 249, HRS, directing the revenue from this new tax to the highway beautification and disposal of abandoned or derelict vehicles revolving fund of the county in which the tax is collected and providing that it shall be expended in that county for the purpose of removing abandoned vehicles.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: The motor vehicle weight tax and registration fees are user charges designed to recover the cost of construction and maintenance of Hawaii's highway system. It should be remembered that all motorists use the state highways and should, therefore, lend a hand in paying for good and safe roads.

The new annual tax sought here is a flat rate on all vehicles, and therefore leaves the counties, which are supposed to be the ultimate recipients of this money, no flexibility to address the problem according to the needs of their constituencies. The bill is part of the Hawaii Council of Mayors package, and could be seen as an attempt to shift the problem of abandoned vehicles to the State.

The Committee may instead want to consider giving the counties power to set the any amount by ordinance, so they may be properly answerable to their respective constituencies; or may consider scrapping the new tax so that the counties may address the issue through the other revenue generation mechanisms they have at their disposal, primarily real property tax.

Digested 1/24/2020



SanHi

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: January 28, 2020

TO: Senator Lorraine Inouye
Chair, Committee on Transportation
Submitted Via Capitol Website

FROM: Matt Tsujimura

RE: **S.B. 2123 Relating to Motor Vehicles**
Hearing Date: Wednesday, January 29, 2020, 1:00 p.m.
Conference Room: 225

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

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

Enterprise **submits comments** on S.B. 2123, which establishes a motor vehicle registration tax to fund the disposal of abandoned vehicles. While Enterprise believes it is good public policy to deter individuals from abandoning vehicles on public streets and highways, Enterprise is concerned about the application of the S.B. 2123 within the context of the rental car industry.

Hawaii Revised Statutes § 286-51 imposes a fee for motor vehicle registrations to be used only for “beautification and other related activities of highways under the ownership, control, and jurisdiction of each county; and to defray the additional cost in the disposition and other related activities of abandoned or derelict vehicles.” As there is already a fee assessed, S.B. 2123 would be duplicative of HRS § 286-51.

Thank you for the opportunity to submit this testimony.



John Uekawa, President
Dave Rolf, Executive Director

HADA Testimony in OPPOSITION to SB2123
RELATING TO MOTOR VEHICLES
Presented to the Senate Committee On Transportation
at the Public Hearing 1 p.m., Wednesday, January 29, 2020
in Room 225 Hawaii State Capitol

by David H. Rolf for members of the Hawaii Automobile Dealers Association,
Hawaii's franchised new car dealers, who provide sales, warranty work and other factory-certified maintenance service for Hawaii's privately-owned and fleet-owned cars and light trucks

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

For some Hawaii counties this bill has the effect of taxing twice for abandoned vehicle removal.

Hawaii dealers support sustaining the beauty of our islands through fees like the Hawaii Beautification Fee, which the State authorizes all counties to charge as part of motor vehicle registration fees. Under authority granted to counties by the State in HRS286-51(b) a county may charge up to \$10 for the Highway Beautification Fee. Any amount exceeding \$2 shall be available for addressing disposal of abandoned vehicles. In the City and County of Honolulu, the fund has grown to over \$7.7 million (reserve fund balance). See chart below for Fiscal Year 2019:

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 |

HADA Testimony in OPPOSITION to SB2123

Counties are authorized to charge up to \$10 for this fee. Maui currently charges the maximum. Here are the fees charged by each county:

| | |
|-----------------------------|---------------------------------|
| Hawaii County | \$1 Highway Beautification Fee |
| City and County of Honolulu | \$7 Highway Beautification Fee |
| Maui County | \$10 Highway Beautification Fee |
| Kauai County | \$ 5 Highway Beautification Fee |

This bill proposes to increase the opportunity for counties to increase the fee to \$25 per vehicle. If the funds currently collected in some counties are adequate for the needs of the county for abandoned vehicle disposal, then authorizing additional funds seems unnecessary and even creates the possibility of taxing twice. All counties except for Maui, which is already at the maximum authorized, have the authority in place now, granted by the State, to increase their beautification fee, if they have unmet needs.

HADA applauds Maui's mayor for his comments, quoted in a recent magazine article.

“I don't think we need more new laws and we don't need more new taxes,” Maui Mayor Mike Victorino said. “But using the funds that we have available — I know we have beautification funds that we can utilize.”

HADA dealers respectfully ask the committee to defer SB2123

Respectfully submitted,
David H. Rolf
For the Members of the Hawaii Automobile Dealers Association