

STAND. COM. REP. NO.

270

Honolulu, Hawaii

FEB 17 , 2021

RE: H.B. No. 510
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred H.B. No. 510 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish a vehicle registration fee tax credit for individuals who are eligible for a refundable food/excise tax credit greater than \$0.

Your Committee received testimony in support of this measure from the Department of Transportation. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that Hawaii is one of only 13 states that collect an annual vehicle registration tax based on the weight of a vehicle. This means the registration fee for an expensive luxury vehicle could potentially be less than a cheaper vehicle, simply because the luxury vehicle weighs less. In addition, taxpayers are required to pay an additional weight tax to their respective county. Your Committee further finds that taxes and fees associated with vehicles are not based on equity, like the income tax. As a result, low- and middle-income residents are required to pay a larger share of their income to those taxes and fees compared to high-income residents. This

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measure would provide equity for certain residents by offsetting a portion of the registration fee with a vehicle registration tax credit.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 510, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 510, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Transportation,



HENRY J.C. AQUINO, Chair



