

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



LATE

TESTIMONY BY:
EDWIN H. SNIFFEN
DIRECTOR
KA LUNA HO'OKELE

Deputy Directors
Nā Hope Luna Ho'okele
DREANALEE K. KALILI
TAMMY L. LEE
ROBIN K. SHISHIDO

STATE OF HAWAI'I | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 6, 2024
3:00 p.m.
State Capitol, Conference Room 224 & Videoconference

S.B. 3022
RELATING TO TRANSPORTATION

Senate Committee on Transportation and Culture and the Arts and Senate Committee
on Commerce and Consumer Protection

The Hawaii Department of Transportation (HDOT) **supports** this bill.

The bill proposes to establish a ridesharing fee of 25 cents on each ride and deposits the fees into the State Highway fund to be used on infrastructure enhancements.

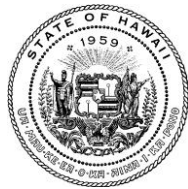
Additional revenue increases to the State Highway Fund for infrastructure enhancements will be beneficial in the following ways:

- Provide state matching funds for highways federal-aid projects. The normal federal share for projects on the interstate system is 90% and for other eligible roadways is 80%.
- Additional source of pledged revenues for the Highways Revenue Bonds that fund CIP projects. The additional source of funding may have a positive impact on Highways Bond ratings.
- Provide HDOT Highways the ability to fund additional projects.

Thank you for the opportunity to provide testimony.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

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**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 3022, Relating to Transportation.

BEFORE THE:

Senate Committees on Transportation and Culture and the Arts
and Commerce and Consumer Protection

DATE: Tuesday, February 06, 2024

TIME: 3:00 p.m.

LOCATION: State Capitol, Room 224

Chairs Lee and Keohokalole, Vice-Chairs Inouye and Fukunaga, and Members of the Committees:

The Department of Taxation ("Department") offers the following comments regarding S.B. 3022 for your consideration.

S.B. 3022 adds a new section to chapter 279G, Hawaii Revised Statutes (HRS), levying and assessing a twenty-five cent fee on each ride originated through a rideshare application. The rideshare platform would be charged with collecting the fee and remitting it to the Department; the collected funds would be deposited into the State Highway Fund. The measure is effective upon approval.

The Department notes that, pursuant to section 231-3, HRS, the Department is responsible for the collection and administration of taxes imposed under title 14, HRS; title 15, HRS, falls outside of the Department's scope, powers, and duties. The Department further notes that all of its enforcement tools, such as its authority to conduct audits, issue subpoenas, and impose penalties, apply to taxes imposed under title 14, HRS.

Accordingly, if the intent is for the Department of Taxation to administer and collect a new tax, as opposed to a fee, from rideshare platforms, the Department

suggests creating new provisions within title 14, HRS. The Department also notes that administrative provisions will be needed, such as provisions that require registration with the Department, require the filing of returns and remittance of taxes, authorize the Department to issue assessments, provide appeal rights, require recordkeeping, and prohibit the disclosure of return information.

The Department further notes that "rideshare" is defined in section 279G-1, HRS, as "transportation of persons in a motor vehicle where the transportation is incidental to another purpose of the driver" and "includes ridesharing arrangements known as carpools, vanpools, and buspools." If the intent of the bill is to apply to entities that use a platform to connect passengers to drivers, the Department suggests using the term "transportation network company" and adopting the definition in section 431:10C-701, HRS, which provides:

"Transportation network company" means an entity that uses a digital network or software application service to connect passengers to transportation network company drivers; provided that the entity:

- (1) Does not own, control, operate, or manage the personal vehicles used by transportation network company drivers;
and
- (2) Is not a taxicab association or a for-hire vehicle owner.

Finally, the Department requests that the effective date of this measure be amended to January 1, 2026, as the Department will need time to plan for and create a new tax type with new registration requirements and forms. The Department will also need time to make the necessary system changes.

Thank you for the opportunity to provide comments on this measure.



Testimony of the Oahu Metropolitan Planning Organization

Committee on Transportation and Culture and the Arts

Committee on Commerce and Consumer Protection

February 6, 2024 at 3:00PM

Conference Room 224

SB 3022

Relating to Transportation

Dear Chairs Lee and Keohokalole, Vice Chairs Inouye and Fukunaga, and Committee Members,

The Oahu Metropolitan Planning Organization (OahuMPO) supports SB 3022 and offers recommendations to improve the bill, which would establish a ridesharing fee and deposit taxes collected into the State Highway Fund.

As written, this bill broadly supports some of the goals in the Oahu Regional Transportation Plan (ORTP).¹ Establishing a rideshare fee to be deposited in the State Highway fund will help to support Goal #5 in the ORTP, "Preserve and maintain the transportation system" and potentially support congestion mitigation by providing a financial disincentive for more trips made via vehicles, which supports Goal #6, "Support a reliable and efficient transportation system" and Goal #7 "Improve air quality and protect environmental and cultural assets".

The OahuMPO would like to offer the following recommendations to the bill to help meet more of the goals listed in the ORTP, including goals to support safety, active and public transportation, and equity:

1. Consider specifying that the rideshare fee may only be used to fund transportation projects that promote safety and accessibility for people walking, rolling, biking, or using transit.

In November 2019, San Francisco voters approved a tax on rides provided by commercial ride-hail companies (e.g. Uber, Lyft), private transit services, and autonomous vehicles to support transit and safer streets.² Half of the revenue goes to the San Francisco Municipal Transportation Agency (SFMTA) for transit improvements.³ The Transportation Authority administers the other half of the funds for street safety improvements.⁴

¹ https://oahumpo.org/?wpfb_dl=2215

² [TNC Tax | SFCTA](#)

³ IBID.

⁴ IBID.

Eligible expenses for the Transportation Authority's portion of the funds include capital improvements projects that improve pedestrian safety, bicycle safety, traffic calming, and traffic signal upgrades and re-timing.⁵ On April 25, 2023, the Transportation Authority Board adopted the TNC Tax Program Guidelines and programmed \$21.3 million in TNC revenues expected to be collected through Fiscal Year 2023/24 to SFMTA's FY23 Vision Zero Quick-Build program, FY24 Vision Zero Quick-Build program, FY24 Application-Based Residential Traffic Calming Program and FY24 & FY25 Application-Based Residential Traffic Calming Program (New Rolling Program).⁶

The tax imposes a 3.25% surcharge on all individual rides and a 1.5% surcharge on shared rides that originate in San Francisco. Trips are taxed for the portion of the ride that happens in San Francisco. Rides in electric vehicles are taxed at 1.5% for five years, regardless of whether they are individual or shared, to encourage adoption of electric vehicles. Future autonomous vehicle Transportation Network Company services will also be subject to the tax, which will be in effect for 25 years.

Please consider modeling the new rideshare fee after the one implemented in San Francisco to help improve safety for people walking, rolling, and biking, support a more effective public transportation network, and therefore promote a more equitable transportation system. This in turn will help to address transportation costs and help the State meet its climate and energy goals.

2. Consider specifying that rideshare fees may go to the Counties to support transit operations

Funding transit operations continues to be difficult for the Counties, particularly since the start of the COVID-19 pandemic. Additionally, transit operations are not an eligible expense for the majority of federal funding Hawaii receives. The State legislature does not currently provide funding to the Counties to support transit operations, but there is precedent from other states that have identified transit operations as a priority.

Some examples of other State's budgets that include funding for their transit systems include:

1. California's FY 2023-2024 State budget provided \$5.1 billion in transit funding.⁷
2. New York's FY 2023-2024 State budget provided \$300 million in one-time state aid for the Metropolitan Transportation Agency, \$65 million to reduce a proposed fare increase from 5.5% to 4%, \$35 million to expand subway service frequency enhancements, and \$15 million to fund a zero-fare bus pilot program that will provide each of the five New York City boroughs with a free bus route.⁸ This is being funded by

⁵ IBID.

⁶ <https://www.sfcta.org/sites/default/files/2023-04/Attachment%201%20TNC%20Tax%20Program%20Guidelines%20Draft%20Final.pdf>

⁷ [With Public Transit on the Brink, Some States Prepare to Boost Funding \(governing.com\)](#)

⁸ [Speaker's Press Releases | New York State Assembly \(nyassembly.gov\)](#)

adjusting the Payroll Mobility Tax for the largest businesses within New York City to 0.6%, which they estimate will generate \$1.1 billion in revenue.⁹

3. Massachusetts' Massachusetts Bay Transportation Authority (MBTA) received \$186 million from the State's new tax on millionaires.¹⁰ Governor Healy has proposed increasing the State's total support for the MBTA by more than \$300 million.¹¹
4. Governor Shapiro of Pennsylvania announced a plan to increase the share of the state sales tax that is dedicated to transit, estimating a \$282 million increase in funding for transit systems next year.¹²

With the State's pressing cost of living challenges, including transportation costs, both public and private, as well as our climate and energy crises, it is vital that the State prioritize funding to improve the safety of people walking, rolling, biking, and using transit, as well as make those choices more desirable by improving infrastructure and the frequency of transit services.

The OahuMPO is the federally designated Metropolitan Planning Organization (MPO) on the island of Oahu responsible for carrying out a multimodal transportation planning process, including the development of a long-range (25-year horizon) metropolitan transportation plan, referred to as the Oahu Regional Transportation Plan (ORTP) that encourages and promotes a safe and efficient transportation system to serve the mobility needs of people and freight (including walkways, bicycles, and transit), fosters economic growth and development, and takes into consideration resiliency needs, while minimizing fuel consumption and air pollution ([23 CFR 450.300](#)).

Thank you for the opportunity to provide testimony on this measure.

⁹ IBID.

¹⁰ <https://www.governing.com/transportation/what-the-new-wealth-tax-in-massachusetts-is-paying-for>

¹¹ [With Public Transit on the Brink, Some States Prepare to Boost Funding \(governing.com\)](#)

¹² <https://www.governor.pa.gov/newsroom/governor-shapiro-to-propose-major-increase-in-state-funding-for-public-transit-in-2024-25-budget/>

SB3022 (2024) relating to Transportation

Hearing: Feb 6th @ 3 pm in Cf Rm 224 & Videocf

Introducer: Senator Chris Lee

Subject: To assess passengers a \$0.25 fee on each ride originated through a "rideshare" application or website.

Testimony of Dale Evans, CEO, AllWays Charley's Taxi

Charley's Taxi is Hawaii's oldest passenger ground transportation company established in 1938. We utilize state-of-the-art technology that include Apps and websites to optimize customer satisfaction and safety.

We question the intent applicability of SB 3022 (2024):

1. What is the bill's definition of "rideshare"? Calling TNCs "Ride share" is a misnomer since not all TNC and Taxi rides are shared.
2. HDOT and CSD collect no information from Taxicab and TNCs as to their drivers and vehicles.
3. How many TNC trips are generated on Oahu and neighbor islands to know how much this tax will generate to underwrite "infrastructure" maintenance cost
4. Are taxicabs that use Apps and websites to connect passenger trips with providers (drivers/vehicles) to be included as "rideshare" services since taxicabs provide shared ride services on a regular basis?
5. How is this consistent with state transportation policy in ROH 46-16-5 (2011)?


This bill is unwarranted for many reasons.

- Honolulu's taxicab industry in crisis. The local taxi fleet approximates 20-25% of the 2017 fleet. **See attached chart.**
- The shortage of taxis is exacerbated because Hawaii DOT's Airports Division and Honolulu County's Customer Services Division refuse to investigate and prosecute TNCs violation of laws that clearly prohibit TNCs to use taxicabs, limousines and for hire vehicles. (HRS 431:10C-701 (2016) and Act 57 (2022) HB 1681 HD2 SD1. Consequently, most taxicab drivers have either left to become TNCs or continue to operate as TNC/Taxis, joining up with TNCs Uber and Lyft, using taxi meter rates when TNCs are low-balling and switching to TNC rates when TNCs are surge pricing 1.75-300% on a daily basis. **See attached photo.**
- ROH 46-16-5 (2011) Public passenger vehicle regulation deems privately operated *demand-responsive* public passenger vehicle services as beneficial for the people and persons who travel to the State for business or tourist purposes. SB3022 bill undermines the intent of state policy to also promote shared rides.
- Adding another on over-taxes residents and visitors is anti-consumer and unacceptable.

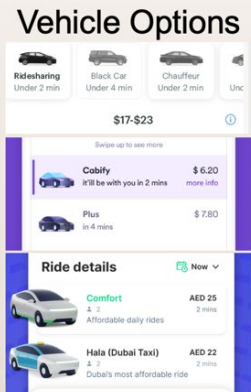
- Apps and websites are commonly used by Taxicabs to match riders with drivers. Taxi companies' Apps outnumber TNC apps. **(See Attach photo of Taxi App software matching trips between riders and drivers.)**
- "Taxi App": a software-based taxi hail and or dispatch system. TNC apps are considered Taxi-Apps. (see attached examples of Taxi Apps)
- Unlike Boston and other places that actually collect data, the City & County of Honolulu, Customer Service Department and Hawaii DOT Airports Division don't have basic statistics to know how many TNCs and Taxicabs operate on the various islands, how many trips are provided by TNCs and Taxicabs.
- [Hawaii's State Data Book Section 18.22](#) shows no fleet data for Taxicabs and TNCs, although data is regularly reported for transit, motorcoach, car rental, motorbikes, etc.
- Local operators should be granted the same freedom and independence enacted for crony capitalists TNCs – to compete on a level playing field.
- Transportation laws need to be modernized. Transportation laws date back to the 1890s, 1954 and 1961. These obsolete laws are meaningless and prevent innovation and competition.

Respectfully submitted,
Dale Evans





Taxi Apps Around the World



CABIFY	GETT
CAREEM	CHAUFFEUR
BLACKLANE	GET-E
OLA	SMARTRYDE
DIDI	UBER
GRAB	LYFT





Vehicle Options

-  Ridesharing Under 2 min
-  Black Car Under 4 min
-  Chauffeur Under 2 min
-  Unclear


\$17-\$23


Swipe up to see more

 **Cobify** \$ 6.20
It'll be with you in 2 mins [more info](#)

 **Plus** \$ 7.80
in 4 mins

Ride details Now ▾

 **Comfort** AED 25
2 mins
Affordable daily rides

 **Hala (Dubai Taxi)** AED 22
2 mins
Dubai's most affordable ride

Serving Apps in Many Countries

Charley's Taxi
BUSINESS VANS & BUVY
The way to go.

SmartRyde: 150 countries, 700 airports, 650 taxi companies

Get-e: 110 countries, 900 airports

get-e
Ground transportation solutions for your business

- BUSINESS TRAVEL**
A "one-stop" solution that provides quality taxi and transfers
- AIRLINE CREW**
Simplified solution for airline crew transportation
- ASSISTANCE**
Global transfer solution for doctors, medical escorts and patients

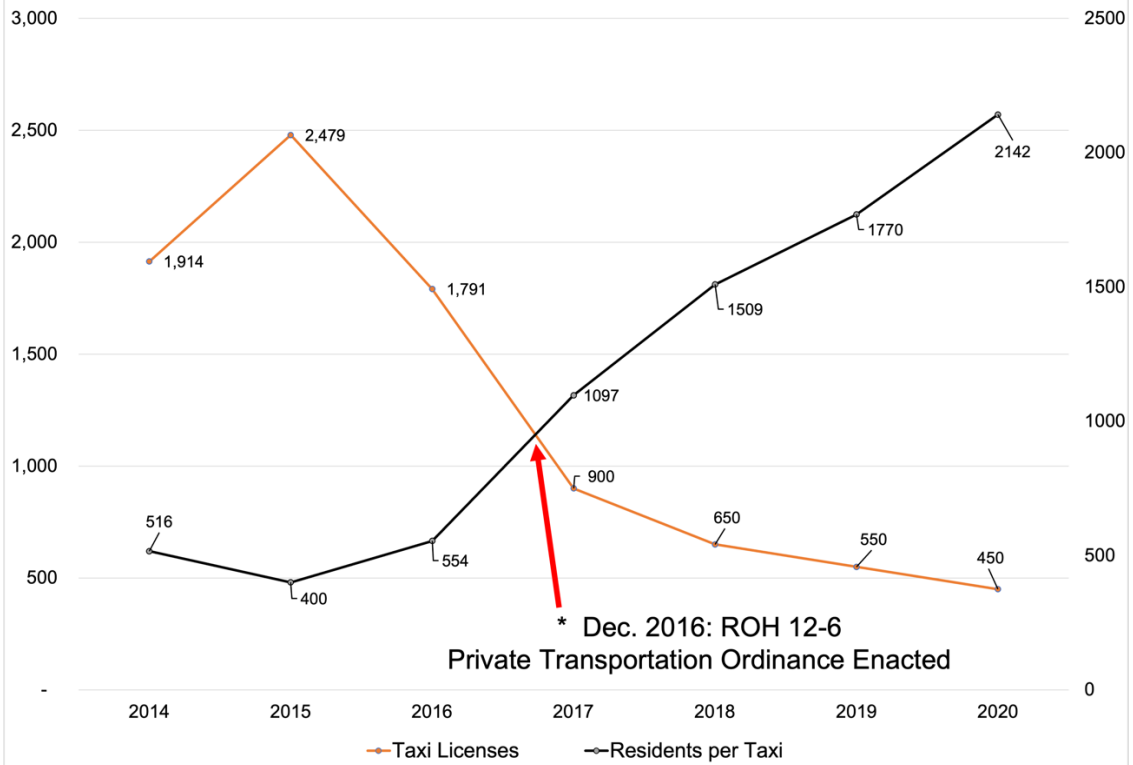
SmartRyde

- 150**
Number of countries where we are available
- 100**
Number of travel agency partners
- 300**
Affiliated Taxi Hire Companies

Uber is in only 72 countries



Honolulu Taxi Licenses & Residents per Taxi



Population source: <https://files.hawaii.gov/dbedt/economic/databook/2020-individual/01/010620.pdf>
Taxi license source 2014-2016: <https://files.hawaii.gov/dbedt/economic/databook/db2016/section18.pdf>
Taxi license source 2017-2020: Independent research into Oahu's taxi industry

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, New Fee on Ridesharing Arrangements

BILL NUMBER: SB 3022

INTRODUCED BY: LEE

EXECUTIVE SUMMARY: Establishes a ridesharing fee. Fees collected are to be deposited into the State Highway Fund.

SYNOPSIS: Adds a new section to Chapter 279G, HRS, to impose a rideshare fee of twenty-five cents on each ride originated through a rideshare application. The fee will be levied upon the rider.

The rideshare platform shall collect and remit fees to the department of taxation for deposit in the state highway fund.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: Section 243-6, HRS, provides generally that fuel taxes, both at the state and county levels, are deposited into the highway fund. The highway fund generally funds construction and improvements to our highways and byways.

The proposal asserts that with the increase in ridesharing services and resulting road usage, fees are needed to fund road infrastructure. One would think that if there is an increase in ridesharing services, unless electric vehicles are being used, there would be a related increase in fuel usage and fuel taxes available to fund infrastructure. If electric vehicles are being used, they are subject to an enhanced \$50 registration fee or a road usage charge, which would make up for the lack of fuel taxes contributed to the highway fund.

Consequently, the fee as drafted appears to be an attempt to milk tourists even more.

We are also concerned about reporting and compliance. While the bill indicates the rideshare platform shall remit the fee to the DOT, there is no indication who will be responsible for compliance and enforcement. If this bill is to move forward, more serious thought should be given to reporting and compliance issues, as well as delineating responsibilities for its enforcement.

Digested: 2/3/2024

**TESTIMONY OF ROBERT TOYOFUKU ON BEHALF UBER TECHNOLOGIES
REGARDING S.B. NO. 3022 RELATING TO TRANSPORTATION**

February 6, 2024

To: Chairman Chris Lee and Members of the Senate Committee on Transportation and Chairman Jarrett Keohokalole and Members of the Senate Committee on Commerce and Consumer Protection:

My name is Bob Toyofuku and I am presenting this testimony on behalf of Uber Technologies (hereinafter “Uber”) regarding S.B. No. 3022.

Uber has been operating as a Transportation Network Company (TNC) in Hawaii for several years, and this legislature passed a statewide TNC regulation bill in 2022 allowing a TNC such as Uber to operate in the State of Hawaii. The Department of Transportation (“DOT”) has the authority to oversee the regulation of TNCs.

Uber has some concerns with this bill. Uber and other TNCs make an effort to keep the cost of a ride as reasonable as possible and this bill will definitely increase the fare to the rider. Secondly, if a fee is being charged to the rider, should the fee be assessed to all transportation companies which transport people; that is, taxi companies, limousine companies, and other similar tour related companies? Because the fee is being designated for funding infrastructure and to be used for the maintenance and safety of the roads and highways, would it not be more equitable that all transportation related organizations assume this obligation equally?

Thank you for giving me the opportunity to provide testimony on behalf of Uber and I will be happy to answer any questions.



Email: communications@ulupono.com

SENATE COMMITTEES ON TRANSPORTATION & CULTURE & THE ARTS AND COMMERCE &
CONSUMER PROTECTION

Tuesday, February 6, 2024 — 3:00 p.m.

Ulupono Initiative supports SB 3022, Relating to Transportation.

Dear Chair Lee, Chair Keohokalole, and Members of the Committees:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy and clean transportation choices, and better management of freshwater resources.

Ulupono supports SB 3022, which establishes a ridesharing fee and deposits taxes collected into the State Highway Fund.

Ridesharing services provide an important option for residents in our communities. However, there is a common misconception that ridesharing just replaces one vehicle trip for another. It turns out that ridesharing services also log many miles of driving in which a driver has no passenger—commonly called “deadheading.” A comprehensive 2021 study of more than 44 cities concluded that ridesharing in urban areas resulted in a 0.9% increase in traffic and that congestion duration increased by 4.5%.¹ More trips and extraneous driving leads to more traffic, congestion, and crashes, making our neighborhoods less safe.

Therefore, we recommend that this money be dedicated specifically to safety projects that help offset these impacts in neighborhoods.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

¹ <https://www.nature.com/articles/s41893-020-00678-z>

SB-3022

Submitted on: 2/5/2024 7:18:35 AM

Testimony for TCA on 2/6/2024 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Michael Ferreira	Individual	Oppose	Written Testimony Only

Comments:

Aloha,

This bill makes no sense. Whether people hire a rideshare operator who is a small business or not, they are still going to travel by car to get to where they need to go. With the expansive Increases of Vehicle registrations, this is supposed to maintain our roads and daily it is seen as that money is not fixing our roads and an additional tax will not accomplish this either. This tax would also include those who pay to commute with other riders and actually TAKE cars off the road and the subsequent wear and tear. This Bill should not be passed. It is just another tax where one is not needed.

Michael Ferreira

Makakilo

Aloha Chairs Lee and Keohokalole, Vice Chairs Inouye and Fukunaga, and Committee Members,

My name is Kiana Otsuka, and I am a Transportation Planner whose expertise is in walk, roll, bike, and transit. I am writing in **strong support of SB 3022 and offer recommendations to improve the bill**, which would establish a ridesharing fee and deposit taxes collected into the State Highway Fund.

I am excited to see the Committees consider this bill, as this will provide an important revenue source to fund transportation projects. I would however like to recommend that the bill specifies what kind of transportation projects the revenue can fund. I would recommend the following revisions to the bill:

1. **Specify that the rideshare fee may only be used on transportation projects that promote safety for people walking, rolling, and biking, as well as those that support transit.**

I would like to see the revenue generated from this fee specifically fund improvements to pedestrian, bicycle, and transit infrastructure. We can model the fee structure after San Francisco, which allocates half their rideshare fees to transit improvements and the other half to projects that improve pedestrian safety, bicycle safety, and traffic calming.

2. **Specify that the rideshare fees may go to the Counties to support transit operations.**

I recently sat in on the Honolulu Rate Commission, which provides recommendations to the City Department Transportation Services, City Council, and Mayor on fares for TheBus and Handi-Van. During the meeting, the Commission was discussing how to address revenue shortfalls, and the two primary solutions being discussed were (1) Service and route cuts and (2) Increasing transit fares. If the State could establish a funding source to help the Counties pay for transit operations, we could avoid routes and service cuts and/or fare increases. This is particularly important, as bus riders are often low-income and about 20% have no other option to get to where they need to go.¹

I had the privilege of attending the National Association of City Transportation Officials conference last year, and one of the panels I sat in on was related to state legislature and DOT coordination, funding, and implementation of transportation projects to address our climate crisis. During that panel, a state legislator from Colorado shared that they appropriate funding for the Counties transit operations' budgets and their State DOT funds and constructs transit projects, such as bus-only lanes and bus rapid transit.

In order for the State to meet its climate and energy goals, ground transportation emissions must be reduced. Providing safer and more convenient access to walk, roll, bike, and transit options is key, and thus funding for projects to make these improvements. Particularly, we know that reducing travel time by public transit is key to shifting behavior change, therefore increasing

¹ [Draft_TV1_Program_Report_Jan_2022.pdf \(honolulu.gov\)](#)

the frequency of public transit and transit operations budgets are vital. When people have safer and more convenient access to active and shared transportation options we also see improvements in other key areas such as equity, public health, quality of life, and reduced transportation costs.

Thank you for the opportunity to provide testimony and offer suggestions to improve the bill.

Mahalo,

Kiana Otsuka