

HB-2673-HD-2

Submitted on: 3/11/2024 10:12:54 AM

Testimony for TCA on 3/12/2024 3:05:00 PM

Submitted By	Organization	Testifier Position	Testify
Matt Kaneali`i-Kleinfelder	Testifying for Hawai'i County Council District 5	Support	Remotely Via Zoom

Comments:

I am submitting written testimony in support of this measure.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, FUEL, Allow county revenues to repair private roadways used by the public

BILL NUMBER: HB 2673 HD 2

INTRODUCED BY: House Committee on Finance

EXECUTIVE SUMMARY: Permits the counties to use county surcharge revenues for maintenance of private roadways that are open to the public. Requires the counties to use fuel taxes for reconstruction, improvement, repair, and maintenance of private roads that are open to the public.

SYNOPSIS: Amends section 46-16.8(f) (1) to allow counties with population greater than 500,000 to use the county surcharge for public roads or highways.

Amends section 46-16.8(h), HRS, to allow counties, regardless of population size to use county surcharge revenue for the maintenance, including flood mitigation, of private roadways that are open to and used by the public.

Amends section 243-6, HRS, to allow fuel taxes deposited in county highway funds to be used for reconstruction, improvement, repair, and maintenance, including flood mitigation, of private roadways that are open to and used by the public.

Makes additional technical and conforming amendments.

EFFECTIVE DATE: July 1, 3000.

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 Highway Fund is needed under federal law to demonstrate the state's expenditures for transportation infrastructure, which is a requirement to get federal aid for highway construction.

The county surcharge on the General Excise Tax is used in the City & County of Honolulu to support its rail mass transit project. The law creating the county surcharge for the other counties allowed those counties to use the surcharge funds for transportation infrastructure.

It appears that the proposed additional use of highway funds and transportation-related county surcharge revenue is within the spirit of the law. The fuel tax disposition statute, HRS section 243-6, already contains language stating that no expenditures shall be made if they would jeopardize federal aid for highway construction.

We do recommend, however, that the proviso at the end of current subsection (g) be clarified. As currently phrased, Maui County, which is the only county to adopt the surcharge after 2022,

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is only supposed to use the surcharge revenues for housing infrastructure. If the intent is for this bill to allow Maui to use it on transportation infrastructure as well, the proviso at the end of subsection (g) needs to be amended to permit such a use.

Digested: 2/21/2024