



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

235 South Beretania Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone:
Web:

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARK B. GLICK
CHIEF ENERGY OFFICER

(808) 451-6648
energy.hawaii.gov

Testimony of
MARK B. GLICK, Chief Energy Officer

before the
HOUSE COMMITTEE ON TRANSPORTATION

Tuesday, March 12, 2024
10:30 AM
State Capitol, Conference Room 312 and Videoconference

In Support of
SB 3022, SD2

RELATING TO TRANSPORTATION.

Chair Todd, Vice Chair Kila, and members of the Committee, the Hawai'i State Energy Office (HSEO) supports SB 3022, SD2, that establishes a transportation network company fee and deposits fees collected into the Safe Routes to School Program Special Fund.

HSEO's testimony is guided by its mission pursuant to HRS §196-71 to promote energy efficiency, renewable energy, and clean transportation, and HRS §196-72 (7) to "evaluate, recommend, and participate in the development of incentives and programs that encourage the development of... clean transportation resources."

Transportation network companies (TNCs) are companies that offer prearranged rides or car rentals for a fee, utilizing an online application (app) via a mobile phone. The availability of TNCs provide transportation options for our residents as well as visitors. TNCs have the potential to increase vehicle efficiency by reducing the number of empty or underutilized seats in cars through ride-sharing, which could lead to a more efficient use of existing vehicles and a decrease in overall vehicle miles travelled (VMT) and energy used for transportation. This is not always the case according to recent

studies suggesting that TNCs tend to increase VMT by inducing additional travel as well as “deadheading,”¹

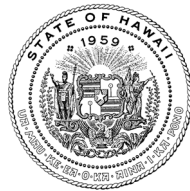
Furthermore, a comprehensive 2021 study concluded that TNC resulted in reduced public transit ridership (by 8.9%) in the 174 studied metropolitan statistical areas.² Thus, the data shows TNC is moving people away from more efficient modes of transportation. TNCs also contribute to heightening congestion in urban areas if they prompt a shift away from public transportation or non-motorized modes, increasing emissions and energy consumption.

HSEO's commitment to transitioning towards clean transportation and reducing vehicle miles traveled (VMT) and energy consumption through walking, biking, and transit is crucial for meeting the State's 2045 net-negative carbon goal. However, safety stands out as a common obstacle hindering individuals from choosing walking, biking, or public transit over driving. Therefore, HSEO supports SB 3022, SD2, since depositing the collected fees from TNCs into the Safe Routes to School program will help enhance safety measures, encouraging the adoption of more energy-efficient modes of transportation, which aligns with HSEO's statutory objectives.

Thank you for the opportunity to testify.

¹ Martin, E., Shaheen, S., & Stocker, A. (2021). Impacts of Transportation Network Companies on Vehicle Miles Traveled, Greenhouse Gas Emissions, and Travel Behavior Analysis from the Washington DC, Los Angeles, and San Francisco Markets. <https://escholarship.org/content/qt90b6d7r3/qt90b6d7r3.pdf>

² Diao, M., Kong, H., & Zhao, J. (2021). Impacts of transportation network companies on urban mobility. *Nature Sustainability*, 4(6), 494-500. <https://www.nature.com/articles/s41893-020-00678-z#citeas>



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kāla
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON TRANSPORTATION
ON
SENATE BILL NO. 3022, S.D. 2

March 12, 2024
10:30 a.m.
Room 312 and Videoconference

RELATING TO TRANSPORTATION

The Department of Budget and Finance offers comments on this bill.

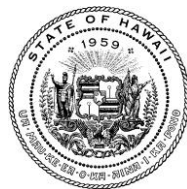
Senate Bill No. 3022, S.D. 2, adds a new section to Chapter 279G, HRS, entitled "Transportation Network Company Fee," to assess a fee on each ride originated through a transportation network company application to be used on safety projects statewide. The transportation network company fee shall be collected and remitted by the transportation network company to the Department of Taxation. All fees collected shall be deposited into the Safe Routes to School Program Special Fund (SRTSPSF).

Regarding the establishment of the fee, it is unclear what the nexus is between the transportation network companies and the SRTSPSF. Therefore, it is unknown if the SRTSPSF is the appropriate source to deposit the transportation network company fees.

Thank you for your consideration of our comments.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

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

TESTIMONY ON THE FOLLOWING MEASURE:
S.B. No. 3022, S.D. 2, Relating to Transportation.

BEFORE THE:
House Committee on Transportation

DATE: Tuesday, March 12, 2024
TIME: 10:30 a.m.
LOCATION: State Capitol, Room 312

Chair Todd, Vice-Chair Kila, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding S.B. 3022, S.D. 2, for your consideration.

S.B. 3022, S.D. 2, adds a new section to chapter 279G, Hawaii Revised Statutes (HRS), levying and assessing an undetermined fee on each ride originated through a transportation network company application. The transportation network company would collect the fee and remit it to the Department. Collected funds would be deposited into the safe routes to schools program special fund established under section 291C-4, HRS. The measure has a defective effective date of January 1, 2050.

First, the Department notes that enforcement of chapter 279G, HRS, which is part of title 15, is outside the Department's scope, powers, and duties. Section 231-3, HRS, authorizes the Department to collect and administer taxes imposed under title 14 – not title 15. The Department's enforcement tools, such as its authority to conduct audits, issue subpoenas, and impose penalties, all apply to taxes imposed under title 14, HRS.

Accordingly, if the Department is intended to administer and collect a new tax, as opposed to a fee, from transportation network company platforms, the Department suggests creating new provisions within title 14, HRS, imposing the new tax. The

Department also notes that administrative provisions will be needed, including 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.

Second, the Department requests that, should this measure move forward, the effective date 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.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



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

March 12, 2024
10:30 a.m.

State Capitol, Conference Room 312 & Videoconference

S.B. 3022, S.D. 2
RELATING TO TRANSPORTATION

House Committee on Transportation

The Hawaii Department of Transportation (HDOT) **supports the intent of S.B. 3022, S.D. 2 with comments** on this bill.

The bill proposes to establish a transportation network companies fee on each ride and deposits the fees into the Safe Routes to School Program Special fund.

The HDOT requests that the transportation network company fees be deposited into the state highway fund instead of the safe routes to school program special fund.

S.B. 3022, S.D. 2 states that Hawaii has the potential to create a self-sustaining model where those benefiting the most from transportation network company services contribute directly to the maintenance and enhancement of the transportation infrastructure they utilize. Depositing the transportation network company fees into the safe routes to school program special fund would not accomplish this since safe routes to school projects primarily benefit pedestrians and bicyclists in school areas.

If the transportation network company fees are deposited into the state highway fund, HDOT would be able to use these funds for improvements that would benefit all roadway users including those that use transportation network companies, as well as pedestrians and bicyclists. In addition, funded improvements would not be limited to school areas only.



Thank you for the opportunity to provide testimony.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, New Fee on Transportation Network Companies

BILL NUMBER: SB 3022 SD 2

INTRODUCED BY: Senate Committee on Ways and Means

EXECUTIVE SUMMARY: Establishes a transportation network company fee. Deposits fees collected into the Safe Routes to School Program Special Fund.

SYNOPSIS: Adds a new section to Chapter 279G, HRS, to impose a transportation network company fee of [unspecified] ___ cents on each ride originated through a transportation network company's digital platform. The fee will be levied upon the rider.

Transportation network company has the same meaning as in section 431:10C-701.

Adds new section to §291C-4, to allow transportation network company fees collected under section 279G-[---] to be deposited into the safe routes to school program special fund.

The transportation network company shall collect and remit fees to the department of taxation for deposit in the safe routes to schools program special fund.

EFFECTIVE DATE: January 1, 2050.

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 bill asserts transportation network companies continue to grow and are often used by visitors. As such, visitors and transportation network company platforms should contribute more to ensure the safety issues that are exacerbated from the increased usage. 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 safety concerns. 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.

Fees are to be deposited into the safe routes to schools program special fund; with the intention of creating a self-sustaining source of funding. But the bill as drafted contradicts the assertion: fees from transportation network companies, primarily derived from tourists, are being used to shore up safe routes to schools, presumably used by residents.

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 transportation network company shall remit the fee to the Department of Taxation, the implementing law section is in chapter 279G which is not within the statute chapters over which

Re: SB 3022 SD 2

Page 2

the Department of Taxation has jurisdiction. Thus, it is questionable 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: 3/9/2024

**TESTIMONY OF ROBERT TOYOFUKU ON BEHALF UBER TECHNOLOGIES IN
OPPOSITION TO S.B. NO. 3022 SD 2 RELATING TO TRANSPORTATION**

March 12, 2024

To: Chairman Chris Todd and Members of the House Committee on Transportation:

My name is Bob Toyofuku and I am presenting this testimony on behalf of Uber Technologies (hereinafter “Uber”) in opposition to S.B. No. 3022, SD 2 Relating to Transportation.

Let me first mention that Uber is not against the Safe Routes to Schools Program which was initially created in 2012. The most recent amendment to this law was in 2021 by Act 9.

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 is opposed to this bill for several reasons the primary of which is that it is not equitable because the fee proposed is not assessed to all transportation companies which transport people; that is, taxi companies, limousine companies, school bus operations, tour operators, and all other transportation related companies whether for local residents or tourists.

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. The fee was initially designated in the original version of the bill for funding infrastructure and to be used for the maintenance and safety of the roads and highways. It was then amended in the SD 1 to be allocated to safety projects. HRS section 291-4 was amended in the SD 1 to included TNC fess authorized by this bill to be deposited into the special fund.

The TNC companies are not the only transportation companies that transport individual passengers throughout this state and Uber feel that it is more equitable if all transportation companies contribute equally.

Further, the legislation in 2021 (Act 9) provided that each county is to submit to the legislature an annual report on the status and progress of its county safe routes to school program and I think it is important that this committee and the legislature review these reports first to determine the effectiveness of this program and the amount of funds that it has collected since 2012. Also, my understanding is that the Safe Routes to School Program is a federally funded program and this should also be first reviewed before there is an increase in fees to any transportation company.

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



Testimony of the Oahu Metropolitan Planning Organization

Committee on Transportation

March 12, 2024 at 10:30AM

Conference Room 312

SB 3022 SD 2

Relating to Transportation

Dear Chair Todd, Vice Chair Kila, and Committee Members,

The Oahu Metropolitan Planning Organization (OahuMPO) **supports SB 3022 SD 2**, which would establish a transportation network company fee and deposit the fees collected into the Safe Routes to School Program Special Fund.

OahuMPO strongly supports the bill as amended. As amended, this bill is more supportive of more of the goals in the Oahu Regional Transportation Plan (ORTP).¹ This includes goals that enhance safety, active and public transportation, and equity.

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, especially around our schools and other areas frequented by keiki and kupuna.

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.

¹ https://oahumpo.org/?wpfb_dl=2215



Email: communications@ulupono.com

HOUSE COMMITTEE ON TRANSPORTATION
Tuesday, March 12, 2024 — 10:30 a.m.

Ulupono Initiative supports SB 3022 SD2, Relating to Transportation.

Dear Chair Todd and Members of the Committee:

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 SD2, which establishes a transportation network company fee and deposits that fee into the Safe Routes to School Program Special 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.

There is a significant unmet need for identifying, planning, designing, and implementing our walking and biking networks to establish more safe routes to schools. The Hawai'i Climate Change Mitigation and Adaptation Commission inventoried active transportation plans across the state to identify those high-priority pedestrian, bicycle, and multimodal projects that were generally unfunded (including both state and county projects). The Commission identified a total of almost \$1 billion in potential unfunded high-priority projects², the likely majority of which are within 1 mile of a school. The sheer magnitude of the needs outstrips the Hawai'i Department of Transportation's current capacity. For example, the current 2022-2025 O'ahu Transportation Improvement Program (TIP) notes that only 0.4% of the State's money is for bike and pedestrian projects³, although there is an estimated \$168 million needed for the its share of the O'ahu Bike Plan.⁴

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

² <https://climate.hawaii.gov/grants-to-projects-bridge/transportation-projects/>

³ https://oahumpo.org/?wpfb_dl=3062

⁴ https://www.honolulu.gov/rep/site/dts/bike_docs/OBP_Final_2019_Oahu_Bike_Plan_Update.pdf



We strongly support this measure in which the fee will help fund the many important community infrastructure projects to provide for safe access to our schools for our keiki.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs



ADDRESS

3442 Waiialae Ave., Suite 1
Honolulu, HI 96816

PHONE

808-735-5756

EMAIL

bicycle@hbl.org

HOUSE COMMITTEE ON TRANSPORTATION
Tuesday, March 12, 2024 – 10:30AM

Hawai'i Bicycling League Supports SB 3022 SD2, Relating to Transportation

Aloha Chair Todd, Vice Chair Kila, and Committee Members,

My name is Travis Counsell, and I am the Executive Director of the Hawai'i Bicycling League (HBL). We are a non-profit organization founded in 1975 with the mission of enabling more people to ride bicycles for health, recreation, and transportation. We strive to create communities across our islands that have safe, accessible, and inclusive environments for people to bike, walk, and roll.

Hawai'i Bicycling League supports SB 3022 SD2, which establishes a transportation network company fee and deposits that fee into the Safe Routes to School Program Special Fund.

Charging a small fee for the services that transportation network companies provide can have a huge benefit towards our State's Safe Routes to School (SRTS) efforts and ultimately create safer streets throughout our communities. Many of these projects are outlined in the State's Bike Plan as well as county level bicycle and pedestrian plans, and have significant costs associated with improving and retrofitting our roadways to be more accommodating, accessible, and safe for vulnerable users. This fee could offer one source of funding to support these important safety focused projects.

With the passing of Act 244 in 2023, establishing a Safe Routes to School Advisory Committee, these projects will be prioritized and currently have \$20M of funding. Additional sources of funding will be needed to continue implementing these projects, and this bill would help with that.

Mahalo for the opportunity to provide testimony. Please support SB 3022 SD2 and help create safer streets for keiki to kupuna.

Ride Aloha,

Travis L. Counsell
Executive Director
Hawai'i Bicycling League



Testimony for Hawai'i Appleseed Center for Law and Economic Justice
Support for SB3022 SD2 - Relating to Transportation
House Committee on Transportation
March 12th, 2024 at 10:30AM

Dear Chair Todd, Vice Chair Kila, and members of the committee,
Mahalo for the opportunity to express **SUPPORT for SB 3022 SD2, which would establish a ridesharing fee and deposit taxes collected into the Safe Routes to Schools (SRTS) Program Special Fund.**

This testimony is being submitted on behalf of the Hawai'i Appleseed Center for Law and Economic Justice. Our organization works to build a Hawai'i where everyone has genuine opportunities to achieve economic security and fulfill their potential. Affordable, accessible, and safe transportation is crucial for fostering economic equality as it enables individuals of all backgrounds to access employment opportunities, education, and essential services.

With the State's growing cost of living, including transportation costs, as well as our climate and energy crises, it is vital that we prioritize funding to improve the safety, accessibility, and affordability of non-vehicular modes of transportation. Unfortunately, despite the urgent need to decrease automobile dependency, pedestrian injuries and fatalities are on the rise. For example, according to the 2022 O'ahu Pedestrian Plan, the average annual number of pedestrian fatalities rose from 15.2 per year during the 2009–2013 time period, to 21 per year during the 2014–2018 time period (a 38 percent increase).¹ During those same time periods, the average annual number of pedestrian fatalities across the state rose by 26 percent.² The SRTS Program Special Fund addresses these challenges by providing much needed resources to State and County agencies to carry out roadway safety improvements near schools.

SB3022 takes a vital step forward by requiring that those who benefit financially from Hawai'i's roadways (i.e., ridesharing companies) contribute more to address the road safety issues they are exacerbating.

Mahalo for the opportunity to testify on this important measure.

Abbey Seitz

Abbey Seitz

Hawai'i Appleseed Center for Law and Economic Justice
Director of Transportation Equity

¹ City and County of Honolulu, Department of Transportation Services. (2022). *O'ahu Pedestrian Plan*.

² State of Hawai'i Department of Transportation. (2022). *State of Hawai'i Traffic Fatalities*.

Testimony of Kiana Otsuka in Support

Committee on Transportation

March 12, 2024 at 10:30AM

Conference Room 312

SB 3022 SD2

Relating to Transportation

Aloha Chair Dela Cruz, Vice Chair Moriwaki, 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 SD 2**, which would establish a transportation network company fee and deposit the fees collected into the Safe Routes to School Program Special Fund.

I am excited to see the Transportation Committee consider this bill, as this will provide an important revenue source to fund transportation projects that will improve safety for all people near schools.

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. 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 a suggestion to improve the bill.

Mahalo,

Kiana Otsuka

SB-3022-SD-2

Submitted on: 3/11/2024 11:39:40 AM

Testimony for TRN on 3/12/2024 10:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Paul Bernstein	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Todd, Vice Chair Kila, and Members of the Committee:

I'm writing in support of SB3022. This measure is a good step in improving the safety of Hawai'i's streets and incentivizing people to walk and bike. This shift in transportation modes has many spillover benefits in addition to greater safety from improved overall health and less pollution. Furthermore, this measure is revenue neutral.

Mahalo for hearing this bill.

Respectfully,

Paul Bernstein