

Honolulu, Hawaii

FEB 14 2025

RE: S.B. No. 1659
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Transportation and Culture and the Arts, to which was referred S.B. No. 1659 entitled:

"A BILL FOR AN ACT RELATING TO THE LAHAINA BYPASS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Add a special assessment to the Rental Motor Vehicle Surcharge Tax, sunsetting in ten years, to fund revenue bonds for the Lahaina Bypass North;
- (2) Include payment of principal and interest of revenue bonds for the construction, operation, and maintenance costs of the Lahaina Bypass North as a permissible use of the State Highway Fund;
- (3) Authorize the issuance of general obligation and revenue bonds to fund the Lahaina Bypass North;
- (4) Authorize public-private partnership agreements for the construction, operation, maintenance, and repair of the Lahaina Bypass North; and
- (5) Direct transient accommodations taxes collected from West Maui transient accommodations to fund the Lahaina Bypass North.



Your Committee received testimony in support of this measure from the Department of Transportation, Lahaina Strong, and numerous individuals.

Your Committee received testimony in opposition to this measure from Enterprise Mobility.

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

Your Committee finds that the Lahaina Bypass North Project is vital for improving traffic flow, supporting emergency response, and providing alternative access routes specifically serving the communities of West Maui, especially in the wake of recent wildfires that have highlighted the vulnerabilities of the region's transportation network. This project is a necessary but costly improvement to accommodate the projected growth, ensure the safety and welfare of residents, and maintain the region's economic vitality. This measure facilitates the project's completion by allocating new funding sources and authorizing public-private partnership agreements.

Your Committee notes the request of the Department of Taxation regarding timelines and effective dates to allow sufficient time for the various forms, instructions, and system changes that are necessary for the successful enactment of this measure. Your Committee finds that this issue raises concerns that merits further consideration and respectfully requests that subsequent Committees to which this measure is referred examine the issues and concerns raised by the testimony.

Your Committee has amended this measure by:

- (1) Changing the rental car special assessment to an unspecified amount;
- (2) Defining "West Maui" to mean the area congruent to the Maui county council west Maui residency area and district;
- (3) Deleting language that would have authorized public-private partnership agreements for the



construction, operation, maintenance, and repair of the Lahaina Bypass;

- (4) Changing the appropriations to unspecified amounts;
- (5) Amending section 1 to reflect its amended purpose;
- (6) Adding effective date of January 1, 2026, for sections 2 and 4 of this measure;
- (7) Inserting an effective date of July 1, 2050 to encourage further discussion; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation and Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1659, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1659, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Transportation and
Culture and the Arts,



CHRIS LEE, Chair



Record of Votes
Committee on Transportation and Culture and the Arts
TCA

*Only one measure per Record of Votes