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DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
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February 4, 2025
10:00 a.m.

State Capitol, Conference Room 430 & Videoconference

H.B. 263
RELATING TO VEHICLE WEIGHT TAXES

House Committee on Transportation

The Hawaii Department of Transportation (HDOT) is **opposed** to this bill.

The bill proposes to create an exemption to the vehicle weight tax for full-time college students.

The HDOT is funded from user fees like the vehicle weight tax, which pays for operations, maintenance, and improvements to land transportation facilities, and serve as a state match for federal funding. If removed as a source of funding for the Highway program without providing at least an equal and available replacement source, it would be to the detriment of the HDOT Highways in the following ways:

- According to UnivStats, currently there is an estimated 31,639 full-time college students in Hawaii. Assuming 20 percent of the full-time college students have a registered motor vehicle, the potential revenue impact to the state highway fund is a loss of approximately \$455,000 per fiscal year.
- The vehicle weight tax is a major source of pledged revenues for the Highway Revenue Bonds. The reduction of this revenue source will require disclosure and may impact the Highways Revenue Bond ratings.
- The highways financial plan relies on the vehicle weight tax revenues to support the continued operations and maintenance, as well as the construction of the State Highway System.
- Reducing the vehicle weight tax may necessitate a reduction in the highways capital improvement project and special maintenance programs. The failure of the State to properly maintain the State Highway System may result in sanctions by the Federal Highway Administration including the loss of federal funds.
- A reduction of the vehicle weight tax may also impact the HDOT's ability to provide state matching funds for the highways federal-aid program. The lack of adequate state matching funds could result in a loss of federal funds. The normal federal

share for projects on the interstate system is 90 percent and for other eligible roadways it is 80 percent. It would not be in the best interest of the public to risk losing these funds because the state lacks its 10 percent or 20 percent matching share.

- Exempting one group/class of people from the vehicle weight tax puts the burden on others to fund the needs of the highways system.

Thank you for the opportunity to provide testimony.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MOTOR VEHICLE; Vehicle Weight Tax Exemption for Full-time Students

BILL NUMBER: HB 263

INTRODUCED BY: ALCOS, WARD, Matsumoto

EXECUTIVE SUMMARY: Creates an exemption to the vehicle weight tax for full-time college students.

SYNOPSIS: Adds a new section 249, HRS, to exempt one noncommercial motor vehicle registered to an individual attending college as a full-time student from the vehicle weight tax.

EFFECTIVE DATE: July 1, 2025.

STAFF COMMENTS: The motor vehicle weight tax and registration fees are user charges designed to recover the cost of construction and maintenance of Hawaii's highway system. It should be remembered that all motorists use the state highways and should, therefore, lend a hand in paying for good and safe roads. Note that any exemption granted to a select group of users requires that the lost revenues be made up by those who must continue to pay. Motorists generally will have to pick up the additional costs created by this proposed exemption.

This bill offers no policy justification for the proposed exemption. As worded, the exemption could apply to students that temporarily attend school out-of-state.

Digested: 2/3/2025

HB-263

Submitted on: 2/3/2025 7:40:49 PM

Testimony for TRN on 2/4/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Oppose	Written Testimony Only

Comments:

I, Johnnie-Mae L Perry OPPOSE HB263. Welcome to adulthood and adult responsibility. Public transportation is readily available, ebikes, etc.

HB-263

Submitted on: 2/4/2025 8:01:08 AM

Testimony for TRN on 2/4/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Gary Mobley	Individual	Oppose	Written Testimony Only

Comments:

Disagree. Roads are in terrible condition & DOT needs the money.