



STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

February 18, 2009

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

HOUSE BILL NO. 472 H. D. 1

COMMITTEE ON TRANSPORTATION

House Bill 472 H.D. 1 provides for the exemption of vehicle weight taxes for one noncommercial vehicle per veteran who is totally disabled or served in World War II or the Korean War.

The Department of Transportation (DOT) supports veterans and understands the efforts to reward their sacrifices for our country with lower fees and charges. However, **the Department cannot support this bill** because it would have an adverse impact on fees that support the operations and maintenance, and construction of our highways.

This exemption from the state vehicle weight tax will reduce the revenues deposited into the State Highway Fund. The state vehicle weight tax makes up 16 per cent of the total State Highway Fund Revenues. At a time when the Highways Division is looking for new ways to generate revenue and maintain current revenue levels, any proposed decrease would be detrimental to the health of the State Highway Fund.

STATE OF HAWAII  
OFFICE OF VETERANS SERVICES  
TESTIMONY ON H.B. No. 472, HD1, RELATING TO THE STATE VEHICLE  
WEIGHT TAX

HOUSE COMMITTEE ON TRANSPORTATION

February 18, 2009

Good morning Chair Joseph Souki, Vice-Chair Karen Awana, and members of the House Committee on Transportation.

I am Mark Moses, Director of the Office of Veterans Services (OVS). I appreciate this opportunity to support H.B. 472, HD1 which provides an exemption from vehicle weight taxes for veterans who are totally disabled or have served in World War II or the Korean War.

The OVS supports the intent of this measure as long as its implementation does not impact or replace the priorities set forth in the Executive Biennium Budget for Fiscal Years 2009-2010.

*Given our current economic circumstances, it may not be practical to implement this measure at this time. It most definitely is a matter worthy of consideration when the state's fiscal situation improves.*

Thank you for this opportunity to speak on behalf of Hawaii's veteran community.

I will respond to questions from the committee.

LINDA LINGLE  
GOVERNOR

JAMES R. AIONA, JR.  
LT. GOVERNOR



KURT KAWAFUCHI  
DIRECTOR OF TAXATION

SANDRA L. YAHIRO  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF TAXATION  
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## HOUSE COMMITTEE ON TRANSPORTATION

### TESTIMONY REGARDING HB 472 HD 1 RELATING TO THE STATE VEHICLE WEIGHT TAX

**TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)**

**DATE: FEBRUARY 18, 2009**

**TIME: 8:30AM**

**ROOM: 309**

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This bill proposes to exempt certain Hawaii resident veterans from the vehicle weight tax imposed under Chapter 249, Hawaii Revised Statutes.

The House Committee on Economic Revitalization, Business & Military Affairs amended the measure to only provide an exemption for honorably discharged World War II, Korean War, and totally disabled military veterans.

The Department of Taxation (Department) takes **no position on the merits** of this measure; however **cannot support enactment this session due to fiscal constraints.**

**STRONG SUPPORT FOR VETERANS**—This legislation provides for a much-deserved exemption from the vehicle weight tax associated with licensing a motor vehicle. The Administration has always supported veterans and service members, as evidenced by the passage of a vehicle tax exemption for military members last year. Veterans of the various armed services that protect this country should be exempt from taxation on their vehicle.

**CANNOT SUPPORT THE FISCAL IMPACT AT THIS TIME**—The Department cannot support the tax provision in this measure because it is not factored into the budget. The Department must be cognizant of the biennium budget and financial plan. This measure has not been factored into either. Given the forecasted decrease in revenue projections, this measure would add to the budget shortfall.

As amended, this legislation will result in a decrease to the State Highway Fund of approximately \$1.6 million per year.

DEPARTMENT OF CUSTOMER SERVICES  
**CITY & COUNTY OF HONOLULU**  
DIVISION OF MOTOR VEHICLE, LICENSING AND PERMITS  
ADMINISTRATION  
P.O. BOX 30300  
HONOLULU, HAWAII 96820-0300

MUFI HANNEMANN  
MAYOR



DANA TAKAHARA-DIAS  
ACTING DIRECTOR

DENNIS A. KAMIMURA  
LICENSING ADMINISTRATOR

February 12, 2009

The Honorable Joseph M. Souki, Chair  
and Committee Members  
Committee on Transportation  
House of Representatives  
State of Hawaii  
State Capitol, Room 403  
Honolulu, Hawaii 96813

Dear Chair Souki and Committee Members:

Subject: H.B. No. 472 H.D.1, Relating to State Vehicle Weight Tax

The City and County of Honolulu is opposed to H.B. No. 472 H.D.1 which will exempt taxes and fees for one noncommercial vehicle owned by totally disabled veterans and veterans who served in World War II or the Korean War.

Although we agree with the intent of the bill to recognize the sacrifices these veterans have made for our country, the City and County of Honolulu cannot support the passage of this bill based upon our fiscal challenges. Assuming that the average taxable weight of a vehicle is 3,200 pounds and assuming that there are 25,000 eligible veterans, the City and County of Honolulu would lose approximately \$2,400,000 and the State Department of Transportation would lose approximately \$600,000 annually.

The City and County of Honolulu recommends that H.B. No. 472 H.D.1 be held.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis A. Kamimura".

DENNIS A. KAMIMURA  
Licensing Administrator

DAK:bk

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MOTOR VEHICLE, Exempt vehicles of veterans

BILL NUMBER: HB 472, HD-1

INTRODUCED BY: House Committee on Economic Revitalization, Business, and Military Affairs

BRIEF SUMMARY: Adds a new section to HRS chapter 249 to provide that one noncommercial motor vehicle registered to a veteran who: (1) served during WW II and was honorably discharged; (2) served during the Korean war and was honorably discharged; or (3) is totally disabled as a result of a service-related injury while on active military duty; shall be exempt from the vehicle weight tax.

Defines "veteran" as any person who has served in any of the armed services of the United States, or any person who is now a citizen of the United States and who has served in any of the armed services of any county that was an ally of the United States in any war or campaign in which the United States was also engaged.

EFFECTIVE DATE: July 1, 2009

STAFF COMMENTS: The legislature by Act 141, SLH 2008, exempted one noncommercial motor vehicle owned by members of the national guard, reserves, active duty armed services, including the coast guard, who are residents of Hawaii from the state motor vehicle weight tax. While this measure proposes a similar exemption to certain veterans, it discriminates against those who served in the Vietnam war, Iraq war, etc.

Inasmuch as 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, there is little justification for extending the exemption to veterans. Regardless of the motorist's status, resident or nonresident, active or reserve, all motorists use the state highways and should, therefore, lend a hand in paying for good and safe roads. Any exemption granted to a select group of highway users requires that the lost revenues be made up by those who must continue to pay. Motorists who will have to pick up the additional cost created by this proposed exemption should hold those who would propose such an exemption responsible for raising their taxes. Given the impending fiscal crisis of the state highway fund, it makes little sense to reduce the potential revenue to the fund by exempting this class of motorists.

There is no indication that this select group of motorists is in need of relief from the tax and registration fees and, therefore, there is no justification for this proposal. Administrators, as well as lawmakers, need to separate the two issues and look at the fact that they are in office to insure the efficient operation of state government that provides services to those who pay for those services.

It should be noted that the state highway fund is already forecasted to drop into red ink by nearly \$54 million by the end of the fiscal year 2010. Thus, there is no doubt that highway user taxes and fees will have to be raised either this or next legislative session. If revenues are not raised, the state will default on

its highway debt and could, in turn, jeopardize the rating of all its debt. Thus, politically motivated exemptions or preferences, as this measure proposes, are fiscally irresponsible especially where there is no indication of need for tax relief. Consider the exemption of automobiles with disabled stickers that are exempt from paying parking meter fees and that exemption is dangling on the review view mirror of a Jaguar XJE. Does that driver not have the financial means to pay the quarter for the privilege of parking on a public street?

Finally, while it is acknowledged that the enactment of this measure will result in a revenue loss to the highway fund and this draft of the measure attempts to limit the exemption to certain veterans, the adoption of this measure will still result in a revenue loss to the highway fund. In view of the state's overall budget shortfall of \$1.8 billion, it is questionable whether the state can afford this measure.

Digested 2/17/09



Hawaii Chapter, MOAA  
P.O. Box 1185  
Kailua, Hawaii 96734-1185

**Testimony of**

**Thomas Smyth, State Legislative Chair**

**Military Officers Association of America, Hawaii Chapter**

**Before the House Committee on Transportation**

**Wednesday, February 18, 2009, 8:30 am, Conference Room 309**

**On**

**HB 472 HD1 Relating to the State Vehicle Weight Tax**

**Chair Souki, Vice Chair Awana and Members of the Committee:**

**Our association of retired and currently serving officers of the seven Uniformed Services supports HB 472 HD1 which, as amended, exempts WWII and Korean War veterans and all veterans with total disabilities from vehicle weight taxes.**

**We owe a great debt to these veterans, many of whom were stationed in Hawaii or trained here before going to war on our behalf. Many other states have provided direct cash bonuses to veterans returning from these conflicts and to those with severe disability ratings. Hawaii has not paid bonuses but can now join in offering this small token of appreciation to them.**

**Many in this specific group of veterans are elderly or have such a disability that they do not drive a car, but at least we can help those who do have to pay these taxes. It is a most appropriate recognition. We urge this committee to move the bill forward in its present form.**

**Thank you for the opportunity to provide this testimony.**