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IN REPLY REFER TO:

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

February 3, 2009

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

HOUSE BILL NO. 472

COMMITTEE ON ECONOMIC REVITALIZATION, BUSINESS, & MILITARY AFFAIRS

House Bill 472 provides an exemption from vehicle weight taxes for one noncommercial vehicle per veteran.

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.

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 RELATING TO THE STATE VEHICLE WEIGHT TAX

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

DATE: FEBRUARY 3, 2009

TIME: 8:30AM

ROOM: 309

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

The Department of Taxation (Department) takes **no position** on 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.

This legislation will result in a decrease to the State Highway Fund of approximately \$9 million per year.

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

COMMITTEE ON ECONOMIC REVITALIZATION, BUSINESS, & MILITARY
AFFAIRS

February 3, 2009

Good morning Chair Angus L.K. McKelvey, Vice-Chair Isaac W. Choy, and members of the House Committee on Economic Revitalization, Business, & Military Affairs.

I am Mark Moses, Director of the Office of Veterans Services (OVS). I appreciate this opportunity to support the intent of H.B. 472. This measure provides for the exemption of vehicle weight taxes for one noncommercial vehicle per veteran.

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.

The OVS, during conversations with our veterans, learned that many were disappointed that legislation passed last session exempting active duty, National Guard and Reservist from vehicle taxes and registration fees did not include any recognition of the service made by them. This measure corrects that oversight.

Given Hawaii's large veteran population, and 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.

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

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MUFI HANNEMANN
MAYOR



DANA TAKAHARA-DIAS
DIRECTOR

DENNIS A. KAMIMURA
LICENSING ADMINISTRATOR

January 31, 2009

The Honorable Angus L. K. McKelvey, Chair
and Committee Members
Committee on Economic Revitalization,
Business and Military Affairs
House of Representatives
State of Hawaii
State Capitol, Room 323
Honolulu, Hawaii 96813

Dear Chair McKelvey and Committee Members:

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

The City and County of Honolulu is opposed to H.B. No. 472 which will exempt taxes and fees for one noncommercial vehicle owned by veterans.

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.

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

Sincerely,

A handwritten signature in black ink that reads "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

INTRODUCED BY: Nishimoto

BRIEF SUMMARY: Adds a new section to HRS chapter 249 to provide that one noncommercial motor vehicle registered to a veteran 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. This measure proposes a similar exemption to all veterans.

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.

For additional comments on exempting certain classes of motor vehicle owners please see pages 12-13 of this publication.

Digested 2/2/09

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February 2, 2009

SUBJECT: Testimony on Behalf of HB 472 Relating to the State Vehicle Weight Tax

Mr. Chairman and distinguished members of the Committee, I appreciate the opportunity to testify in support of this bill related to the State Vehicle Weight Tax for members of the National Guard.

I am Sergeant Major Kathryn Arizo, with the Hawaii Army National Guard. I am currently an Area VII Director with the Enlisted Association of the National Guard and the United States and am a Past President of the Hawaii National Guard Enlisted Association. I am a daughter of Hawaii and resident of 42 years. I am a member in good standing with the Hawaii Army National Guard have proudly served my state and country for 23 years and will continue to serve for 6 more years when I meet my 60th birthday. I can tell you from personal experience that Guard service is difficult and demanding duty, especially when trying to balance finances, job and family.

I submit to you that this bill sets the foundation to provide the State of Hawaii the best possibility to recruit and retain our Citizen-Soldiers. It means we are going to attract the best and brightest young men and women committed to serving our state, country and the National Guard. It means we are going to continue to have a Guard that is going to be able to respond to emergencies, help local governments and help the people of this state in ways we cannot even begin to anticipate.

It is vitally important to Hawaii that we maintain an effective National Guard. In Hawaii, we are fortunate to have a balanced force of Guardsmen throughout our state. The National Guard is present on almost every island. That means you can count on the Guard to respond quickly and effectively across a wide range of natural or man made disasters, with Soldiers and Airmen trained and equipped to deal with any emergency that may threaten the citizens of Hawaii and our visitors. This was most apparent with Hurricane Iniki, recent earthquakes and of course the ongoing Global War on Terrorism.

With nearly 90% of the Hawaii Army National Guard having deployed at least twice over seas you must send the message that you are thinking about them and their families and the service they have provided. This bill is a clear message that you care about them and are recognizing their sacrifices to our nation.

The members of the Hawaii National Guard waited for over 20 years and received this motor vehicle tax exemption last year, and actively utilized it. Previously when I would perform duties in other states and would walk past vehicles identified as National Guard by its plate, I felt slighted that we had not had similar bills passed in our state on our behalf. I urge you to support and pass this bill for our Citizen-Soldiers once again.

Mr. Chairman and distinguished members of the Committee; mahalo for your commitment and dedication to the well-being of our State and the Guardsmen that defend it and those Citizen-Soldiers that have been and are currently in harms way overseas.

Sergeant Major Kathryn Arizo, Hawaii Army National Guard
EANGUS Area VII Director
Hawaii National Guard Enlisted Association Past President