

STAND. COM. REP. NO. 559

Honolulu, Hawaii

Feb 20 2009

RE: H.B. No. 1167

H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred H.B. No. 1167 entitled:

"A BILL FOR AN ACT RELATING TO HIGHWAYS,"

begs leave to report as follows:

The purpose of this bill is to improve and modernize Hawaii's land transportation system by:

- (1) Increasing the State liquid fuel tax for all islands with a total resident population of 20,000 or more;
- (2) Increasing the State vehicle registration fee on vehicles registered on all islands with a total resident population of 20,000 or more;
- (3) Establishing the Land Transportation Modernization Special Fund (Special Fund);
- (4) Requiring the Director of Transportation to deposit \$20 from each annual motor vehicle registration fee that is increased into the Special Fund;
- (5) Increasing the vehicle weight tax and flat rate fees on vehicles registered on all islands with a total resident population of 20,000 or more;



- (6) Permanently increasing the rental motor vehicle surcharge tax from \$2-a-day to \$5-a-day;
- (7) Exempting the transfer of funds from the Special Fund from fees charged by the Director of Finance for central services expenses;
- (8) Exempting the Special Fund from the administrative expenses incurred by the Special Fund;
- (9) Authorizing the Department of Transportation (DOT) to expend funds for various projects and programs dealing with land transportation improvement projects and programs;
- (10) Requiring DOT to develop one or more pilot programs to test alternatives to the current state and county motor vehicle fuel tax systems;
- (11) Allowing the Department of Taxation (DOTAX) to refund motor vehicle fuel taxes paid by participants in a pilot program established by DOT;
- (12) Allowing DOT to terminate any pilot program established at any time and requiring DOT to notify DOTAX if a pilot program is terminated;
- (13) Establishing conditions under which the taxes and fees proposed by this measure shall take effect; and
- (14) Requiring DOT to submit various reports to the Legislature on the status of the Land Transportation Modernization Program as well as a Vehicle Miles Traveled Pilot Program.

DOT, DOTAX, Castle & Cooke Hawaii, Land Use Research Foundation of Hawaii, Pacific Resources Partnership, Hawaii Developers' Council, and Chamber of Commerce of Hawaii testified in support of this bill. Avis Rent A Car, Budget Rent A Car Hawaii, Catrala-Hawaii, The Hertz Corporation, Enterprise Rent A Car, Alamo Rent A Car, and National Car Rental testified in opposition to this measure. The Department of Customer Services of the City and County of Honolulu, Tax Foundation of Hawaii, and Hawaii Transportation Association provided comments.



Hawaii has an aging land transportation system that is in desperate need of improvement. In addition to traffic congestion concerns which result in direct quality of life and economic impacts on the people of Hawaii, safety concerns abound with deteriorating roadways and bridges. Although DOT has been diligent in its attempts to deal with these infrastructure issues, dramatic increases in construction and material costs have required DOT to make difficult choices and fund the most critically needed projects and programs. This results in basic preservation and preventative maintenance projects being deferred, adding to the long-term costs of our land transportation infrastructure.

According to DOT, at current funding levels, it will take over 30 years to address the over \$7,000,000,000 in infrastructure and program needs currently facing the department. This measure attempts to infuse a large amount of capital into transportation projects to assist the department in meeting Hawaii's future transportation needs and preventing further degradation of Hawaii's land transportation infrastructure.

However, your Committee understands the concerns raised by the rental car industry and the commercial transportation industry regarding the equity of increasing the rental car surcharge fee and flat fees on vehicles weighing over 10,000 pounds that are contained in this measure. Therefore, it respectfully requests the Committee on Finance to review the fairness in the raising of these fees.

Your Committee also has concerns with regard to the trigger mechanism established in this bill as highway project funding should not be contingent upon economic conditions and salary and job growth. Accordingly, your Committee has amended this bill by:

- (1) Reducing the rental motor vehicle surcharge tax from \$5 per day to \$3 per day;
- (2) Eliminating the mechanism establishing the conditions under which the tax and fee increases proposed by this measure shall take effect; and
- (3) Stipulating that the tax and fee increases shall take effect on July 1, 2011.

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1167, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1167, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Transportation,

  
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JOSEPH M. SOUKI, Chair



**Record of Votes of the Committee on Transportation**

<b>Bill/Resolution No.:</b> HB1167	<b>Committee Referral:</b> TRN, FIN	<b>Date:</b> 2/18/2009		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
<b>TRN Members</b>	<b>Ayes</b>	<b>Ayes (WR)</b>	<b>Nays</b>	<b>Excused</b>
1. SOUKI, Joseph M. (C)	✓			
2. AWANA, Karen Leinani (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. HANOHANO, Faye P.	✓			
5. KEITH-AGARAN, Gilbert S.C.	✓			
6. LEE, Marilyn B.				✓
7. NAKASHIMA, Mark M.	✓			
8. RHOADS, Karl	✓			
9. SAIKI, Scott K.	✓			
10. TAKUMI, Roy M.				✓
11. YAMASHITA, Kyle T.	✓			
12. PINE, Kymberly Marcos		✓		
<b>TOTAL (12)</b>	9	1	0	2
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) did not support recommendation.				
<b>Vice Chair's or designee's signature:</b> <i>Karen Awana</i>				
<b>Distribution:</b> Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				