

JAN 26 2009

A BILL FOR AN ACT

RELATING TO HIGHWAYS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that: (1) in order to
2 meet the economic needs of the State and preserve the unique
3 quality of life of its residents and visitors to these islands,
4 the department of transportation must provide safe, efficient,
5 and effective land transportation facilities for the movement of
6 people and goods; (2) a modern and efficient land transportation
7 infrastructure system is essential to a healthy and vibrant
8 economic future; (3) congestion on our highway systems has
9 severe detrimental impacts on our economy and quality of life of
10 Hawaii's people; and (4) the condition on our highway system
11 continues to deteriorate at alarming and unacceptable rates.

12 The legislature further finds that the department of
13 transportation's ability to fulfill its critical infrastructure
14 responsibilities with fixed resources is a challenge that
15 continues to intensify due to programmatic and project needs far
16 exceeding the necessary resources available to properly address
17 them. The land transportation system is and will continue to

1 deteriorate as demand for travel continues to increase, and as
2 costs to manage, construct, and administer the system increase.

3 As an island state, Hawaii has evolved from mostly rural,
4 agriculturally based communities to urban communities. The land
5 transportation system has also evolved from native trail systems
6 linking historic communities, to a belt road system providing
7 both mobility and access to and between towns and agricultural
8 communities, to a hierarchal multimodal land transportation
9 system that provides high speed travel for the movement of
10 people and goods. The inherent trade-off between mobility and
11 accessibility continues to be at a challenge in balancing the
12 need to accommodate access to property while minimizing
13 congestion.

14 Evolving life styles have also resulted in increasing
15 demands for travel. Single vehicle occupancy continues to be
16 the predominant trend during highly congested peak commute
17 periods. Motor vehicle usage has evolved to become a basic
18 component in our social and recreational activities. Multiple
19 vehicle ownership per household has become the norm.

20 Inherently, there are greater challenges in expanding
21 capacity through new or existing corridors as adjoining lands
22 become more urbanized.

1 There are also significantly greater complexities due to
2 stricter archaeological, environmental, and legal compliance
3 requirements.

4 Nationally, there is much discussion regarding a proposed
5 federal infrastructure stimulus plan to stimulate the economy of
6 the United States of America. Should this federal initiative
7 come to fruition, the department of transportation must be
8 prepared to actively pursue such funds to the maximum extent
9 practical. For this reason, the department of transportation
10 seeks authorization to pursue a comprehensive six-year program
11 that accounts for an infusion of federal funds should such
12 federal infrastructure stimulus plan funds become available.

13 On average, 140 lives are lost on Hawaii's roadways each
14 year. Hawaii ranked twenty-ninth in freeway safety with 1.45
15 traffic fatalities per million vehicle miles traveled. Hawaii
16 also ranked highest in the nation in alcohol related fatalities,
17 second highest in the nation in motorcycle related fatalities,
18 and seventh highest in the nation in pedestrian related
19 fatalities. These statistics are undesirably high,
20 necessitating immediate and directed action to significantly
21 reduce fatalities. Increased funding and additional resources
22 are needed to expedite the implementation of various

1 recommendations in seven emphasis areas developed through the
2 multi-agency strategic highway safety program.

3 The infrastructure gap continues to grow with vehicle miles
4 traveled increasing faster than the State's ability to construct
5 additional lanes of travel, thereby resulting in greater
6 congestion. The morning commute on H-1 Freeway from Kapolei
7 into downtown Honolulu has risen to an average of sixty-five
8 minutes and is expected to increase every year. There is a
9 significant human cost to congestion, with ten minutes of time
10 spent in traffic, equating to approximately \$600 per person, per
11 year, and \$3,300 per commercial vehicle, per year.

12 Traffic congestion also has a significant negative impact
13 on the environment and related deterioration in overall quality
14 of life.

15 The cost for materials and thus construction has increased.
16 Significant fluctuations in petroleum prices have also directly
17 impacted construction costs since the raw construction materials
18 rely heavily on petroleum based products to manufacture them.
19 The liquid fuel tax is assessed on a per gallon basis without
20 adjustments for inflation or other factors. Motor vehicles
21 manufacturers are also striving for greater fuel efficiency and
22 electric vehicle usage continues to expand, further diminishing

1 gas tax collection that pays for the infrastructure that these
2 vehicle use.

3 Funding needed to operate and maintain our existing highway
4 infrastructure is estimated to cost \$7,000,000,000. Of this
5 \$7,000,000,000, \$1,960,000,000 is needed to address safety
6 program needs, \$1,530,000,000 is needed to address preservation
7 program needs, \$150,000,000 is needed to address congestion
8 program needs, \$3,100,000,000 to address capacity program needs,
9 \$160,000,000 to address enhancement program needs, and
10 \$100,000,000 billion to address other program needs. At current
11 funding levels of \$250,000,000 per year, it will take over
12 thirty years to address the estimated \$7,000,000,000 in current
13 infrastructure and programmatic needs.

14 The department of transportation has and continues to
15 accomplish its primary mission by judiciously allocating its
16 limited resources on the most critical needs.

17 Due to the imbalance between programmatic needs and
18 available resources, the department of transportation is
19 committed to undertaking a comprehensive transformation, re-
20 evaluating its strategic policies, priorities, and
21 organizational structure to meet the challenges of the twenty-
22 first century. A major initiative of this comprehensive

1 transformation is the development of clear performance criteria
2 to properly drive investment decisions to ensure that the
3 greatest public benefit will be achieved through the responsible
4 management and expenditure of public funds.

5 The department of transportation has developed a
6 \$4,000,000,000 comprehensive six-year work plan and financial
7 plan to implement critical programs and projects. As a part of
8 this effort, the department of transportation seeks a one-time,
9 infusion of \$2,000,000,000 in capital to aid in rectifying
10 critical deficiencies by pursuing those programs and projects
11 that have the greatest potential to improve the following
12 performance categories: safety, congestion, system
13 preservation, and other programs and initiatives.

14 The six-year work program is delineated by performance
15 category, by county, and by transportation corridors to better
16 manage, monitor, and inform the public on the progress being
17 made. By accelerating the implementation of the identified
18 programs and projects, the department of transportation seeks
19 major improvements in identified performance categories.

20 Safety: Bridge, rockfall and slope stabilization, and
21 shoreline protection programs serve core safety purposes in
22 providing and preserving essential connections to and between

1 communities. With much of our State served through a belt road
2 system, the statewide highway system serves fundamental and
3 essential functions, as well as serving core emergency response
4 and emergency evacuation functions.

5 There are an estimated 760 bridges in the statewide highway
6 system, of which 275 are structurally deficient or unsafe. In
7 2006, Hawaii ranked forty-sixth nationally based on the
8 percentage of structurally safe bridges. Hawaii also had a poor
9 compliance record with respect to federal bridge inspection
10 requirements.

11 Due to current resource limitations, the department of
12 transportation can only address the most critical locations that
13 are at greatest risks for failure. Infusion of additional
14 resources will allow the department to accelerate implementation
15 of corrective measures, and proactively address more locations
16 that are at risk.

17 The goals of this modernization effort in the safety
18 performance category are to: (1) reduce average number of lives
19 lost on our state highways to one hundred or less per year; (2)
20 bring fifty of the most deficient bridges up to current
21 structural design standards, (3) inspect all 760 bridges in the
22 statewide highway system within a two year cycle; (4) pursue the

1 top fifteen sites identified in the rockfall and slope
2 stabilization program that are on the most critical routes where
3 severance of access would have the greatest potential negative
4 impact; and (5) pursue the top ten sites identified in the
5 shoreline protection program that are on the most critical
6 routes where severance of access would have the greatest
7 potential negative impact.

8 To achieve these goals: (1) the recommendations of the
9 strategic highway safety program in the seven emphasis areas
10 should be implemented, (2) legislative and statutory changes
11 have been sought as part of the department of transportation's
12 highway safety initiative that are separate and yet an integral
13 part of this highway modernization plan, (3) the highway safety
14 improvement program that targets locations with high accident
15 rates should be implemented, (4) the planning and design on the
16 most critical bridges identified in the bridge program should be
17 accelerated and federal funding pursued to the maximum extent
18 practicable should the federal infrastructure stimulus plan be
19 implemented, (5) implementation of fifteen sites identified as
20 priority in the rockfall and slope stabilization program should
21 be accelerated, (6) implementation of ten sites identified as
22 priority in the shoreline protection program should be

1 accelerated, and (7) other critical projects identified in the
2 guardrail and shoulder improvement program and motor vehicle
3 safety program should be pursued.

4 Congestion: There are currently unacceptable levels of
5 congestion in every county. Unacceptable congestion currently
6 occurs on Queen Kaahumanu highway and on Keaau-Pahoia road in the
7 county of Hawaii, on Honoapiilani highway and on Hana highway in
8 the county of Maui, through the H-1 freeway corridor and along
9 Fort Weaver road in the city and county of Honolulu, on Kuhio
10 highway and on Kamualii highway in the county of Kauai, and on
11 other facilities throughout the State.

12 The department of transportation pursues capacity and
13 congestion relief projects based on greatest need. Current
14 resource limitations and rising costs to implement such
15 improvements have resulted in diminishment in the number and
16 locations where such necessary improvement can be pursued.

17 Land use development patterns have also contributed to
18 congestion on our regional highway system. While developers are
19 required to mitigate the direct impacts of their proposed
20 projects, their regional impacts are typically only a portion of
21 the total regional improvements needed to address current and
22 future congestion.

1 The goals of this modernization program in the congestion
2 performance category are to: (1) achieve a minimum of ten
3 percent reduction in congestion along two major corridors,
4 within each county within ten years; (2) achieve a ten percent
5 increase in overall operational efficiency of existing statewide
6 infrastructure system; and (3) achieve a ten percent increase in
7 the use of alternative travel modes.

8 The strategies to achieve these goals include the infusion
9 of additional capital that will provide the department of
10 transportation with the necessary resources to expedite the
11 implementation of 35 regional improvement projects located in
12 each county to aid in relieving congestion. The department of
13 transportation will programmatically address recurring and non-
14 recurring congestion. The department of transportation's goal
15 is to reduce recurring congestion by eliminating bottlenecks and
16 non-recurring congestion through the implementation of a freeway
17 management system that will respond to accidents or stalled
18 vehicles that contribute to congestion. The department of
19 transportation seeks to more efficiently and effectively manage
20 the existing land transportation highway system through the
21 traffic signal optimization program and other transportation
22 system management techniques. The department of transportation

1 also seeks to expand implementation of intelligent
2 transportation systems including the freeway management system.
3 The department of transportation is committed to expanding and
4 enhancing multimodal and inter-modal options and facilities to
5 provide greater alternative travel choices. The department of
6 transportation will enhance its current bicycle and pedestrian
7 programs to better promote, encourage, and proactively pursue
8 bicycle and pedestrian usage.

9 System preservation: Due to resource limitations, the
10 department of transportation has had to make difficult choices
11 and forgo necessary maintenance when possible to divert
12 resources to more critical programs such as safety and
13 congestion. Forgoing basic preservation and preventative
14 maintenance, however, comes at a higher long-term cost as
15 infrastructure deteriorates prematurely and requires greater
16 capital investment in the long run.

17 The significant infusion of additional capital will allow
18 the department of transportation to take appropriate and
19 necessary preventative action to extend the service life of a
20 greater portion of the existing infrastructure.

21 Investing in preventative maintenance not only extends the
22 service life of the facilities but can also aid in reducing

1 exposure to liability. Preserving the infrastructure in better
2 condition improves the overall safety of the facilities and also
3 reduces exposure to liability.

4 Pavement conditions, as measured by roughness and thus
5 "ride-ability" have been improving as the department has made
6 system preservation a higher priority and retained a base level
7 of funding committed to this program. Current statewide average
8 pavement condition index ratings are 75, on Hawaii are 78, on
9 Maui are 80, on Oahu are 70, and on Kauai are 76.

10 The goals of this modernization program in the system
11 preservation performance category are to achieve and maintain
12 seventy-five percent of the infrastructure system within
13 nationally accepted guidelines for the infrastructure type
14 within ten years to achieve and maintain a pavement condition
15 index of 80 or higher on all roadways in the statewide highway
16 system.

17 The strategies to achieve these goals include performing
18 one hundred miles of pavement preservation every year, and
19 increasing base systems preservation program expenditures to
20 ensure proper system preservation and preventative maintenance.

21 Other initiatives: The department of transportation is
22 committed to the development of appropriate performance criteria

1 and reporting the department of transportation's progress in
2 achieving performance goals.

3 Current practices are to measure regional congestion based
4 on volume-to-capacity ratios or levels-of-service. While
5 current practices provide a reliable means to prioritize
6 capacity programs and projects, volume-to-capacity does not
7 easily translate into terms the general public values. It also
8 does not take into account variations in local community
9 tolerances and acceptance regarding levels of congestion.

10 Through performance monitoring, the department of
11 transportation will be better able to direct its resources to
12 those programs and activities that provide the greatest public
13 benefit and value. And through transparency, the department of
14 transportation will be more accountable to the public in how the
15 department of transportation prioritizes and pursues programs
16 and projects to meet core functional needs.

17 The department of transportation seeks to gather and
18 disseminate relevant and reliable real time information so that
19 motorists can make better, more informed decisions regarding
20 their personal travel. By providing reliable real time
21 information, motorist will know the severity of a disruption

1 allowing them the opportunity to adjust their route or planned
2 travel time or both.

3 In addition to accelerating projects and programs, the
4 department of transportation is also committed to review
5 alternative policies and initiatives that may affect the demand
6 for travel, to explore alternative travel modes, and ways to
7 better manage the overall transportation system to achieve
8 greatest efficiency. The department of transportation will also
9 investigate opportunities to partner with other governmental
10 agencies to influence land use development patterns to reduce
11 the overall need for travel and associated transportation
12 impacts.

13 Financial plan: To generate the additional capital
14 required for this modernization program, the department of
15 transportation proposes to increase state liquid fuel taxes,
16 state vehicle registration fees, state vehicle weight taxes, and
17 rental motor vehicle surcharge taxes. Creation of a new special
18 fund for deposit of these additional revenues is proposed. The
19 creation of this special fund will allow for accountability and
20 transparency and ensure the public that the increases in
21 revenues are being appropriately used on programs and projects

1 that achieve the improvements in the adopted performance
2 categories.

3 The state liquid fuel tax, state vehicle registration fee,
4 state vehicle weight tax, and rental motor vehicle surcharge tax
5 will be increased as follows:

- 6 • Increase the state tax on liquid fuel by ten cents per
7 gallon increase.
- 8 • Increase the state vehicle registration fee by \$20.
- 9 • Increase the rental motor vehicle surcharge tax permanently
10 to \$5 per day.

11 The state liquid fuel tax, state vehicle registration fee,
12 state vehicle weight tax, and rental motor vehicle surcharge tax
13 are the major sources of revenue for the state highway fund.
14 Appropriations from the fund are used for the construction,
15 operation, and maintenance of the state highway system.

16 The highways financial plan relies on these revenues to
17 support the continued operations and maintenance of the state
18 highway system.

19 These revenues also serve as pledged revenues for highway
20 revenue bonds. The additional revenues derived from the
21 increased taxes and fees will help to increase the revenue

1 bonding capacity of the state highways program and provide
2 funding for additional capital improvement projects.

3 Highway fuel license taxes: Highway fuel license taxes
4 consist of license taxes on fuel sold to motor vehicle operators
5 pursuant to chapter 243, Hawaii Revised Statutes. The
6 distributor of motor vehicle fuel pays the fuel license tax for
7 liquid fuel produced or imported by the distributor to be sold
8 or used by the distributor. Highway fuel license taxes are
9 currently assessed at a rate of \$0.17 per gallon of gasoline and
10 diesel oil used for general highway purposes; and \$0.02 per
11 gallon of gasoline, diesel oil, and liquid petroleum gas used
12 for non-highway purposes. The highway fuel license taxes are
13 collected by the department of taxation, which transfers the
14 receipts to the state highway fund.

15 The rate of taxation on fuel increased significantly
16 between 1975 and 1991. Highway fuel license taxes increased
17 from \$0.085 per gallon of gasoline and diesel oil, and \$0.060
18 per gallon of liquid petroleum gas in 1975, to \$0.110 per gallon
19 of gasoline and diesel oil, and \$0.080 per gallon of liquid
20 petroleum gas in 1985, and to \$0.160 per gallon of gasoline and
21 diesel oil and \$0.110 per gallon of liquid petroleum gas
22 effective July 1, 1991. The state fuel tax was increased to

1 \$0.17 per gallon for gasoline and diesel oil used for general
2 highway purposes; and \$0.02 per gallon for gasoline, diesel oil,
3 and liquid petroleum gas used for non-highway purposes effective
4 July 1, 2007 by Act 209, Session Laws of Hawaii 2007.

5 Vehicle registration fees: All vehicles, including motor
6 vehicles, must be registered annually with one of the four
7 counties of the State. The vehicle owner must pay a State
8 registration fee of \$25 for each vehicle, pursuant to section
9 249-31, HRS. The State vehicle registration fee has been
10 increased from \$1 per vehicle in 1979, to \$10 per vehicle in
11 1985, to \$20 per vehicle in 1991, and to \$25 per vehicle in
12 2004. From each annual motor vehicle registration fee
13 collected, \$20 is deposited into the state highway fund, and \$5
14 into the emergency medical services special fund. The four
15 counties each collect the vehicle registration fee along with
16 their respective county registration fees and transfer the
17 State's portion of the vehicle registration fee into the state
18 highway fund.

19 Vehicle weight taxes: All vehicles, including motor
20 vehicles, are assessed an annual state vehicle weight tax
21 pursuant to section 249-33, Hawaii Revised Statutes. The tax
22 rate is \$0.0075 per pound for vehicles less than 4,000 pounds;

1 \$0.01 per pound for vehicles between 4,001 and 7,000 pounds;
2 \$0.0125 per pound for vehicles between 7,001 and 10,000 pounds;
3 and \$150 per vehicle for vehicles over 10,000 pounds. Vehicle
4 weight taxes increased from a minimum rate of \$0.0045 per pound
5 to \$0.0050 per pound to \$0.0075 per pound and a maximum charge
6 of \$36 per vehicle to \$65 per vehicle to \$150 per vehicle over
7 the period from 1991 to 2002. The four counties each collect
8 the vehicle weight tax along with their respective county
9 vehicle taxes, and transfer the State's portion of the vehicle
10 weight tax into the state highway fund.

11 Rental motor vehicle and tour vehicle surcharge taxes:
12 chapter 251, Hawaii Revised Statutes, imposes a surcharge tax on
13 all rental motor vehicles and tour vehicles. The rental motor
14 vehicle surcharge tax is imposed on the owner of the rental
15 company when a rental motor vehicle is rented or leased.
16 Through Act 223, Session Laws of Hawaii 1999, the surcharge tax
17 was increased from \$2 per day to \$3 per day or any portion of
18 the day effective from September 1, 1999 through August 31,
19 2007, and was further extended by Act 258, Session Laws of
20 Hawaii 2007, from September 1, 2007, through August 31, 2008,
21 and Act 226, Session Laws of Hawaii 2008, from September 1,
22 2008, through August 31, 2011.

1 Trigger: The current economic downturn has adversely
2 impacted the State and its residents, and actions that could
3 lead to further reductions in personal income could have a
4 detrimental and undesirable impact the residents of Hawaii. As
5 such, the liquid fuel tax, state vehicle registration fee, state
6 vehicle weight tax, and rental motor vehicle surcharge tax
7 increases will take effect only when the economy has improved as
8 measured by a one percent growth in Hawaii's statewide non-
9 agricultural wage and salary job growth for two consecutive
10 quarters as compared with the same quarters in the previous year
11 as published by the state department of business and economic
12 development and tourism.

13 If, however, the tax and fee increases are not triggered by
14 the third year following the effective date of this legislation,
15 the department of transportation will return to current
16 operational and priority status, adjusting its efforts to match
17 and appropriately manage available resources. These tax and fee
18 increases will not apply to drivers and residents located on the
19 islands of Lanai and Molokai since highway modernization
20 projects are not being proposed for these two islands.

21 The department of transportation intends to seek the
22 services of a master consultant to assist with overall program

1 management and support services in the implementation of this
2 highway modernization program. The master consultant will aid
3 in the development of specific performance criteria to assess
4 overall effectiveness of the programs and projects. The master
5 consultant will assist in reviewing, evaluating, and
6 recommending structural, organizational, and procedural changes
7 to the department of transportation's highways division
8 including recommendations on staffing. The master consultant
9 will also assist with the creation and maintenance of a web
10 based information system with project status and performance
11 indicators.

12 Vehicle miles traveled pilot program: The liquid fuel tax,
13 is the primary means of funding the infrastructure improvements
14 needed to support motor vehicular travel. As the use of fuel
15 efficient and alternative energy vehicles become more prevalent,
16 less gasoline and diesel fuel will be consumed and liquid fuel
17 tax collections will correspondingly diminish. The current
18 method of assessing the motor vehicle liquid fuel tax on a per
19 gallon basis will become less effective at generating a stable
20 revenue source to fund the land transportation infrastructure
21 program.

1 The number of miles each vehicle travels is a gauge of
2 actual use and associated impact on the land transportation
3 infrastructure. Evaluation of a vehicle miles traveled user fee
4 is, therefore, proposed as a means of assessing users of the
5 highway system a fee based on their actual use of and impact on
6 the highways. This approach would correlate usage and fees and
7 would provide a reliable and stable source of funds to
8 administer and manage the land transportation infrastructure
9 system.

10 Transfers of highway fund: Due to the need to invest in
11 the state land transportation infrastructure system and the fact
12 that there exists a significant backlog in maintenance of
13 existing facilities; the transfer of funds from the highway fund
14 and the new land transportation modernization special fund must
15 be strictly prohibited. The department of transportation
16 requires a secure, stable, and reliable funding source to
17 properly administer and manage the challenges faced by the state
18 land transportation infrastructure system.

19 SECTION 2. Section 243-4, Hawaii Revised Statutes, is
20 amended by amending subsection (a) to read as follows:

21 "(a) Every distributor, in addition to any other taxes
22 provided by law, shall pay a license tax to the department of

1 taxation for each gallon of liquid fuel refined, manufactured,
2 produced, or compounded by the distributor and sold or used by
3 the distributor in the State or imported by the distributor, or
4 acquired by the distributor from persons who are not licensed
5 distributors, and sold or used by the distributor in the State.
6 Any person who sells or uses any liquid fuel, knowing that the
7 distributor from whom it was originally purchased has not paid
8 and is not paying the tax thereon, shall pay such tax as would
9 have applied to such sale or use by the distributor. The rates
10 of tax imposed are as follows:

- 11 (1) For each gallon of diesel oil, 2 cents;
- 12 (2) For each gallon of gasoline or other aviation fuel
13 sold for use in or used for airplanes, 2 cents;
- 14 (3) For each gallon of naphtha sold for use in a power-
15 generating facility, 1 cent;
- 16 (4) For each gallon of liquid fuel, other than fuel
17 mentioned in paragraphs (1), (2), and (3), and other
18 than an alternative fuel, sold or used in the city and
19 county of Honolulu, or sold in any county for ultimate
20 use in the city and county of Honolulu, [~~17~~] 27 cents
21 state tax, and in addition thereto an amount, to be

1 known as the "city and county of Honolulu fuel tax",
2 as shall be levied pursuant to section 243-5;

3 (5) For each gallon of liquid fuel, other than fuel
4 mentioned in paragraphs (1), (2), and (3), and other
5 than an alternative fuel, sold or used in the county
6 of Hawaii, or sold in any county for ultimate use in
7 the county of Hawaii, [~~17~~] 27 cents state tax, and in
8 addition thereto an amount, to be known as the "county
9 of Hawaii fuel tax", as shall be levied pursuant to
10 section 243-5;

11 (6) For each gallon of liquid fuel, other than fuel
12 mentioned in paragraphs (1), (2), and (3), and other
13 than an alternative fuel, sold or used in the county
14 of Maui, or sold in any county for ultimate use in the
15 county of Maui, 17 cents state tax[~~7~~] on any island
16 with a total resident population of less than 20,000,
17 and 27 cents state tax everywhere else, and in
18 addition thereto an amount, to be known as the "county
19 of Maui fuel tax", as shall be levied pursuant to
20 section 243-5; and

21 (7) For each gallon of liquid fuel, other than fuel
22 mentioned in paragraphs (1), (2), and (3), and other

1 than an alternative fuel, sold or used in the county
2 of Kauai, or sold in any county for ultimate use in
3 the county of Kauai, [~~17~~] 27 cents state tax, and in
4 addition thereto an amount, to be known as the "county
5 of Kauai fuel tax", as shall be levied pursuant to
6 section 243-5.

7 If it is shown to the satisfaction of the department, based
8 upon proper records and from any other evidence as the
9 department may require, that liquid fuel, other than fuel
10 mentioned in paragraphs (1), (2), and (3), is used for
11 agricultural equipment that does not operate upon the public
12 highways of the State, the user thereof may obtain a refund of
13 all taxes thereon imposed by this section in excess of 1 cent
14 per gallon. The department shall adopt rules to administer such
15 refunds."

16 SECTION 3. Section 249-31, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "**§249-31 State registration fee.** (a) All vehicles and
19 motor vehicles in the State as defined in section 249-1,
20 including antique motor vehicles, except as otherwise provided
21 in sections 249-4 and 249-6, shall be subject to a \$25 annual
22 vehicle registration fee~~[-]~~ on any island with a total resident

1 population of less than 20,000, and a \$45 annual vehicle
2 registration fee everywhere else. The fee shall become due and
3 payable on January 1, and shall be paid before April 1 in each
4 year together with all other taxes and fees levied by this
5 chapter; provided that should any county elect to renew motor
6 vehicle registrations on a staggered basis as authorized by
7 section 286-51, the state registration for that county shall
8 likewise be staggered so that the state registration fee is due
9 and payable at the same time and shall be collected together
10 with the county fee. The state registration fee shall be deemed
11 delinquent if not paid with the county registration fee. The
12 respective counties shall collect this fee together with the
13 vehicle registration tax collected for the county and shall
14 transfer the moneys collected under this section to the State.

15 (b) From each annual motor vehicle registration fee, the
16 director shall deposit \$20 into the state highway fund and \$5
17 into the emergency medical services special fund. The director
18 of transportation shall also deposit \$20 into the land
19 transportation modernization special fund from each motor
20 vehicle registration fee, except for those annual motor vehicle
21 registrations on any island with a total resident population of
22 less than 20,000."

1 SECTION 4. Section 249-33, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) All vehicles and motor vehicles in the State as
4 defined in section 249-1, including antique motor vehicles,
5 except as otherwise provided in sections 249-3 to 249-6, in
6 addition to all other fees and taxes levied by this chapter,
7 shall be subject to an annual state vehicle weight tax. The tax
8 shall be levied by the county director of finance at the rate of
9 .75 cents a pound on any island with a total resident population
10 of less than 20,000, and 2.75 cents a pound everywhere else
11 according to the net weight of each vehicle as the "net weight"
12 is defined in section 249-1 up to and including four thousand
13 pounds net weight; vehicles over four thousand pounds and up to
14 and including seven thousand pounds net weight shall be taxed at
15 the rate of 1.00 cent a pound[+] on any island with a total
16 resident population of less than 20,000, and 3.00 cents a pound
17 everywhere else; vehicles over seven thousand pounds and up to
18 and including ten thousand pounds net weight shall be taxed at
19 the rate of 1.25 cents a pound[+] on any island with a total
20 resident population of less than 20,000, and 3.25 cents a pound
21 everywhere else; vehicles over ten thousand pounds net weight
22 shall be taxed at a flat rate of \$150[-] on any island with a

1 total resident population of less than 20,000, and \$450
2 everywhere else."

3 SECTION 5. Section 251-2, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) There is levied and shall be assessed and collected
6 each month a rental motor vehicle surcharge tax of [~~\$2~~] \$5 a
7 day, [~~except that for the period of September 1, 1999, to~~
8 ~~August 31, 2011, the tax shall be \$3 a day,~~] or any portion of a
9 day that a rental motor vehicle is rented or leased. The rental
10 motor vehicle surcharge tax shall be levied upon the lessor;
11 provided that the tax shall not be levied on the lessor if:

- 12 (1) The lessor is renting the vehicle to replace a vehicle
13 of the lessee that is being repaired; and
14 (2) A record of the repair order for the vehicle is
15 retained either by the lessor for two years for
16 verification purposes or by a motor vehicle repair
17 dealer for two years as provided in section 437B-16."

18 SECTION 6. The department of transportation is authorized
19 to issue highway revenue bonds for highway capital improvement
20 projects authorized by the general appropriations act of 2009,
21 and for the purposes of this Act, designated to be financed by

1 revenue bond funds with the debt service to be paid from special
2 funds.

3 SECTION 7. Chapter 248, Hawaii Revised Statutes, is
4 amended by adding a new section to be appropriately designated
5 and to read as follows:

6 **"§248- Land transportation modernization special fund.**

7 (a) There is established in the state treasury the land
8 transportation modernization special fund, that excludes the
9 taxes and fees collected on any island with a total resident
10 population of less than 20,000, to be administered by the
11 department of transportation, into which shall be deposited:

- 12 (1) A portion of the tax collected under section 2(a) of
13 this Act equal to 10 cents per gallon of liquid fuel;
14 (2) A portion of the state registration fee collected
15 under section 3 of this Act equal to \$20 for each
16 annual motor vehicle registration fee collected;
17 (3) A portion of the annual state vehicle weight tax
18 collected under section 4 of this Act, equal to 2
19 cents a pound for vehicles up to and including ten
20 thousand pounds net weight, and a rate of \$300 per
21 vehicle for vehicles over ten thousand pounds net
22 weight;

- 1 (4) A portion of the rental vehicle surcharge tax under
- 2 section 5 of this Act equal to \$2 a day;
- 3 (5) Interest from investment of deposits; and
- 4 (6) Legislative and county appropriations.

5 (b) Moneys in the land transportation modernization
6 special fund shall be used for the purposes of this Act and
7 shall be authorized for expenditure by the department of
8 transportation for payment of revenue bond debt service,
9 including principal and interest.

10 (c) The land transportation modernization special fund
11 shall be exempt from the requirements of section 36-27, Hawaii
12 Revised Statutes, transfers from special funds for central
13 service expenses, and section 36-30, Hawaii Revised Statutes,
14 special fund reimbursements for departmental administrative
15 expenses."

16 SECTION 8. Section 36-27, Hawaii Revised Statutes, is
17 amended to read as follows:

18 **"§36-27 Transfers from special funds for central service**
19 **expenses.** Except as provided in this section, and
20 notwithstanding any other law to the contrary, from time to
21 time, the director of finance, for the purpose of defraying the

1 prorated estimate of central service expenses of government in
2 relation to all special funds, except the:

- 3 (1) Special out-of-school time instructional program fund
4 under section 302A-1310;
- 5 (2) School cafeteria special funds of the department of
6 education;
- 7 (3) Special funds of the University of Hawaii;
- 8 (4) State educational facilities improvement special fund;
- 9 (5) Convention center enterprise special fund under
10 section 201B-8;
- 11 (6) Special funds established by section 206E-6;
- 12 (7) Housing loan program revenue bond special fund;
- 13 (8) Housing project bond special fund;
- 14 (9) Aloha Tower fund created by section 206J-17;
- 15 (10) Funds of the employees' retirement system created by
16 section 88-109;
- 17 (11) Unemployment compensation fund established under
18 section 383-121;
- 19 (12) Hawaii hurricane relief fund established under
20 chapter 431P;
- 21 (13) Hawaii health systems corporation special funds and
22 the subaccounts of its regional system boards;

- 1 (14) Tourism special fund established under section 201B-
2 11;
- 3 (15) Universal service fund established under chapter 269;
- 4 (16) Emergency and budget reserve fund under section 328L-
5 3;
- 6 (17) Public schools special fees and charges fund under
7 section 302A-1130(f);
- 8 (18) Sport fish special fund under section 187A-9.5;
- 9 (19) Neurotrauma special fund under section 321H-4;
- 10 (20) Deposit beverage container deposit special fund under
11 section 342G-104;
- 12 (21) Glass advance disposal fee special fund established
13 by section 342G-82;
- 14 (22) Center for nursing special fund under section 304A-
15 2163;
- 16 (23) Passenger facility charge special fund established by
17 section 261-5.5;
- 18 (24) Solicitation of funds for charitable purposes special
19 fund established by section 467B-15;
- 20 (25) Land conservation fund established by section 173A-5;
- 21 (26) Court interpreting services revolving fund under
22 section 607-1.5;

- 1 (27) Trauma system special fund under section 321-22.5;
2 (28) Hawaii cancer research special fund;
3 (29) Community health centers special fund;
4 (30) Emergency medical services special fund; [~~and~~]
5 (31) Rental motor vehicle customer facility charge special
6 fund established under section 261-5.6; and
7 (32) Land transportation modernization special fund
8 established under section 248- ;

9 shall deduct five per cent of all receipts of all other special
10 funds, which deduction shall be transferred to the general fund
11 of the State and become general realizations of the State. All
12 officers of the State and other persons having power to allocate
13 or disburse any special funds shall cooperate with the director
14 in effecting these transfers. To determine the proper revenue
15 base upon which the central service assessment is to be
16 calculated, the director shall adopt rules pursuant to chapter
17 91 for the purpose of suspending or limiting the application of
18 the central service assessment of any fund. No later than
19 twenty days prior to the convening of each regular session of
20 the legislature, the director shall report all central service
21 assessments made during the preceding fiscal year."

1 SECTION 9. Section 36-30, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **"§36-30 Special fund reimbursements for departmental**
4 **administrative expenses.** (a) Each special fund, except the:

- 5 (1) Transportation use special fund established by section
6 261D-1;
- 7 (2) Special out-of-school time instructional program fund
8 under section 302A-1310;
- 9 (3) School cafeteria special funds of the department of
10 education;
- 11 (4) Special funds of the University of Hawaii;
- 12 (5) State educational facilities improvement special fund;
- 13 (6) Special funds established by section 206E-6;
- 14 (7) Aloha Tower fund created by section 206J-17;
- 15 (8) Funds of the employees' retirement system created by
16 section 88-109;
- 17 (9) Unemployment compensation fund established under
18 section 383-121;
- 19 (10) Hawaii hurricane relief fund established under
20 chapter 431P;
- 21 (11) Convention center enterprise special fund established
22 under section 201B-8;

- 1 (12) Hawaii health systems corporation special funds and
- 2 the subaccounts of its regional system boards;
- 3 (13) Tourism special fund established under section 201B-
- 4 11;
- 5 (14) Universal service fund established under chapter 269;
- 6 (15) Emergency and budget reserve fund under section 328L-
- 7 3;
- 8 (16) Public schools special fees and charges fund under
- 9 section 302A-1130(f);
- 10 (17) Sport fish special fund under section 187A-9.5;
- 11 (18) Neurotrauma special fund under section 321H-4;
- 12 (19) Center for nursing special fund under section 304A-
- 13 2163;
- 14 (20) Passenger facility charge special fund established by
- 15 section 261-5.5;
- 16 (21) Court interpreting services revolving fund under
- 17 section 607-1.5;
- 18 (22) Trauma system special fund under section 321-22.5;
- 19 (23) Hawaii cancer research special fund;
- 20 (24) Community health centers special fund;
- 21 (25) Emergency medical services special fund; [and]

1 (26) Rental motor vehicle customer facility charge special
2 fund established under section 261-5.6[7]; and

3 (27) Land transportation modernization special fund
4 established under section 248- ,

5 shall be responsible for its pro rata share of the
6 administrative expenses incurred by the department responsible
7 for the operations supported by the special fund concerned.

8 (b) Administrative expenses shall include:

9 (1) Salaries;

10 (2) Maintenance of buildings and grounds;

11 (3) Utilities; and

12 (4) General office expenses.

13 (c) The pro rata share of each special fund shall be that
14 proportion of the administrative expenses of the department,
15 including those paid from all special funds administered by the
16 department, which the expenditures of the special fund bear to
17 the total expenditures of the department; provided that in
18 determining the amount to be charged to each special fund for
19 its pro rata share:

20 (1) Credit shall be given for any administrative expenses
21 paid from the special fund concerned; and

1 (2) Other adjustments shall be made as necessary to
2 achieve an equitable apportionment.

3 (d) The director of finance may determine the amount to
4 be charged to each special fund and may cause the amounts to be
5 transferred to the general fund as reimbursements.

6 (e) No later than twenty days prior to the convening of
7 each regular session of the legislature, the director shall
8 report all departmental administrative expenses assessments made
9 during the preceding fiscal year."

10 SECTION 10. The department of transportation shall be
11 authorized to expend such funds for the pursuit of the projects
12 and programs listed below. Accounting of the appropriations by
13 the department of accounting and general services shall be based
14 on the projects as such projects are listed in this section.
15 Several related or similar projects may be combined into a
16 single project if such combination is advantageous or convenient
17 for implementation; and provided further that the total cost of
18 the projects thus combined shall not exceed the total of the sum
19 specified for the projects separately. (The amount after each
20 cost element and the total funding for each project listed in
21 this part are in thousands of dollars.)

- 1 1. SAFETY PROGRAM - Strategic highway safety program.
 - 2 Seven areas of the strategic highway safety plan are:
 - 3 - Putting the brakes on aggressive driving
 - 4 Total funding \$10,000
 - 5 - Combating impaired driving
 - 6 Total funding \$5,000
 - 7 - Protecting vehicle occupants
 - 8 Total funding \$2,000
 - 9 - Safeguarding pedestrians and bicyclists
 - 10 Total funding \$6,000
 - 11 - Ensuring motorcycle and moped safety
 - 12 Total funding \$1,000
 - 13 - Building safer roadways by design
 - 14 Total funding \$89,000
 - 15 - Improving data and safety management systems
 - 16 Total funding \$3,000
 - 17 2. SAFETY PROGRAM - Highway safety improvement program: Safety
 - 18 improvements statewide in which scope may include, but is
 - 19 not limited to, intersection channelization; installation
 - 20 of milled rumble strips on centerline and shoulders,
 - 21 superelevation assessment along entire segment, pavement
 - 22 markings, and signing.

1 Total funding \$43,294

2 3. SAFETY PROGRAM - Bridge program: Bridge program includes
3 bridge replacement, rehabilitation, widening, repair, lead
4 abatement and inspection; seismic retrofit and tunneling.

5 - Oahu - Kamehameha Highway, Hoolapa Stream (Nanahu)
6 Bridge replacement: design and construct Hoolapa
7 Stream (Nanahu) Bridge replacement on Kamehameha
8 Highway.

9 Total funding \$10,000

10 - Oahu - Kamehameha Highway, Makaua Stream Bridge
11 rehabilitation: design and construct Makaua Stream
12 Bridge rehabilitation on Kamehameha Highway.

13 Total funding \$5,000

14 - Oahu - Kamehameha Highway, Waikane Stream Bridge
15 rehabilitation: design and construct Waikane Stream
16 Bridge rehabilitation on Kamehameha Highway.

17 Total funding \$5,000

18 - Oahu - Kamehameha Highway, Kalauoa Springs Stream
19 Bridge replacement: design and construct Kalauoa
20 Springs Stream Bridge replacement on Kamehameha
21 Highway.

22 Total funding \$10,000

- 1 - Oahu - Bridge, rehabilitation, replacement or seismic
2 retrofit includes design, right of way and
3 construction for rehabilitation, replacement and
4 seismic retrofit of bridges at various locations.
5 Interstate H-1, H-2, and H-3 structures
6 Kalaniana'ole Highway, Ina'ole Stream Bridge, Waimanalo
7 Kamehameha Highway, Waiahole Bridge replacement
8 Kamehameha Highway, Kaipapau Stream Bridge
9 rehabilitation
10 Kamehameha Highway, Kawela Stream Bridge
11 replacement/rehabilitation
12 Kamehameha Highway, Makaha Bridges #3 and #3A
13 replacement
14 Kamehameha Highway, Kaluanui Stream Bridge replacement
15 Total funding \$134,355
- 16 - Hawaii Belt Road, Hilea Stream Bridge replacement:
17 design and construct Hilea Stream Bridge replacement
18 on Hawaii Belt Road.
19 Total funding \$20,000
- 20 - Hawaii - Bridge, rehabilitation, replacement or
21 seismic retrofit includes design, right of way and

- 1 construction for rehabilitation, replacement and
2 seismic retrofit of bridges at various locations.
3 Hawaii Belt Road, Pahoehoe Stream Bridge replacement
4 Kawaihae Road, Waiaka Stream Bridge replacement and
5 realignment of approaches
6 Total funding \$6,420
- 7 - Maui - Kula Highway, Kaipoi Stream Bridge
8 rehabilitation: design and construction for Kaipoi
9 Stream Bridge rehabilitation on Kula Highway.
10 Total funding \$5,000
- 11 - Maui - Hana Highway, bridge preservation plan: plan
12 for preservation of bridges on Hana Highway.
13 Total funding \$1,500
- 14 - Maui - Hana Highway, structural strengthening of
15 various bridges
16 Total funding \$2,500
- 17 - Maui - Hana Highway, Mokulehua Stream Bridge
18 rehabilitation/replacement: design and construct for
19 Mokulehua Stream Bridge rehabilitation/replacement on
20 Hana Highway.
21 Total funding \$7,000

- 1 - Maui - Hana Highway, Kopiliula Stream Bridge
2 Rehabilitation/Replacement: design and construct for
3 Kopiliula Stream Bridge replacement on Hana Highway.
4 Total funding \$9,000
- 5 - Molokai - Kamehameha Highway V, Kamiloloa Stream
6 Bridge rehabilitation: design and construct Kamiloloa
7 Stream Bridge rehabilitation on Kamehameha Highway V.
8 Total funding \$5,000
- 9 - Maui - Bridge, rehabilitation, replacement or seismic
10 retrofit includes design, right of way and
11 construction for rehabilitation, replacement and
12 seismic retrofit of bridges at various locations.
13 Waiehu Beach Road, Iao Stream Bridge rehabilitation
14 Honoapiilani Highway, Honolulu Bridge replacement
15 Kamehameha V Highway, Kawela Stream Bridge
16 replacement, Molokai
17 Kamehameha V Highway, Makakupaia Stream Bridge
18 replacement, Molokai
19 Total funding \$17,520
- 20 - Kauai - Kuhio Highway, Waioli, Waipa and Waikoko
21 Stream Bridges replacement: design and construct

- 1 Waioli, Waipa and Waikoko Stream Bridges replacement
2 on Kuhio Highway.
3 Total funding \$30,000
- 4 - Kauai - Bridge, rehabilitation, replacement or seismic
5 retrofit includes design, right of way and
6 construction for rehabilitation, replacement and
7 seismic retrofit of bridges at various locations.
8 Kuhio Highway, Kapaia Bridge replacement
9 Kaumualii Highway, Omao Bridge rehabilitation
10 Total funding \$19,528
- 11 - Statewide - Bridge inspection and appraisal: bridge
12 inspection and appraisal at various bridges statewide.
13 Total funding \$18,000
- 14 4. SAFETY PROGRAM - Rockfall and slope stabilization program
- 15 - Oahu - Rockfall protection (Haleiwa, Kahuku, Pali
16 Highway): design and construct rockfall protection for
17 Haleiwa, Kahuku and the Pali Highway areas.
18 Total funding \$16,760
- 19 - Oahu - Interstate Route H-1, School Street on-ramp
20 retaining wall replacement: construct School Street
21 on-ramp retaining wall replacement.
22 Total funding \$8,000

- 1 - Oahu - Kamehameha Highway, rockfall protection,
2 vicinity of Wahiawa Town: design and construct
3 rockfall protection on Kamehameha Highway in the
4 vicinity of Wahiawa Town.
5 Total funding \$5,000
- 6 - Oahu - Kamehameha Highway, rockfall protection,
7 vicinity of North Shore: design and construct rockfall
8 protection on Kamehameha Highway in the vicinity of
9 North Shore.
10 Total funding \$5,000
- 11 - Hawaii - Hawaii Belt Road, rockfall protection phases
12 I and II: construct rockfall protection on Hawaii Belt
13 Road.
14 Total funding \$16,000
- 15 - Hawaii - Hawaii Belt Road, rockfall protection at
16 various locations: design and construct rockfall
17 protection on Hawaii Belt Road at various locations.
18 Total funding \$20,000
- 19 - Maui - Hana Highway slope stabilization and
20 Honoapiilani Highway rockfall protection: plans for
21 Hana Highway slope stabilization and Honoapiilani
22 Highway rockfall protection.

- 1 Total funding \$500
- 2 - Kauai - Kuhio Highway, slope protection, vicinity of
- 3 Wainiha Bay: design and construct Kuhio Highway slope
- 4 protection in the vicinity of Wainiha Bay.
- 5 Total funding \$950
- 6 - Kauai - Kuhio Highway slope stabilization, vicinity of
- 7 Hanalei Bridge: construct Kuhio Highway slope
- 8 stabilization in the vicinity of Hanalei Bridge.
- 9 Total funding \$6,955
- 10 - Kauai - Kuhio Highway retaining walls at Lumahai and
- 11 Wainiha: plan, design and construct retaining walls at
- 12 Lumahai and Wainiha.
- 13 Total funding \$4,740
- 14 - Statewide - Rockfall and slope stabilization
- 15 inspection: rockfall and slope stabilization
- 16 inspection at various locations statewide.
- 17 Total funding \$9,000
- 18 5. SAFETY PROGRAM - Shoreline protection program
- 19 - Oahu - Kamehameha Highway, shoreline protection,
- 20 vicinity of Punaluu: design and construct shoreline
- 21 protection for Punaluu area.
- 22 Total funding \$5,300

- 1 - Oahu - Kamehameha Highway realignment, Haleiwa to
2 Waimea Bay: design Kamehameha Highway realignment from
3 Haleiwa to Waimea Bay.
4 Total funding \$3,100
- 5 - Oahu - Kamehameha Highway, shoreline protection,
6 vicinity of Hauula: design and construct Kamehameha
7 Highway shoreline protection in the vicinity of
8 Hauula.
9 Total funding \$5,700
- 10 - Oahu - Kamehameha Highway, shoreline protection,
11 vicinity of Kaaawa: design and construct Kamehameha
12 Highway shoreline protection in the vicinity of
13 Kaaawa.
14 Total funding \$10,840
- 15 - Oahu - Kamehameha Highway, shoreline protection,
16 vicinity of Kawaiiloa Beach: design Kamehameha Highway
17 shoreline protection in the vicinity of Kawaiiloa
18 Beach.
19 Total funding \$1,700
- 20 - Hawaii - Hilo Bayfront Highway, shoreline protection:
21 construct shoreline protection along Hilo Bayfront
22 Highway.

- 1 Total funding \$2,260
- 2 - Hawaii - East Hawaii, shoreline protection: design and
- 3 construct shoreline protection along East Hawaii.
- 4 Total funding \$10,000
- 5 - Maui - Shoreline Protection (Launiupoko, Olowalu,
- 6 Niaupala Fishpond, Wailua-Kumimi, Kealia Pond): design
- 7 and construct shoreline protection in Launiupoko,
- 8 Olowalu, Niaupala Fishpond, Wailua-Kumimi and Kealia
- 9 Pond areas.
- 10 Total funding \$14,110
- 11 - Maui - Honoapiilani Highway, shoreline protection:
- 12 design and construct shoreline protection along
- 13 Honoapiilani Highway.
- 14 Total funding \$10,000
- 15 - Maui - Kahului Beach Road, shoreline protection:
- 16 design and construct shoreline protection along
- 17 Kahului Beach Road.
- 18 Total funding \$5,000
- 19 - Maui - North Kihei Road, shoreline protection: design
- 20 and construct shoreline protection along North Kihei
- 21 Road.
- 22 Total funding \$10,000

- 1 - Kauai - Kuhio Highway, shoreline protection, vicinity
2 of Hanalei Bay: construct shoreline protection in the
3 Hanalei Bay area.
4 Total funding \$2,300
- 5 - Kauai - East Kauai, shoreline protection: design and
6 construct shoreline protection in East Kauai.
7 Total funding \$10,000
- 8 - Statewide - Shoreline inspection: shoreline inspection
9 at various locations statewide.
10 Total funding \$6,000
- 11 6. SAFETY PROGRAM - Guardrail and shoulder improvement program
- 12 - Oahu - Guardrail and shoulder improvements: guardrail
13 and shoulder improvements at various locations.
14 Total funding \$16,132
- 15 - Hawaii - Guardrail and shoulder improvements:
16 guardrail and shoulder improvements at various
17 locations.
18 Total funding \$7,329
- 19 - Maui - Guardrail and shoulder improvements: guardrail
20 and shoulder improvements at various locations.
21 Total funding \$1,000

1 - Kauai - Guardrail and shoulder improvements: guardrail
2 and shoulder improvements at various locations.

3 Total funding \$1,259

4 7. SAFETY PROGRAM - Motor vehicle safety program: motor
5 carrier and highway safety and sign and traffic signal
6 management.

7 - Statewide - Other facility improvements: plans,
8 designs, construction and equipment for facility
9 improvements.

10 Total funding \$11,891

11 8. CONGESTION PROGRAM - Capacity program

12 - Oahu - Kalaniana'ole Highway improvements, Olomana Golf
13 Course to Waimanalo Beach Park, phases I and II
14 Construct improvements on Kalaniana'ole Highway from
15 Olomana Golf Course to Waimanalo Beach Park.

16 Total funding \$24,480

17 - Oahu - PM Contraflow from Paiwa Interchange to Waiawa
18 Interchange, phase I: design and construct phase I of
19 the PM Contraflow lane from Paiwa Interchange to
20 Waiawa Interchange.

21 Total funding \$23,600

1 - Oahu - Intersection operational improvements to reduce
2 congestion: design and construct various intersection
3 operational improvements aimed to reduce congestion at
4 various locations.

5 Total funding \$7,800

6 - Oahu - Interstate Route H-1 corridor improvements:
7 plans for various H-1 corridor improvements.

8 Total funding \$520

9 - Oahu - Interstate Route H-1, Lunalilo Street off-/on-
10 ramp: design for Lunalilo Street on-ramp and off-ramp
11 improvements.

12 Total funding \$1,080

13 - Oahu - Interstate Route H-1, Kunia Interchange
14 improvements: plans for Kunia Interchange
15 improvements.

16 Total funding \$780

17 - Oahu - Fort Barrette Road widening, Farrington Highway
18 to Barbers Point Gate: construction for Fort Barrette
19 Road widening from Farrington Highway to Barbers Point
20 Gate

21 Total funding \$22,450

- 1 - Oahu - Interstate Route H-1, Kapolei Interchange,
2 phase 2: construct phase 2 of Kapolei Interchange on
3 H-1.
4 Total funding \$26,000
- 5 - Oahu - Interstate Route H-1, eastbound, Ward Avenue
6 on-ramp to University Interchange: design H-1
7 eastbound improvements from Ward Avenue on-Ramp to
8 University Interchange.
9 Total funding \$850
- 10 - Oahu - Interstate Route H-1, Waiawa Interchange,
11 Westbound, Waipahu off-ramp improvements: design
12 Waipahu off-ramp improvements at the Waiawa
13 Interchange westbound.
14 Total funding \$3,120
- 15 - Oahu - Interstate Route H-1 widening, eastbound, Waiau
16 Interchange to Halawa Interchange, phase I: design H-1
17 widening eastbound from Waiau Interchange to Halawa
18 Interchange, phase I.
19 Total funding \$4,160
- 20 - Oahu - PM Contraflow from Keehi Interchange to Waiawa
21 Interchange, phase II; design and construct phase II

1 of the PM Contraflow lane from Keehi Interchange to
2 Waiawa Interchange.

3 Total funding \$50,000

4 - Oahu - Interstate Route H-1, eastbound improvements,
5 vicinity of Ola Lane to vicinity of Vineyard off-ramp:
6 construct H-1 eastbound improvements in the vicinity
7 of Ola Lane to Vineyard off-ramp.

8 Total funding \$100,000

9 - Oahu - Nimitz Viaduct, Keehi Interchange to Pacific
10 Street: planning, design, right of way and
11 construction for Nimitz Viaduct from Keehi Interchange
12 to Pacific Street.

13 Total funding \$600,000

14 - Hawaii - Intersection operational improvements to
15 reduce congestion: construct various intersection
16 operational improvements aimed to reduce congestion at
17 various locations.

18 Total funding \$11,085

19 - Hawaii - Queen Kaahumanu Highway, Keahole Airport to
20 Kawaihae Harbor

21 Total funding \$780

- 1 - Hawaii - Hawaii Belt Road, Mud Lane to the Kamuela
2 Race Track (Waimea Bypass): right-of-way and
3 construction for the Hawaii Belt Road from Mud Lane to
4 the Kamuela Race Track.
5 Total funding \$48,000
- 6 - Hawaii - Puainako Street Widening, Kanoelehua Avenue
7 to Komohana Street, phase I and II; design phases I
8 and II of Puainako Street widening from Kanoelehua
9 Avenue to Komohana Street.
10 Total funding \$1,500
- 11 - Hawaii - Kealakehe Parkway Extension, Keanalehu Drive
12 to Kealakaa Street: design and right of way for
13 Kealakehe Parkway Extension from Keanalehu Drive to
14 Kealakaa Street.
15 Total funding \$1,808
- 16 - Hawaii - Keaau-Pahoa Road shoulder lane conversion,
17 Keaau Bypass Road to Shower Drive; construct the
18 Keaau-Pahoa Road shoulder lane conversion from Keaau
19 Bypass Road to Shower Drive.
20 Total funding \$15,900

- 1 - Hawaii - Keaau-Pahoa Road improvements, Keaau to
2 Pahoa, phases 1 and 2; design phases 1 and 2
3 improvements of Keaau-Pahoa Road from Keaau to Pahoa.
4 Total funding \$3,000
- 5 - Hawaii - Kuakini Highway Widening, Henry Street to
6 Kamehameha III Road: design, right of way and
7 construction for Kuakini Highway widening from Henry
8 Street to Kamehameha III Road.
9 Total funding \$84,000
- 10 - Hawaii - Kawaihae Road Bypass, Waimea to Kawaihae,
11 phases 1 and 2: design, right of way and construction
12 for phases 1 and 2 of the Kawaihae Road Bypass from
13 Waimea to Kawaihae.
14 Total funding \$122,200
- 15 - Maui - Intersection operational improvements to reduce
16 congestion: construct various intersection operational
17 improvements aimed to reduce congestion at various
18 locations.
19 Total funding \$10,600
- 20 - Maui - Kahului Airport Access Road: construct Kahului
21 Airport Access Road.
22 Total funding \$21,100

- 1 - Maui - Paia Bypass Road
- 2 Design Paia Bypass Road.
- 3 Total funding \$3,120

- 4 - Maui - Honoapiilani Highway widening, Maalaea to
- 5 Launiupoko: design Honoapiilani Highway widening from
- 6 Maalaea to Launiupoko.
- 7 Total funding \$4,000

- 8 - Maui - Lahaina Bypass, phase 1B1, 1B2 and 1C:
- 9 planning, design, right of way and construction for
- 10 various phases of the Lahaina Bypass.
- 11 Total funding \$175,000

- 12 - Maui - Puunene Avenue widening, Wakea Avenue to
- 13 Kuihelani Highway: design, right of way and
- 14 construction for Puunene Avenue widening, from Wakea
- 15 Avenue to Kuihelani Highway.
- 16 Total funding \$5,525

- 17 - Maui - Hana Highway widening, Kaahumanu Ave to
- 18 vicinity of Airport Access Road: design, right of way
- 19 and construction for Hana Highway widening, from
- 20 Kaahumanu Avenue to the vicinity of Airport Access
- 21 Road.
- 22 Total funding \$8,500

- 1 - Maui - Kihei-Upcountry Road, phases 1 and 2: right-of-
2 way and construction for phases 1 and 2 of the Kihei-
3 Upcountry Road.
4 Total funding 136,500
- 5 - Kauai - Intersection operational improvements to
6 reduce congestion: design, right of way and
7 construction for various intersection operational
8 improvements aimed to reduce congestion at various
9 locations.
10 Total funding \$19.178
- 11 - Kauai - Kapule Highway Widening, Kuhio Highway to Rice
12 Street: plan Kapule Highway widening from Kuhio
13 Highway to Rice Street.
14 Total funding \$2,000
- 15 - Kauai - Puhi-Hanamaulu, alternate route: plan Puhi-
16 Hanamaulu alternate route.
17 Total funding \$4,000
- 18 - Kauai - Kuhio Highway improvements, Hanamaulu to
19 Kapaa, phase I: design Kuhio Highway improvements from
20 Hanamaulu to Kapaa, phase I.
21 Total funding \$2,000

1 - Kauai - Kuhio Highway, short term improvements, Kuamoo
2 Road to Temporary Bypass Road: construct short term
3 improvements on Kuhio Highway from Kuamoo Road to the
4 Temporary Bypass Road.

5 Total funding \$25,000

6 - Kauai - Kaumualii Highway widening, phase 1: design,
7 right of way and construction for Kaumualii Highway
8 widening, phase 1.

9 Total funding \$62,800

10 9. CONGESTION PROGRAM - Freeway Management System (FMS)
11 Program, phases 1 through 4, system manager,
12 operation/maintenance and freeway service patrol, Oahu:
13 design and construction for Oahu's freeway management
14 system, which include traveler information and incident
15 management.

16 Total funding \$110,900

17 10. CONGESTION PROGRAM - Traffic signal optimization program,
18 various locations, Oahu: synchronized traffic signal
19 programming at various locations.

20 Total funding \$15,405

- 1 11. CONGESTION PROGRAM - Bicycle program
- 2 - Oahu - Leeward Bikeway, phases I and II, Waipio Point
- 3 Access Road to Lualualei Naval Road: design, right of
- 4 way and construction for Leeward Bikeway, phases I and
- 5 II.
- 6 Total funding \$9,000
- 7 - Oahu - Kalaniana'ole Highway bicycle improvements,
- 8 Waimanalo Beach Park to Makapuu Lookout: construct
- 9 bicycle improvements on Kalaniana'ole Highway from
- 10 Waimanalo Beach Park to Makapuu Lookout.
- 11 Total funding \$2,200
- 12 - Maui - Other bikeway improvements: construct
- 13 improvements such as signage, bike pullouts and
- 14 improved shoulders.
- 15 Total funding \$3,224
- 16 - Statewide - Bicycle improvements that are incorporated
- 17 in safety, congestion and system preservation projects
- 18 statewide
- 19 Total funding \$17,000
- 20 12. CONGESTION PROGRAM - Pedestrian program
- 21 - Pedestrian work is incorporated in safety, congestion
- 22 and system preservation projects statewide.

- 1 Total funding \$17,000
- 2 - ADA compliance projects
- 3 Total funding \$2,000
- 4 - Pedestrian countdown timers, phase 2
- 5 Total funding \$3,500
- 6 13. SYSTEM PRESERVATION PROGRAM - Pavement preservation
- 7 - Oahu - Pavement preservation
- 8 Total funding \$58,000
- 9 - Hawaii - Pavement preservation
- 10 Total funding \$40,000
- 11 - Maui - Pavement preservation
- 12 Total funding \$10,000
- 13 - Kauai - Pavement preservation
- 14 Total funding \$12,000
- 15 14. SYSTEM PRESERVATION PROGRAM - Rehabilitation program
- 16 - Oahu - Interstate Route H-1, Pearl City and Waimalu
- 17 Viaduct improvements, phases 1, 2, 3 and 4: design and
- 18 construction for various phases of H-1 Pearl City and
- 19 Waimalu Viaduct improvements.
- 20 Total funding \$57,250
- 21 - Hawaii - Akoni Pule Highway realignment and widening
- 22 at Aamakao Gulch: right of way and construction of

- 1 Akoni Pule Highway realignment and widening at Aamakao
2 Gulch.
3 Total funding \$7,020
- 4 - Kauai - Waimea Canyon Drive/Kokee Road improvements:
5 design improvements at Waimea Canyon Drive and Kokee
6 Road.
7 Total funding \$600
- 8 15. SYSTEM PRESERVATION PROGRAM - Drainage improvement program
- 9 - Oahu - Drainage improvements
10 Right of way and construction for drainage
11 improvements at various locations.
12 Total funding \$10,850
- 13 - Hawaii - Drainage improvements: design, right of way
14 and construction for drainage improvements at various
15 locations.
16 Total funding \$15,000
- 17 - Maui - Drainage improvements: design, right of way and
18 construction for drainage improvements at various
19 locations.
20 Total funding \$3,585

1 - Kauai - Drainage improvements; design, right of way
2 and construction for drainage improvements at various
3 locations.

4 Total funding \$2,000

5 - Statewide - Drainage improvements: design, right of
6 way and construction for drainage improvements at
7 various locations.

8 Total funding \$5,000

9 16. SYSTEM PRESERVATION PROGRAM - Street light pole replacement
10 program

11 - Oahu - Highway lighting improvements
12 Lighting improvements on Interstate Route H-1,
13 Kamehameha Highway and Moanalua Freeway.

14 Total funding \$30,000

15 17. SYSTEM PRESERVATION PROGRAM - Destination sign replacement
16 program

17 - Interstate Route H-1, H-2, H-3 and Moanalua Freeway,
18 Destination sign upgrade/replacement, Phase I and II

19 Total funding \$60,500

20 18. SYSTEM PRESERVATION PROGRAM - Special maintenance program:
21 asphalt overlays, asphalt cold planing and paving (in-kind)
22 and re-striping.

- 1 - Oahu - Special maintenance
- 2 Total funding \$124,800
- 3 - Hawaii - Special maintenance
- 4 Total funding \$63,200
- 5 - Maui - Special maintenance
- 6 Total funding \$74,000
- 7 - Kauai - Special maintenance
- 8 Total funding \$39,000
- 9 19. SYSTEM PRESERVATION PROGRAM - Operations and maintenance
- 10 program: pavement sealing, pothole patching and crack
- 11 filling.
- 12 - Oahu - Operations and maintenance
- 13 Total funding \$297,300
- 14 - Hawaii - Operations and maintenance
- 15 Total funding \$21,000
- 16 - Maui - Operations and maintenance
- 17 Total funding \$30,180
- 18 - Kauai - Operations and maintenance
- 19 Total funding \$19,100

- 1 20. SYSTEM PRESERVATION PROGRAM - Landscaping program
- 2 - Oahu - Landscaping improvements, various locations
- 3 Right of way and construction for landscaping
- 4 improvements at various locations.
- 5 Total funding \$2,507
- 6 - Maui - Hana Highway/Kaahumanu Avenue beautification,
- 7 Dairy Road to Naniloa Overpass
- 8 Total funding \$1,066
- 9 21. OTHER PROGRAMS - Highway modernization plan
- 10 - Statewide - Highway modernization plan and program
- 11 management
- 12 Total funding \$60,000
- 13 22. OTHER PROGRAMS - Traffic counting stations
- 14 - Statewide - Traffic counting stations, various
- 15 locations, phase II
- 16 Total funding \$3,875
- 17 23. OTHER PROGRAMS - Facility improvements
- 18 - Hawaii - District baseyard improvements
- 19 Total funding \$2,910
- 20 - Maui - District baseyard improvements
- 21 Baseyard improvements for West Maui, Lanai and
- 22 Molokai.

1 Total funding \$510

2 24. OTHER PROGRAMS - Staff labor

3 - Statewide - Highways Division staff labor costs

4 Total funding \$159,180

5 25. OTHER PROGRAMS - Environmental program

6 - Oahu - Kamehameha Highway wetland enhancement,
7 vicinity of Ukoa Pond

8 Total funding \$5,500

9 - Statewide - Work to comply with EPA

10 Total funding \$10,848

11 26. OTHER PROGRAMS - Highway planning program

12 - Statewide - Highway planning program

13 Total funding \$8,825

14 SECTION 11. The department of transportation shall develop
15 one or more pilot programs to test alternatives to the current
16 state and county system of motor vehicle fuel taxes. Such pilot
17 programs may include but are not limited to programs to test the
18 reliability, ease of use, cost, and public acceptance of
19 technology and methods for:

20 (1) Identifying vehicles;

21 (2) Collecting and reporting the number of miles traveled
22 by particular vehicles; and

1 (3) Collecting payments from or making payments to
2 participants in pilot programs.

3 SECTION 12. The department of taxation may refund motor
4 vehicle fuel taxes paid by participants in pilot programs under
5 this Act, or may otherwise compensate participants in pilot
6 programs under this Act. The department of transportation may
7 terminate a pilot program at any time and may terminate
8 participation by any person at any time, and shall notify the
9 department of taxation. Termination from a pilot program under
10 this Act shall not entitle any person to additional
11 compensation.

12 SECTION 13. The increase in taxes and fees in sections 2,
13 3, 4, and 5 shall not take effect until such time that the state
14 economy has improved with a resultant one percent growth in
15 Hawaii's statewide non-agricultural wage and salary job growth
16 for two consecutive quarters as compared with the same quarters
17 in the previous year as published by the state department of
18 business and economic development and tourism.

19 SECTION 14. The increases in sections 2, 3, 4, and 5 shall
20 take effect six months following the occurrence of the economic
21 condition under section 11.

1 SECTION 15. If, however, the tax and fee increases in
2 sections 2, 3, 4, and 5 are not triggered by the third year
3 following the effective date of this legislation, the department
4 of transportation shall return to current operational and
5 priority status.

6 SECTION 16. The department of transportation shall provide
7 staff and administrative services necessary for purposes of this
8 Act. Without regard to chapters 76 and 77, Hawaii Revised
9 Statutes, the department may employ, fix compensation, and at
10 pleasure dismiss such persons as it finds necessary for purposes
11 of this Act. Such services shall include authorization to
12 execute a master agreement with a consultant to serve as the
13 program manager to facilitate the implementation of the highways
14 modernization plan.

15 SECTION 17. In addition to other moneys appropriated by
16 the general appropriations act of 2009 in fiscal year 2009-2010
17 for highway administration (TRN 595), highway planning,
18 statewide, item no. C- , there is appropriated an additional
19 sum of \$20,000,000 of highway revenue bonds, and the sum of \$1
20 of federal funds, of which \$6,000,000 may be designated for the
21 execution of a master agreement with a consultant under section
22 16, and the additional sum of \$2,500,000 of highway revenue

1 bonds, and the sum of \$1 of federal funds for the vehicle miles
2 tax pilot program under sections 11 and 12, or so much thereof
3 as may be necessary to carry out the purposes of this Act,
4 including any necessary expenditures for expenses, staff, or
5 consultants. The sums appropriated shall be expended by the
6 department of transportation. This project is deemed necessary
7 to qualify for federal aid financing and/or reimbursement.

8 SECTION 18. Should additional federal funds become
9 available for land transportation infrastructure improvements
10 under the federal economic stimulus plan or similar program, the
11 department of transportation is hereby authorized to pursue,
12 apply, and/or expend such federal funds on any of the programs
13 or projects identified in section 10 notwithstanding any other
14 law to the contrary.

15 SECTION 19. Notwithstanding any other law to the contrary,
16 the appropriations authorized under this Act shall not lapse for
17 a period of six years from the date of execution, and shall not
18 be subject to transfer out of the land transportation
19 modernization special fund into another state fund, including
20 the general fund.

21 SECTION 20. The department of transportation shall submit
22 an interim progress report on the status of the land

1 transportation modernization program to the legislature not
2 later than twenty days prior to the convening of the regular
3 session of 2011, yearly progress reports to the legislature not
4 later than twenty days prior to the convening of each regular
5 session thereafter, and a final report to the legislature not
6 later than twenty days prior to the convening of the regular
7 session of 2016. The department of transportation shall submit
8 a final report on the vehicle miles traveled pilot program to
9 the legislature not later than twenty days prior to the
10 convening of the regular session of 2012 with findings and
11 recommendations from the pilot program under this Act.

12 SECTION 21. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 22. This Act shall take effect upon its approval.

15

16

INTRODUCED BY: _____

REQUEST BY

17

Report Title:

Modernization Program; State Liquid Fuel Tax; State Vehicle Registration; State Vehicle Weight Fee; Rental Motor Vehicle Surcharge Tax; Vehicle Miles Traveled Pilot Program; Highway

Description:

Authorize the department of transportation to pursue a comprehensive 6-year modernization program and providing it sufficient resources to implement the plan by amending the state liquid fuel tax, state vehicle registration fee, state vehicle weight fee, and rental motor vehicle surcharge through increases of the various taxes and the flat rate amount in sections 243-4(a), 249-31, 249-33(a), and 251-2(a), Hawaii Revised Statutes, via economic conditions "trigger" mechanism. Authorize the implementation of a Vehicle Miles Traveled Pilot Program.

SB 985

JUSTIFICATION SHEET

DEPARTMENT: Transportation

TITLE: A BILL FOR AN ACT RELATING TO HIGHWAYS.

PURPOSE: To provide the department of transportation the resources needed to accomplish their primary mission and goals by amending the state liquid fuel tax, state vehicle registration fee, state vehicle weight tax, and rental motor vehicle surcharge tax through increases of the various taxes and fees effective upon the occurrence of a specific economic condition.

To test alternatives to the current state and county system of motor vehicle fuel taxes.

MEANS: Amend sections 36-27, 36-30, 243-4(a), 249-31, 249-33(a), and 251-2(a), Hawaii Revised Statutes. Add a new section in Chapter 248, Hawaii Revised Statutes for the Land Transportation Modernization Special Fund.

Authorize a comprehensive 6-year program that includes the execution of a master consultant agreement.

Appropriation of \$20,000,000 during fiscal year 2009-2010 for the Department of Transportation, inclusive of \$6,000,000 to execute a master agreement with a consultant to facilitate the implementation of this Act.

Appropriation of \$2,500,000 during fiscal year 2009-2010 for the Department of Transportation to develop and administer pilot programs that explore alternative taxing methodologies to generate necessary revenues.

JUSTIFICATION: To meet the economic needs of the State and preserve the unique quality of life of its

residents and visitors to these islands, the department of transportation must provide a safe, efficient, and effective land transportation system for the movement of people and goods. The state land transportation system, however, has not kept pace with our growing economy, land use development patterns, and evolving life styles with its increasing demand for travel. Programmatic and project needs exceed the necessary resources available and needed to properly address them. The land transportation system is and will continue to deteriorate as demand for travel continues to increase; costs to manage, construct, and administer the system increase.

Impact on the public: The estimated cost impact for the state fuel tax, state vehicle registration fee and state vehicle weight tax to the motoring public is as follows:

- Ten cents per gallon increase in the state tax on liquid fuel is estimated to cost an average driver an additional \$80 annually.
- Twenty dollar state vehicle registration fee increase is an annual flat rate fee.
- Two cents per pound increase in the state vehicle weight tax will cost a car owner an additional \$70 annually for an average 3,500 pound vehicle.

Impact on the department and other agencies: The increase in revenues for the State Highway Fund will improve the Department's ability to construct, operate and maintain the State Highway System. This would enable the Department to increase the highways CIP 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 (FHWA) including the loss of federal funds.

The increase in revenues will also improve the Department of Transportation's ability to provide state matching funds for the highways federal-aid program. The availability of state matching funds will result in attracting its share for federal funds. The normal federal share for projects on the interstate system is 90 percent and for other eligible roadways it is 80 percent.

The state tax on liquid fuels and rental vehicle surcharge tax is collected by the Department of Taxation and deposited into the State Highway Fund. The state vehicle registration fee and state vehicle weight tax is collected by the counties, and deposited into the State Highway Fund.

Successful pilot programs will facilitate transition to more equitable and sustainable revenue-neutral alternatives to the existing liquid fuel taxes.

GENERAL FUND: None.

OTHER FUNDS: None.

PBS PROGRAM
DESIGNATION: TRN 595.

OTHER AFFECTED
AGENCIES: Department of Accounting and General Services, Department of Taxation, and counties.

EFFECTIVE DATE: Upon approval.