

STAND. COM. REP. NO. 1111

Honolulu, Hawaii

March 24, 2011

RE: S.B. No. 1328
S.D. 1
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred S.B. No. 1328, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MOTOR VEHICLE REGISTRATION,"

begs leave to report as follows:

The purpose of this bill is to improve the Department of Transportation's (DOT) ability to construct, operate, and maintain the State Highway System and maintain the solvency of the State Highway Fund by increasing the State motor vehicle registration fee by an unspecified amount.

DOT testified in support of this bill. A concerned individual testified in opposition to this measure. The City and County of Honolulu Department of Customer Services (DCS), Disability and Communications Access Board, Hawaii Transportation Association, Tax Foundation of Hawaii, and a concerned individual provided comments.

Currently, DOT estimates the costs of the routine operation and maintenance of Hawaii's Highway System, which consists of over 2,400 lane miles of roadway, to be \$115,000,000 annually. The dramatic downturn in both the national and state economies over the last several years has continued to have a negative impact on State Highway Fund monies with revenues failing to keep pace with expenditures for the operation, maintenance, and construction of State highways. The shortfall is due in part to rising fuel costs

SB1328 HD1 HSCR TRN HMS 2011-3222





and decreasing fuel consumption that has resulted in decreased fuel tax revenues. As a result, our land transportation system has failed to address increased transportation demands with project needs far outpacing available resources. Although recent indicators have suggested that economic recovery is beginning, expectations are that the economic recovery will be slow and may take several years. Without additional funding, the State Highway Fund will lack the necessary revenues for even routine maintenance and operation of our roadways, let alone the construction of new and necessary roadways and appurtenances.

Your Committee finds that a \$20 increase in motor vehicle registration fees is projected to generate an additional \$22.9 million in revenues for the State Highway Fund. This will allow DOT to continue providing a safe, efficient, and effective land transportation system for the movement of people and goods that benefit both residents and visitors alike.

Concerns were also raised by DCS that additional time will be needed to upgrade computer programs used for the registration of motor vehicles to address this rate increase.

Accordingly, your Committee has amended this bill by:

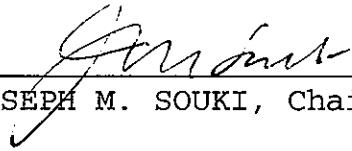
- (1) Reinserting language increasing the State motor vehicle registration fee from \$25 to \$45;
- (2) Reinserting language specifying that \$40 of the State motor vehicle registration fee shall be deposited into the State Highway Fund; and
- (3) Changing its effective date to December 1, 2011, to provide DCS with additional time.

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 S.B. No. 1328, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1328, S.D. 1, H.D. 1, and be referred to the Committee on Finance.





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



JOSEPH M. SOUKI, Chair



