

STAND. COM. REP. NO.

2814

Honolulu, Hawaii

MAR. 04 2016

RE: S.B. No. 2938
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2938, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION,"

begs leave to report as follows:

The purpose and intent of this measure is to increase the liquid fuel taxes, the motor vehicle registration fee, and the state motor vehicle weight tax.

This measure also appropriates funds out of the state highway fund for maintenance of the state highways program.

Your Committee received written comments in support of this measure from the Department of Transportation, Department of Taxation, BluePlanet Foundation, Hawaii Energy Policy Forum, and Subcontractors Association of Hawaii.

Your Committee received written comments on this measure from the Department of Land and Natural Resources, Tax Foundation of Hawaii, Building Industry Association-Hawaii, The Chamber of Commerce Hawaii, and one individual.

Your Committee finds that the Department of Transportation is tasked with providing a safe, efficient, and effective land transportation system for the movement of people and goods. The state highway system, however, has not kept pace with the State's growing economy, land use development patterns, and increased demand for travel. Your Committee further finds that unless tax

SB2938 SD2 SSCR LRB 16-1661-3.doc



and related revenues are increased, the State's roads will continue to deteriorate as the demand for travel continues to increase, while the costs to manage, construct, and administer the system increases. In contrast, an increase in tax and related revenues will provide safer infrastructure enhancements for all users and will positively impact the department's ability to qualify state matching funds for the highway federal-aid program.

Your Committee has amended this measure by:

- (1) Specifying that the liquid fuel tax rates shall be the rates that were originally proposed in the measure as introduced, which are:
 - (A) 2 cents for each gallon of diesel oil;
 - (B) 2 cents for each gallon of gasoline or other aviation fuel sold for use in or used for airplanes;
 - (C) 19 cents for each gallon of liquid fuel other than diesel oil, aviation fuel, or alternative fuel, sold or used in the City and County of Honolulu, or sold in any county for ultimate use in the City and County of Honolulu;
 - (D) 19 cents for each gallon of liquid fuel other than diesel oil, aviation fuel, or alternative fuel, sold or used in the County of Hawaii, or sold in any county for ultimate use in the County of Hawaii;
 - (E) 19 cents for each gallon of liquid fuel other than diesel oil, aviation fuel, or alternative fuel, sold or used in the County of Maui, or sold in any county for ultimate use in the County of Maui; and
 - (F) 19 cents for each gallon of liquid fuel other than diesel oil, aviation fuel, or alternative fuel, sold or used in the County of Kauai, or sold in any county for ultimate use in the County of Kauai;
- (2) Specifying that the annual motor vehicle registration fee shall be \$76.50, and that \$71.50 of each fee



collected shall be deposited into the state highway fund; and

- (3) Specifying that the annual state motor vehicle weight tax shall be:
- (A) 2.75 cents per pound for vehicles up to and including four thousand pounds net weight;
 - (B) 3.00 cents per pound for vehicles over four thousand pounds up to and including seven thousand pounds net weight;
 - (C) 3.25 cents per pound for vehicles over seven thousand pounds up to and including ten thousand pounds net weight; and
 - (D) A flat rate of \$400 for vehicles over ten thousand pounds net weight.

Your Committee finds that, according to the Department of Taxation, the proposed increases in the liquid fuel tax, annual motor vehicle registration fee, and weight tax are expected to provide an additional \$71,300,000, for the state highway fund each year.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2938, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2938, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

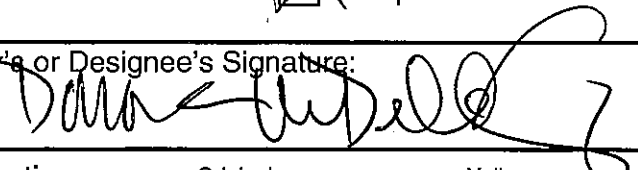


JILL N. TOKUDA, Chair



The Senate
Twenty-Eighth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">SB 2938, SD1</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">TRE, WAM</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">2/21/16</div>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div> <input type="checkbox"/> Pass, unamended 2312 </div> <div> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div> <input type="checkbox"/> Hold 2310 </div> <div> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	/	/		
DELA CRUZ, Donovan M. (VC)	/	/		
CHUN OAKLAND, Suzanne		/		
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene				/
INOUE, Lorraine R.	/			
RIVIERE, Gil		/		
TANIGUCHI, Brian T.	/			
WAKAI, Glenn		/		
SLOM, Sam			/	
TOTAL	5	4	1	1
Recommendation: <div style="display: inline-block; margin-left: 20px;"> <input checked="" type="checkbox"/> Adopted </div> <div style="display: inline-block; margin-left: 100px;"> <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="font-size: 1.5em; font-family: cursive; margin-top: 10px;">  </div>				
<div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div>Distribution:</div> <div>Original</div> <div>Yellow</div> <div>Pink</div> <div>Goldenrod</div> </div> <div style="display: flex; justify-content: space-between; font-size: 0.7em; margin-top: 2px;"> <div>File with Committee Report</div> <div>Clerk's Office</div> <div>Drafting Agency</div> <div>Committee File Copy</div> </div>				

*Only one measure per Record of Votes