



LATE

TESTIMONY BY:

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

February 10, 2020
2:30 P.M.
State Capitol, Room 225

S.B. 2822
RELATING TO ABANDONED VEHICLES

Senate Committee on Transportation

The Department of Transportation (DOT) **supports** this bill that establishes a motor vehicle redemption program for used motor vehicles to be redeemed in exchange for a refund; imposes a motor vehicle redemption fee on all motor vehicles sold on or after 7/1/2020; establishes a motor vehicle redemption special fund; and appropriates funds.

The DOT responsibility appears to be to collect the proposed motor vehicle redemption fee, deposit all monies collected into the motor vehicle redemption special fund, and receive bills from the redemption centers.

The Counties responsibility appears to be to provide motor vehicle disposal services; or to contract the operation of redemption centers and provide motor vehicle disposal services on each island in the county.

Thank you for the opportunity to provide testimony.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON TRANSPORTATION
ON
SENATE BILL NO. 2822

February 10, 2020
2:30 p.m.
Room 225

RELATING TO ABANDONED VEHICLES

The Department of Budget and Finance offers comments on the creation of the Motor Vehicle Redemption Special Fund (MVRSF).

Senate Bill (S.B.) No. 2822 establishes the Motor Vehicle Redemption Program for motor vehicles to be disposed of at motor vehicle redemption centers for a refund; imposes a motor vehicle redemption fee based on all motor vehicles sold on or after July 1, 2020 (based on the net weight of the motor vehicle at a rate of ten cents per pound); establishes the MVRSF, administered by the Department of Transportation, into which shall be deposited the motor vehicle redemption fees pursuant to this section; and appropriates and allocates an unspecified amount of general funds to be deposited into the MVRSF for the four counties (City and County of Honolulu, County of Maui, County of Hawai'i, and County of Kaua'i) for FY 21 to comply with the new mandates.

As a matter of general policy, the department does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS.

Special funds should: 1) serve a need as demonstrated by the purpose, scope of work

and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regard to S.B. No. 2822, it is difficult to determine whether the proposed special fund would be self-sustaining.

Thank you for your consideration of our comments.



John Uekawa, President
Dave Rolf, Executive Director



HADA TESTIMONY OPPOSED to SB2822
RELATING TO ABANDONED VEHICLES

Presented to the Senate Committee on Transportation
At the Public Hearing, 2:30 p.m. Monday, February 10, 2020
Conference Room 225, Hawaii State Capitol

by David H. Rolf for members of the Hawaii Automobile Dealers Association,
Hawaii's franchised new car dealers, who provide sales, warranty work and other factory-certified maintenance service for Hawaii's privately-owned and fleet-owned cars and light trucks

Chair Inouye vice chair Harimoto and members of the committee:

Because most vehicles are sold multiple times before being removed from service, the affect of SB2822 of adding an additional fee of 10 cents per pound based on the weight of the vehicle, at each sale of the vehicle, would have the effect of taxing multiple times for abandoned vehicle removal.

HADA members worked with all parties during the legislative process last year to insure that City and County of Honolulu officials and law enforcement officers, and county officials and enforcement officers had the ability to use an abandoned vehicle's identification to track down its owner for payment of the costs of any abandoned vehicle disposal.

All the counties have a Highway Beautification Fund, funded by their Highway Beautification fee, which is used, in part to address the disposal of abandoned vehicles.

Hawaii dealers support sustaining the beauty of our islands through fees like the Hawaii Beautification Fee, which the State authorizes all counties to charge as part of motor vehicle registration fees. Under authority granted to counties by the State in HRS286-51(b) a county may charge up to \$10 for the Highway Beautification Fee. Any amount exceeding \$2 shall be available for addressing disposal of abandoned vehicles. In the City and County of Honolulu, the fund has grown to over \$7.7 million (reserve fund balance). See chart below for Fiscal Year 2019:

Detailed Statement of Revenues and Surplus

Highway Beautification Fund (130)

The Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund accounts for receipts (\$7.00 per vehicle) collected for each certificate of registration. These monies are expended primarily for the beautification of highways under the jurisdiction of the City and the disposition of abandoned vehicles.

Source of Receipts	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimated
Charges for Services			
Hwy Beautification Fees	\$ 4,604,069	\$ 4,634,530	\$ 4,634,530
Total - Charges for Services	\$ 4,604,069	\$ 4,634,530	\$ 4,634,530
Miscellaneous Revenues			
Vacation Accum Deposits	\$ 5,654	\$ 0	\$ 0
Total - Miscellaneous Revenues	\$ 5,654	\$ 0	\$ 0
Unreserved Fund Balance	\$ 9,896,560	\$ 10,304,277	\$ 7,708,934
Interfund Transfer	\$ (264,000)	\$ (355,700)	\$ (377,600)
Total - Highway Beautification Fund	\$ 14,242,283	\$ 14,583,107	\$ 11,965,864

Counties are authorized to charge up to \$10 for this fee. Maui currently charges the maximum. Here are the fees charged by each county:

Hawaii County	\$1 Highway Beautification Fee
City and County of Honolulu	\$7 Highway Beautification Fee
Maui County	\$10 Highway Beautification Fee
Kauai County	\$ 5 Highway Beautification Fee

If the funds currently collected in some counties are adequate for the needs of the county for abandoned vehicle disposal, and if the new law passed last year facilitating tracking the owner of abandoned vehicles, then authorizing additional funds seems unnecessary and even creates the possibility of taxing multiple times. All counties except for Maui, which is already at the maximum authorized, have the authority in place now, granted by the State, to increase their beautification fee, if they have unmet needs.

HADA applauds Maui's mayor for his comments, quoted in a recent magazine article.

“I don’t think we need more new laws and we don’t need more new taxes,” Maui Mayor Mike Victorino said. “But using the funds that we have available — I know we have beautification funds that we can utilize.”

HADA dealers respectfully ask the committee to defer SB2822

Respectfully submitted,

David H. Rolf

For the Members of the Hawaii Automobile Dealers Association

HADA
Making Hawaii Better Together

SB-2822

Submitted on: 2/8/2020 11:17:02 AM

Testimony for TRS on 2/10/2020 2:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kelly LumHo	Individual	Support	No

Comments:

I support this bill as it will help keep the abandoned vehicles off our streets and now more frequently, the state highway. I believe no one wants to take the time and effort in the proper way to dispose because they are lazy. And the way to entice lazy people, unfortunately, is with money or something in exchange that will benefit them.

I believe this will be better for all and our environment.

Mahalo!!

SB-2822

Submitted on: 2/9/2020 11:01:39 AM

Testimony for TRS on 2/10/2020 2:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dylan P. Armstrong	Individual	Support	No

Comments:

SB-2822

Submitted on: 2/9/2020 12:12:19 PM

Testimony for TRS on 2/10/2020 2:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kamalani Keliikuli	Individual	Support	No

Comments:

SB-2822

Submitted on: 2/9/2020 8:26:28 PM

Testimony for TRS on 2/10/2020 2:30:00 PM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Tara Rojas	Individual	Support	No

Comments:

LATE

SB-2822

Submitted on: 2/10/2020 2:08:12 AM

Testimony for TRS on 2/10/2020 2:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jeanette Grace	Individual	Support	No

Comments:

I am in support of SB 2822.

With the Motor Vehicle Redemption Program in place, similar to the HI-5, this will encourage vehicle owners to dispose of their unwanted vehicles properly and receive a refund. This program will help to remove unwanted vehicles off of our streets and other locations where abandoned vehicles end up costing our city and counties in the State of Hawaii thousands of dollars to dispose of. It is already an epidemic to our communities that needs to stop and this is one way to reduce the littering of vehicles.

With the imposing of fees to new vehicle buyers now, this will help jump start the program, thus enabling special funds to be available for vehicle disposal services. This program will be self-funding while being beneficial to the city and county of Honolulu, as well as the other counties in the State of Hawaii.