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DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU  
869 PUNCHBOWL STREET  
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February 8, 2024  
3:10 p.m.  
State Capitol, Conference Room 224 & Videoconference

**S.B. 3348**  
**RELATING TO TRANSPORTATION**

Senate Committee on Transportation and Culture and the Arts

The Hawaii Department of Transportation (HDOT) would like to provide **comments** on this bill.

The bill proposes to change the state motor vehicle registration fee, alternative fuel electric vehicle surcharge and state motor vehicle weight tax amounts. The change in the fee, surcharge, and tax amounts are to be determined.

The HDOT Highway Special Fund is funded from state motor vehicle registration fee, alternative fuel electric vehicle surcharge and state motor vehicle weight tax which pays for operations, maintenance, and improvements to land transportation facilities, and serve as a state match for federal funding. If removed or reduced as a source of funding for the Highway program without providing at least an equal and available replacement source, it would be to the detriment of the HDOT Highways in the following ways:

- Annual estimated collection for the state motor vehicle registration fee is approximately \$47 million per fiscal year.
- Annual estimated collection for the state alternative fuel electric vehicle surcharge is approximately \$970,000 per fiscal year.
- Annual estimated collection for the state motor vehicle weight tax is approximately \$89 million per fiscal year.

We respectfully request that any adjustments to the fees do not reduce the above referenced revenues as they are necessary to perform critical construction and maintenance to provide a safe, efficient, accessible and sustainable surface transportation system; to match formula and discretionary federal funds; and to maintain bond ratings as these are significant portions of pledged revenues for Highway Revenue Bonds.

Thank you for the opportunity to provide testimony.



# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MOTOR VEHICLE; Transportation; State Vehicle Weight Tax; State Registration Fees

BILL NUMBER: SB 3348

INTRODUCED BY: LEE

EXECUTIVE SUMMARY: Changes the state registration fee and the state vehicle weight tax amounts.

SYNOPSIS: Amends section 249-31(a), HRS, annual vehicle registration fee from \$46 to \$\_\_\_\_ and the annual surcharge for alternative fuel vehicles from \$50 to \$ \_\_\_\_.

Amends section 249-33(a), HRS, annual state vehicle weight tax levied by the county of director of finance from a rate of:

\$1.75 to \$ \_\_\_\_ cents a pound of net weight of vehicles up to and including 4,000 pounds,

\$2.00 to \$ \_\_\_\_ cents a pound of net weight of vehicles over 4,000 pounds and up to and including 7,000 pounds,

\$2.25 to \$ \_\_\_\_ cents a pound of net weight of vehicles over 7,000 pounds and up to and including 10,000 pounds, and

\$300 flat rate to \$ \_\_\_\_ for vehicles over 10,000 pounds.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: The bill purports to reduce the cost of transportation for local families, incentivize reduction in wear and tear on roads, build safer infrastructure, and ensure individuals who have the biggest impact on transportation infrastructure financially contribute accordingly. Based on these purposes, although yet to be stated, it can be assumed that increases in the vehicle registration fee and/or weight fee are contemplated.

These vehicle fees are regressive because of its broad-based application. A tax increase of any magnitude in Hawaii's fragile economy will, no doubt, have a negative impact as costs soar due to higher taxes. Increases in the cost of living, as well as the cost of doing business in the state, will drive more and more businesses out of operation and with them the jobs Hawaii's people need.

Digested: 2/6/2024



**SanHi**

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: February 8, 2024

TO: Senator Chris Lee  
Chair, Committee on Transportation and Culture & Arts

*Submitted Via Capitol Website*

FROM: Tiffany Yajima

RE: **S.B. 3348 – Relating to Transportation**  
**Hearing Date: Thursday, February 8, 2024 at 3:10 p.m.**  
**Conference Room: 224**

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Dear Chair Lee, Vice-Chair Inouye, and Members of the Committee on Transportation & Arts:

On behalf of the Alliance for Automotive Innovation (“Auto Innovators”) we submit this testimony providing **comments** on S.B. 3348, Relating to Transportation, which would change the state registration fee and the state vehicle weight tax amounts.

The Alliance for Automotive Innovation is the singular, authoritative and respected voice of the automotive industry. Focused on creating a safe and transformative path for sustainable industry growth, the Alliance for Automotive Innovation represents the manufacturers producing nearly 99 percent of cars and light trucks sold in the U.S. Members include motor vehicle manufacturers, original equipment suppliers, technology, and other automotive-related companies and trade associations.

Auto Innovators seek additional clarity on the proposed registration fees for these vehicles to better understand what this measure attempts to accomplish. Under the current version of the bill, only the additional registration fees for “alternative fuel vehicles”, i.e. hydrogen-powered and Plug-in Hybrid Vehicles (PHEVs), would be changed and not the additional fees for electric vehicles. It is not clear why this distinction is being made and for what purpose. Auto Innovators believe that all zero emission vehicles (ZEVs) – whether powered solely by electricity, hydrogen, or a hybrid mix of electricity and gasoline – should be taxed at the same rate, as is reflected in the current policy in statute and are concerned that this measure would tax various ZEVs at different rates.

Additionally, Auto Innovators would note that plug-in hybrid electric vehicles contribute to Hawaii's road system through the gas tax for the limited amount of fuel needed to run the vehicle's gasoline engine. PHEVs are popular among consumers who value advanced technology to run a cleaner car but still require the benefits of a gasoline vehicle, such as reliability and convenience. Automakers are therefore concerned that this measure would subject PHEVs to a higher, double tax than EVs vis-à-vis a higher registration fee compared to EVs and the gas tax.

Accordingly, we would suggest that any vehicle registration fees that are set by the state should be equal for all ZEVs, no matter its primary method of propulsion or fuel source. Additionally, any contemplated rate for ZEVs via this bill or other legislation should be no higher than the comparable rate of the gasoline tax for comparable vehicles.

Thank you for the opportunity to submit this testimony.

**SB-3348**

Submitted on: 2/6/2024 10:00:42 AM

Testimony for TCA on 2/8/2024 3:10:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Michael Ferreira	Individual	Oppose	Written Testimony Only

Comments:

Aloha,

Registration fees are already too high, weight fees are too high. Having the State step in and charge even more to fill their coffers is an aoutrageous abuse to motorists regardless of who the State is charging. It will affect us all even if the tax is selectively levied. I don't support this Bill

Michael Ferreira