

Hawaii favors local option taxes that act as highway user fees; the state's two major local option transportation taxes are a gasoline tax and a vehicle weight tax. Public transit is considered a legitimate use of highway user fees in Hawaii.

No information was available on local taxation from the state government, so we surveyed Hawaii's four populated counties to learn more about how their transportation taxes are used (we received responses from all four). Three counties reported similar expenditure priorities between their local option transportation taxes and the tax revenues passed down from the state and federal governments, while one (Kauai) noted that local tax expenditures were governed by local statutes that could lead to differences.

1. Fuel and Vehicle Taxes

Hawaii's local option gas tax can be adopted or modified by county legislative action. Revenues must be used for transportation-related purposes, including both highways and transit.¹ The range of local tax rates found in Hawaii is among the widest in the country. Aside from sparsely populated Kalawao, which does not impose this tax, rates range from 8.8¢ per gallon in Hawaii County to 16.5¢ per gallon in Honolulu County.² Annual revenues range between \$42 and \$60 per capita.

Each county uses its revenues in a different way. Hawaii County uses about 57% of its revenues for operations, maintenance, and administration of local roads; and splits the remainder between local capital or maintenance projects, and the local match required for projects otherwise built with federal funds. Kauai County also uses most of its revenues (69%) for maintenance purposes. Maui County uses the largest share of its revenues for debt service related to road construction projects. Honolulu County uses one-third of its revenues for road purposes, one quarter for public transit, and the remainder for administration and public safety.³

The counties also have the authority to levy annual vehicle weight taxes to generate revenue for highway construction and maintenance.⁴ All four counties have all adopted this tax, raise between \$17 and \$30 per capita annually from it, and use the revenues for similar purposes as they use their county gasoline taxes.⁵

2. Property Taxes and Assessments

Hawaii has no dedicated property taxes for transportation purposes.

3. Sales and Other Taxes

Before 1992, all counties except Kalawao were authorized to levy a 1/2% local option sales tax. In the county of Honolulu, revenues would have been earmarked for the development of a "fixed rail rapid transit system." In Hawaii, Kauai, and Maui counties, they were to be used to fund public transportation,

¹ Hawaii Revised Statutes § 243-5.

² Hawaii Dept of Taxation, "Schedule of Fuel Tax Rates," 1999.

³ Letter from County of Hawaii Dept. of Public Works (October 27, 2000); Letter from County of Maui Dept. of Public Works and Waste Management (November 13, 2000); Letter from City and County of Honolulu Dept. of Transportation Services (November 22, 2000); Letter from County of Kauai Dept. of Public Works (Dec. 19, 2000).

⁴ Hawaii Revised Statutes § 249-2.

⁵ Letter from County of Hawaii Dept. of Public Works (October 27, 2000); Letter from County of Maui Dept. of Public Works and Waste Management (November 13, 2000); Letter from City and County of Honolulu Dept. of Transportation Services (November 22, 2000); Letter from County of Kauai Dept. of Public Works (Dec. 19, 2000).

water and sewer services, and parks.⁶ No county adopted this tax before authorization for the tax expired in 1992.

An important revenue source for county highway departments is the Public Utility Franchise Tax, charged against the gross operating income of electric and gas companies.⁷ This tax generated about \$24 per capita in 1998.⁸ However, because it is imposed at a uniform rate of 2.5% statewide, it does not fit the definition of a local option tax used in this study.

⁶ Hawaii Revised Statutes § 46-16.7.

⁷ Hawaii Revised Statutes § 240-1.

⁸ Revenue estimate is based on data for Honolulu (City and County of Honolulu, “Schedules of Revenues – Budget and Actual for the Fiscal Year Ended June 30, 1998”).

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Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Sales	HRS 46-16.7	County General Excise and Use Tax Surcharge	All counties except Kalawao	1990	0.5%	Ten years	Capital-Mass Transit	B
Gasoline	HRS 243-5	County Fuel Tax	All Counties	1955	variable	-	Transportation Related-- Including Highways, Transit, and Bridges	B
Vehicle	HRS 249-2	Vehicle Weight Tax	All Counties	1935	Flat weight-based registration fees set by county	-	Highway Construction and Maintenance (Sec. 249-18)	B

A = State Law
 B = County/Local Law
 C = Popular Vote

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Adopted County, District, and Local Transportation Taxes

Counties	Population 1998	Gas Taxes			Vehicle Weight Tax			
		Rate (¢)	Purposes	Revenues (\$1,000's)	Revs per capita	Purposes	Revenues (\$1,000's)	Revs per capita
HAWAII	141,805	8.8	57% road operations/maint/admin, 22% road const/maint, 22% local match for TEA-21	5,900.4	\$41.61	Road O&M	2,463.5	\$17.37
HONOLULU	871,768	16.5	18% road construction/debt, 15% road maintenance, 26% transit, 28% public safety, 13% administrative	45,214.0	\$51.86	Same as gas tax	23,981.0	\$27.51
KALAWAO	67	-						
KAUAI	56,208	13.0	69% road maintenance; 31% road construction	2,438.7	\$43.39	Maintenance	1,706.4	\$30.36
MAUI	120,624	13.0	60% road construction debt, 33% road const/maint. 7% admin & engineering	7,211.8	\$59.79		3,361.3	\$27.87
State Total	1,190,472			60,764.9	\$51.04		31,512.2	\$26.47