

JAN 25 2006

S.B. NO. 2450

A BILL FOR AN ACT

RELATING TO RENTAL MOTOR VEHICLE SURCHARGE TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that there was a
2 significant increase in revenues to the state general fund in
3 2005. This increase is expected to continue through 2007 and
4 probably longer in view of Hawaii's positive tourism outlook.

5 In light of a healthy general fund along with significant
6 increases in revenues to the state highway fund, the legislature
7 finds that it is fair and appropriate to reduce the rental motor
8 vehicle surcharge tax.

9 Enacted by Act 263, Session Laws of Hawaii 1991, the rental
10 motor vehicle surcharge tax was originally \$2 per day. Act 223,
11 Session Laws of Hawaii 1999, temporarily raised this tax to \$3
12 per day for the period from September 1, 1999, to August 31,
13 2007.

14 The legislature further finds that the \$3 daily surcharge
15 tax on rental motor vehicles does not help Hawaii's competitive
16 image as a fair and attractive tourist destination.

17 The purpose of this Act is to reduce the \$3 per day rental
18 motor vehicle surcharge tax to \$2 per day.



1 SECTION 2. Section 251-2, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) There is levied and shall be assessed and collected
4 each month a rental motor vehicle surcharge tax of \$2 a day[
5 ~~except that for the period of September 1, 1999, to August 31,~~
6 ~~2007, the tax shall be \$3 a day,]~~ or any portion of a day that a
7 rental motor vehicle is rented or leased. The rental motor
8 vehicle surcharge tax shall be levied upon the lessor; provided
9 that the tax shall not be levied on the lessor if:

- 10 (1) The lessor is renting the vehicle to replace a vehicle
- 11 of the lessee that is being repaired; and
- 12 (2) The repair order for the vehicle is retained by the
- 13 lessor for four years for verification purposes."

14 SECTION 3. Statutory material to be repealed is bracketed
15 and stricken.

16 SECTION 4. This Act shall take effect on July 1, 2006.

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SB2450

Report Title:

Rental Motor Vehicle Surcharge Tax

Description:

Repeals increase in the rental motor vehicle surcharge tax levied between September 1, 1999 and August 31, 2007.

