

Honolulu, Hawaii

March 3, 2006

RE: H.B. No. 2214
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2214 entitled:

"A BILL FOR AN ACT RELATING TO RENTAL MOTOR VEHICLE SURCHARGE TAX,"

begs leave to report as follows:

The purpose of this bill is to assist the motor vehicle rental industry by reducing from \$3.00 to \$2.00 per day, the rental motor vehicle surcharge tax that was levied for the period between September 1, 1999, to August 31, 2007.

Catrala-Hawaii testified in support of this bill with amendments. The Department of Transportation and the Department of Taxation opposed this measure. The Tax Foundation of Hawaii submitted comments.

Your Committee has amended this measure by:

- (1) Clarifying that the motor vehicle rental surcharge tax is not applicable to a lessor if the lessor is renting a vehicle to replace a vehicle that is being repaired, provided that the repair order for the vehicle is retained by the lessor for two years for verification purposes, unless the records are maintained by a motor vehicle repair dealer for two years;



- (2) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2214, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2214, H.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



DWIGHT TAKAMINE, Chair



