

Honolulu, Hawaii

Feb 10, 2006

RE: H.B. No. 2214

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

Sir:

Your Committee on Transportation, 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. The Department of Transportation (DOT) and Department of Taxation (DOTAX) testified in opposition to this measure. The Tax Foundation of Hawaii commented on this bill.

Act 223, Session Laws of Hawaii 1999, temporarily raised the motor vehicle rental surcharge tax from \$2.00 to \$3.00 per day for the period between September 1, 1999, to August 31, 2007, to temporarily bolster lagging general fund revenues during difficult economic times. However, your Committee finds that with Hawaii's recent economic growth the increase in the vehicle rental surcharge tax is no longer needed.

Your Committee understands the concerns raised by DOT and DOTAX that the surcharge reduction will result in approximately \$17.4 million in lost revenues for the remaining 13-month period of the surcharge. However, your Committee believes that it is fair



and appropriate to reduce the surcharge at this time. Your Committee finds that the fiscal implications this measure may have are beyond its purview and that it is more appropriate for the Committee on Finance to discuss these implications.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2214 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection & Commerce.

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

  
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JOSEPH M. SOUKI, Chair



