

Honolulu, Hawaii

FEB 15 2007

RE: S.B. No. 1506
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which was referred S.B. No. 1506, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to maintain the rental motor vehicle surcharge at \$3 a day and to appropriate funds out of the State Highway Fund for operational costs, maintenance, and capital improvements on the State highway system.

Your Committee received testimony in support of this measure from the Department of Taxation and the Department of Transportation. Catrala Hawaii, Avis Rent A Car, Budget Rent A Car, Dollar Rent A Car, Enterprise Rent-A-Car, and Thrifty Car Rental submitted testimony in opposition to this measure. The Tax Foundation of Hawaii submitted comments.

Your Committee finds that the rental vehicle surcharge tax is a major revenue source for the State Highway Fund, contributing approximately \$14,000,000 annually into the fund for each \$1 of the daily surcharge. Originally enacted as a temporary measure, the additional \$1 surcharge has contributed significantly to highway repair and maintenance throughout the State since it was enacted in 1999. Reverting to the \$2 per day surcharge on September 1, 2007, will represent a loss of about \$14,000,000 in 2008, and \$16,000,000 annually in coming years.



Your Committee has heard the recommendation from the rental motor vehicle industry that this surcharge should be assessed on all vehicles. However, the title of this measure, Relating to Rental Motor Vehicle Surcharge Tax, does not allow for any amendments regarding other vehicles.

It is the intent of your Committee to continue discussion on this measure by the Legislature, and to note that other measures may provide options for additional resources for the Department of Transportation's highway projects.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1506, S.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Taxation,



CAROL FUKUNAGA, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Economic Development and Taxation
EDT

Bill / Resolution No.:*	Committee Referral:	Date:		
<i>SB 1506 SDI</i>	<i>CPH/TIA, EDT, WAM</i>	<i>2/13/07</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
ESPERO, Will (VC)	✓			
ENGLISH, J. Kalani				✓
IGE, David Y.	✓			
SLOM, Sam			✓	
TOTAL	3		1	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Will Espero</i>				
Distribution:				
Original	Yellow	Pink		
File with Committee Report	Clerk's Office	Drafting Agency		

*Only one measure per Record of Votes