

STAND. COM. REP. NO.

84

Honolulu, Hawaii

FEB 08 2007

RE: S.B. No. 1625  
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 Intergovernmental and Military Affairs, to which was referred S.B. No. 1625 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 allow each county to assess a rental motor vehicle surcharge tax payable to the respective county assessing the tax and to extend the sunset date of the \$3 a day state rental motor vehicle surcharge tax.

Testimony in support of this measure was submitted by the Department of Transportation. Testimony in opposition to this measure was submitted by the Legislative Committee of Catrala Hawaii, Avis Budget Group, Dollar Rent A Car, Dollar Thrifty Automotive Group, Inc, and Enterprise Rent-A-Car. Comments were submitted by the Department of Taxation, Hawaii Insurers Council, and the Tax Foundation of Hawaii.

Your Committee finds that it is important to provide a funding source for state highway improvement and maintenance projects to ensure that Hawaii's highways and roads are as safe as possible. To this end, your Committee believes that the counties should have the option to assess a rental motor vehicle surcharge tax and the responsibility for administering a county rental motor vehicle surcharge tax should fall on the electing county. Your Committee also believes that the sunset date on the existing \$3



state rental motor vehicle surcharge tax should be extended from 2007 to 2009 to produce additional revenue.

Your Committee amended the bill by:

- (1) Authorizing the counties to assess a motor vehicle surcharge tax of up to \$1 per day from October 2007, to August 31, 2009, payable to the respective county; provided that the county adopts an ordinance and meets other requirements prior to October 1, 2007;
- (2) Placing the responsibility of administering the county rental motor vehicle surcharge tax on the electing county; and
- (3) Extending the sunset date on the existing \$3 per day state rental motor vehicle surcharge tax from October 1, 2007, to August 31, 2009.

Your Committee intends that these amendments will provide funding for state highway improvement and maintenance projects.

Your Committee received a fiscal impact statement from the Department of Taxation that this measure, by extending the \$3 state rental motor vehicle surcharge, if passed, would result in a revenue gain of \$12,000,000 in fiscal year 2008, and \$16,000,000, each fiscal year thereafter. Allowing the counties to assess a motor vehicle surcharge of up to \$3 per day, would result in revenue gains totaling as much as \$36,000,000 in fiscal year 2008, and \$48,000,000 in each fiscal year thereafter. The fiscal impact statements submitted did not specify the methodology by which the fiscal impacts were calculated. In addition, your Committee notes that because the amended measure only allows a county motor vehicle surcharge tax of up to \$1 day, the projected revenue generation will be less than what is listed in the fiscal impact statement.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1625, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1625, S.D. 1, and be referred to the Committees on Commerce, Consumer Protection and Affordable Housing and Transportation and International Affairs.




Respectfully submitted on  
behalf of the members of the  
Committee on Intergovernmental  
and Military Affairs,

  
LORRAINE R. INOUE, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Intergovernmental and Military Affairs**  
**IGM**

Bill / Resolution No.:* <i>SB 1625</i>	Committee Referral: <i>IGM, EDT, WAM</i>	Date: <i>2/5/07</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 type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
INOUE, Lorraine R. (C)	/			
TSUTSUI, Shan S. (VC)	/			
HEMMINGS, Fred				/
<b>TOTAL</b>	<i>2</i>	<i>0</i>	<i>0</i>	<i>1</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:             Original             Yellow             Pink File with Committee Report             Clerk's Office             Drafting Agency				

\*Only one measure per Record of Votes