

---

---

# 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. Chapter 46, Hawaii Revised Statutes, is amended  
2 by adding a new section to be appropriately designated and to  
3 read as follows:

4 "§46- County surcharge on state rental motor vehicle  
5 surcharge tax. (a) Each county may establish a surcharge tax  
6 on state rental motor vehicle surcharge tax at the rate  
7 enumerated in section 251-2. A county electing to establish  
8 this surcharge shall do so by ordinance; provided that:

9 (1) No ordinance shall be adopted until the county has  
10 conducted a public hearing on the proposed ordinance;

11 (2) The ordinance shall be adopted prior to October 1,  
12 2007; and

13 (3) No county surcharge on state rental motor vehicle tax  
14 that may be authorized under this section shall be  
15 levied prior to October 1, 2007.

16 Notice of the public hearing required under paragraph (1) shall  
17 be published as provided in section 1-28.5 at least twice within



1 the period of thirty days immediately preceding the date of the  
2 hearing.

3 (b) A county electing to exercise the authority granted  
4 under this section shall be responsible for all administration,  
5 accounting, collection, enforcement, and compliance functions  
6 associated with the election to assess a county surcharge on  
7 state rental motor vehicle surcharge tax. A county electing to  
8 exercise the authority granted under this section shall notify  
9 the director of taxation within ten days after the county has  
10 adopted a surcharge on state rental motor vehicle surcharge tax  
11 ordinance.

12 (c) The ordinance adopted by the county shall provide the  
13 county with the rights and liabilities entitled the department  
14 of taxation under chapter 251 with regard to return, payment,  
15 penalty, refund, appeals, collection, and remittance rights;  
16 provided that such rights shall be those of the electing county  
17 only after adopting the ordinance; and provided further that any  
18 ordinance adopted under this section shall provide an electing  
19 county with rights and liabilities equal to or less than the  
20 rights and liabilities of the department of taxation.



1        (d) The department of taxation shall have no  
2 responsibility with regard to a county surcharge assessed under  
3 this section."

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

6        "(a) There is levied and shall be assessed and collected  
7 each month a rental motor vehicle surcharge tax of \$2 a day,  
8 except that for the period of September 1, 1999, to August 31,  
9 [~~2007,~~] 2009, the tax shall be \$3 a day, or any portion of a day  
10 that a rental motor vehicle is rented or leased[-], payable to  
11 the State; provided that a county may assess a similar surcharge  
12 tax on rental motor vehicles, not to exceed \$1 a day, for the  
13 period of October 1, 2007, to August 31, 2009, payable to the  
14 respective county assessing the tax pursuant to section 46- .

15 The rental motor vehicle surcharge tax shall be levied upon the  
16 lessor; provided that the tax shall not be levied on the lessor  
17 if:

- 18        (1) The lessor is renting the vehicle to replace a vehicle  
19            of the lessee that is being repaired; and  
20        (2) A record of the repair order for the vehicle is  
21            retained either by the lessor for two years for



1 verification purposes or by a motor vehicle repair  
2 dealer for two years as provided in section 437B-16."

3 SECTION 3. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 4. This Act shall take effect upon its approval.



**Report Title:**

Rental Motor Vehicle Surcharge Tax

**Description:**

Allows counties to impose a rental motor vehicle surcharge tax of up to \$1 per day and establishes that the county shall be responsible for its collection. Extends sunset date of the state tax. (SD1)

