

STAND. COM. REP. NO.

2943

Honolulu, Hawaii

MAR 14 2008

RE: H.B. No. 3196  
H.D. 1  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and  
Affordable Housing, to which was referred H.B. No. 3196, H.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 continue to provide a  
revenue stream to the State Highway Fund by extending the sunset  
date of the rental motor vehicle surcharge tax at \$3 per day from  
August 31, 2008, to August 31, 2009.

The measure also requires the Department of Transportation to  
conduct a review and study of the financial requirements of the  
State Highway Fund and report its findings to the 2009  
Legislature.

Testimony in support of this measure was submitted by the  
Department of Taxation; the Department of Transportation;  
Enterprise Rent-A-Car Company of Hawaii; Catrala-Hawaii; the Hertz  
Corporation in Hawaii; Dollar Rent-A-Car Hawaii; Thrifty Car  
Rental Hawaii; Avis Rent-A-Car Hawaii; Budget Rent-A-Car Hawaii;  
and Alamo Rent-A-Car Hawaii.

Under section 251-2, Hawaii Revised Statutes, a rental motor  
vehicle surcharge tax is levied and collected at a rate of \$3 per  
day, or any portion of a day that a rental motor vehicle is rented

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or leased for the period of September 1, 1999, to August 31, 2008. The rental motor vehicle surcharge tax collected by the Department of Taxation each month for deposit into the State Highway Fund under section 248-9, Hawaii Revised Statutes, is used to pay for the costs of operation, maintenance, improvements, and repair of the state highway system.

Thousands of visitors and residents rent motor vehicles each month, which generates additional funds for the Department of Transportation to operate and maintain the state highway system. Your Committee finds that while extending the sunset date of August 31, 2008, to August 31, 2009, will provide additional revenues to the State Highway Fund for one more year, it believes that repealing the sunset date and amending the daily surcharge tax will allow these additional revenues to continue on a permanent basis.

Accordingly, your Committee has amended this measure by:

- (1) Replacing its contents with the contents of S.B. No. 2501, S.D. 2, which:
  - (A) Repeals the \$2 a day rental motor vehicle surcharge;
  - (B) Repeals the \$3 a day rental motor vehicle surcharge sunset date of August 31, 2008; and
  - (C) Changes the \$3 a day rate to an unspecified amount;
- (2) Changing the effective date from taking effect upon its approval to July 1, 2050, to ensure further discussion on this matter; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

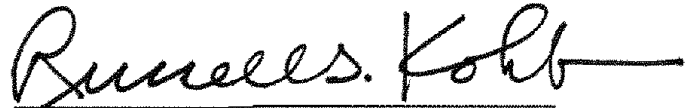
Your Committee notes that a study done in 2004 indicated that the national average of rental motor vehicle surcharge taxes is \$6 per day, and recognizes that this average may have risen since 2004. Your Committee believes that the appropriate rental motor vehicle surcharge tax rate merits further discussion by the Committee on Economic Development and Taxation and the Committee on Ways and Means.



Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to continue to provide additional revenues to the State Highway Fund.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3196, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3196, H.D. 1, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce, Consumer  
Protection, and Affordable  
Housing,



RUSSELL S. KOKUBUN, Chair



