

STAND. COM. REP. NO.

3385

Honolulu, Hawaii

APR 04 2008

RE: H.B. No. 3196
H.D. 1
S.D. 2

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

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 3196, H.D. 1, S.D. 2, 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 increase funds available to the state highway fund by adjusting the rental motor vehicle surcharge tax from \$2 per day to an unspecified amount.

The measure also requires the Department of Transportation to suggest additional revenue-generating initiatives to replenish the state highway fund.

Your Committee received testimony in support of this measure from the Department of Taxation and the Department of Transportation. Testimony in opposition to this measure was received from Catrala Hawaii, Hertz Corporation, National Car Rental, Enterprise, and Alamo Rent A Car. Comments on the measure were submitted by the Tax Foundation of Hawaii.

Your Committee finds that the rental motor vehicle surcharge tax is an important source of revenues for the state highway fund. The current \$3 a day rate yields approximately \$48,000,000 each year. Unless the present law is changed, the rental motor vehicle tax will revert from \$3 a day to \$2 a day effective September 1, 2008, causing an expected drop in revenues. This measure is

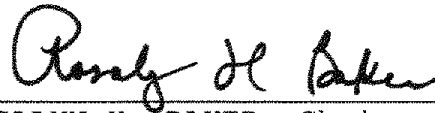
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therefore necessary to balance the need for an adequate source of revenues for the state highway fund with a tax rate that is fair and reasonable to the lessors who are the surcharge taxpayers.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3196, H.D. 1, S.D. 2, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



ROSALYN H. BAKER, Chair



