

Honolulu, Hawaii

April 30, 2009

RE: H.B. No. 1696
H.D. 2
S.D. 1
C.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 1696, H.D. 2, S.D. 1, entitled:

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

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to improve the operations of the motor vehicle rental industry by:

- (1) Replacing statutory references to "collision damage waiver" with "damage waiver" to clarify that the waiver, under which the motor vehicle lessor agrees for a charge to waive any claim against the lessee for damages to the rental vehicle during the term of the rental agreement, is not restricted to damage from a collision;
- (2) Repealing the requirement that lessors submit information to the Department of Commerce and Consumer Affairs (DCCA)



regarding their sale of damage waivers in a given year and amounts expended to repair damage to rental vehicles caused while the vehicles are subject to the damage waiver and instead requiring a lessor to collect and maintain data related to damage waivers and repairs and provide that information to DCCA upon request.

- (3) Allowing lessors to meet damage waiver option disclosure requirements by placing the information in wall holders;
- (4) Repealing the requirement that lessors place notices of vehicle laws in each rental vehicle;
- (5) Repealing the authority of DCCA to prescribe the form of notices and signs required of lessors;
- (6) Modifying the charges that may be assessed against a lessee for damage to a rental vehicle that is neither repaired nor declared a total loss, to allow the lessor to charge up to the costs of the parts and labor necessary to repair the vehicle and prohibiting the lessor from subsequently renting or leasing that vehicle; and
- (7) Prohibiting a lessor from recovering any amount for damages to a motor vehicle from a lessee that the lessor has also recovered from a third party.

Currently, the rental motor vehicle industry must meet certain requirements when notifying individuals renting motor vehicles about Hawaii's motor vehicle laws and collision damage waiver information. This measure simplifies the method by which this information is provided.

This measure also clarifies that a "collision damage waiver" applies to all types of damage a vehicle may sustain while it is being rented. This will avoid any misunderstanding by lessors that a "collision damage waiver" only applies to damages caused by impact with an object.

Finally, this bill attempts to resolve difficulties in determining the diminution in the value of a vehicle that is not repaired or declared a total loss by the lessor that may be considered a per se violation of unfair trade practices by the lessor. Using an estimated cost of repair of the damaged vehicle, as provided for in this measure, while prohibiting the lessor from subsequently renting or leasing that vehicle, would be a more



equitable way to value the loss experienced by the lessor from the damaged vehicle.

Your Committee on Conference has amended this bill by:

- (1) Specifying that a lessor shall maintain the records reflecting the data collected by a lessor related to the sale of damage waivers and amounts expended to repair damage to rental vehicles caused while the vehicles are subject to the damage waiver for a period of three years;
- (2) Changing its effective date to July 1, 2009; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1696, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1696, H.D. 2, S.D. 1, C.D. 1.

Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE



J. KALANI ENGLISH, Chair



JOSEPH M. SOUKI, Co-Chair



ROSALYN H. BAKER, Co-Chair



ROBERT N. HERKES, Co-Chair



JON RIKI KARAMATSU, Co-Chair



**Record of Votes of a
Conference Committee**

Bill / Concurrent Resolution No.: HB 1696, HD 2, SD 1	Date/Time: 4-30-09 10 AM
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
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Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
ENGLISH, J. Kalani, Chr.	✓				SOUKI, Joseph M., Co-Chr.	✓			
BAKER, Rosalyn H., Co-Chr.	✓				HERKES, Robert N., Co-Chr.	✓			
SLOM, Sam	✓				KARAMATSU, Jon Riki, Co-Chr.	✓			
					PINE, Kymberly Marcos	✓			
TOTAL	3				TOTAL	4			

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature:
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