

STAND. COM. REP. NO. 712

Honolulu, Hawaii

March 6, 2009

RE: H.B. No. 1696
H.D. 2

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

Sir:

Your Committees on Consumer Protection & Commerce and
Judiciary, to which was referred H.B. No. 1696, H.D. 1, entitled:

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

beg leave to report as follows:

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) Allowing lessors to meet damage waiver option disclosure requirements by placing the information in wall holders;
- (3) Repealing the requirement that lessors place notices of vehicle laws in each rental vehicle;
- (4) Repealing the authority of the Department of Commerce and Consumer Affairs (DCCA) to prescribe the form of notices and signs required of lessors;

HB1696 HD2 HSCR CPC-JUD HMS 2009-2521



- (5) 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
- (6) Repealing the requirement that lessors submit information to 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.

Enterprise Rent-A-Car Company of Hawaii, Vanguard Car Rental USA, Inc., and Catrala-Hawaii testified in support of this bill. DCCA opposed this measure.

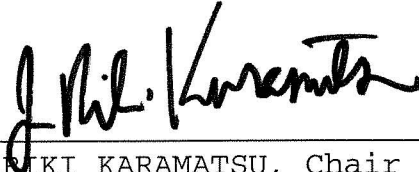
DCCA expressed concerns regarding the provision of this bill allowing a lessor to charge lessees the cost of repairing a rental vehicle, even if the vehicle is not actually repaired. Current law provides that for damaged rental vehicles that are neither repaired nor declared a total loss, the lessor may charge no more than the diminution in value of the vehicle, which is the difference between the value of the vehicle before damage and the value after damage.

Accordingly, your Committees have amended this bill by restoring the current law using diminution in value as the measure for charges that may be assessed against a lessee for damage to a rental vehicle that is neither repaired nor declared a total loss. Technical, nonsubstantive amendments were also made for clarity and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1696, H.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 1696, H.D. 2.



Respectfully submitted on
behalf of the members of the
Committees on Consumer
Protection & Commerce and
Judiciary,



JON NIKI KARAMATSU, Chair



ROBERT N. HERKES, Chair



