

Honolulu, Hawaii

FEB 18 2009

RE: S.B. No. 698
S.D. 1

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

Madam:

Your Committees on Transportation, International and Intergovernmental Affairs and Commerce and Consumer Protection, to which was referred S.B. No. 698 entitled:

"A BILL FOR AN ACT RELATING TO THE RENTAL MOTOR VEHICLE AND TOUR VEHICLE SURCHARGE TAX,"

beg leave to report as follows:

The purpose of this measure is to increase the rental motor vehicle and tour vehicle surcharge tax by an unspecified amount.

This measure provides that:

- (1) Of the rental motor vehicle surcharge tax, \$3 (current amount) is deposited into the state highway fund, and any amount collected over \$3 is deposited into the general fund; and
- (2) Of the tour vehicle surcharge tax, the monthly amount collected of \$65 (current amount for the over twenty-five passenger seat category) is deposited into the state highway fund, and any amount over \$65 is deposited into the general fund; and of the monthly amount collected of \$15 (current amount for the eight to twenty-five passenger seat category) is deposited into the state highway fund, and any amount over \$15 is deposited into the general fund.



Your Committees received testimony in support of this measure from the Department of Transportation and Department of Taxation. Testimony in opposition was received from Polynesian Hospitality, Inc.; Royal Star Hawaii; Avis & Budget Rent A Car Hawaii; Alamo Rent A Car, Enterprise Rent-A-Car and National Car Rental; Catrala-Hawaii; Jack's Tours, Inc.; Robert's Hawaii; Hertz Rent A Car; Dollar Rent A Car; and Hawaii Transportation Association. Comments were received from the Tax Foundation of Hawaii. Copies of written testimony are available for review on the Legislature's website.

The \$3 rental motor vehicle surcharge tax was enacted by Act 223, Session Laws of Hawaii 1999. The \$65 and \$15 tour vehicle surcharge tax was part of the original enactment of the statute by Act 263, Session Laws of Hawaii 1991. Your Committees find that the current surcharges need to be adjusted upward to accommodate the growing cost of maintaining roads and highways in the State.

Your Committees are cognizant of the declining revenues in the general fund, as well as the need to increase revenues in the state highway fund. Your Committees find that the state highway fund is in immediate need of an infusion of revenue to cover anticipated expenses of the highway modernization program.

Your Committees have amended this measure by deleting the proposed language that would partially divert surcharge tax revenues to the state general fund.

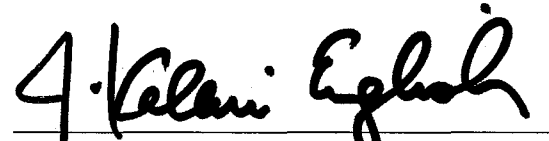
As affirmed by the records of votes of the members of your Committees on Transportation, International and Intergovernmental Affairs and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 698, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 698, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Transportation,
International and
Intergovernmental Affairs and
Commerce and Consumer
Protection,



ROSALYN H. BAKER, Chair

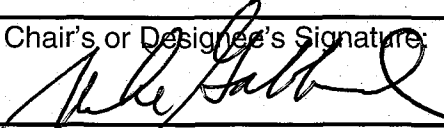


J. KALANI ENGLISH, Chair



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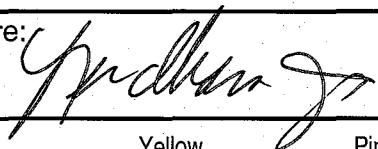
Record of Votes
Committee on Transportation, International and Intergovernmental Affairs
TIA

Bill / Resolution No.:* SB 698	Committee Referral: TIA/CPN, WAM	Date: 2-11-09		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
ENGLISH, J. Kalani (C)	✓			
GABBARD, Mike (VC)	✓			
ESPERO, Will	✓			
NISHIHARA, Clarence K.	✓			
SLOM, Sam				✓
TOTAL	4	-	-	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB 698	Committee Referral: TIA/CPN, WAM	Date: 2-11-09		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
IGE, David Y. (VC)				✓
ESPERO, Will	✓			
GREEN, M.D., Josh	✓			
IHARA, Jr., Les	✓			
SAKAMOTO, Norman				✓
HEMMINGS, Fred				✓
TOTAL	4	0	0	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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