

LATE



The Hertz Corporation
677 Ala Moana Blvd., STE# 916
Honolulu, HI 96813

Honorable J. Kalani English, Chair
Committee on Transportation, International
and Government Affairs
Hawaii State Senate

Hearing: February 11, 2009

Re: SB 1611 RELATING TO HIGHWAYS

Chair English and Honorable Committee Members:

My name is Aaron Medina and I am the General Manager, Hawaii, with The Hertz Corporation.

We support Catrala-Hawaii's opposition and position on this bill.

While the need for the State to raise revenue is understandable during this economic downturn, this is not a time to raise taxes affecting the car rental industry and other tourist related activities, which are core to our State's economy. Our industry is suffering acutely from the steep drop off in visitors, and has lead to significant employee reductions and hours worked, and even to the closing of one car rental company late last year. Raising taxes or surcharges for rental vehicles only discourages travel to Hawaii and makes our destination less competitive with other leisure destinations.

The current temporary surcharge tax of \$3 per day is already higher than similar competing tourist destinations such as Florida which has a \$2 per day tax. It is critical that Hawaii not be publicized as a tourist destination that targets tourists with high fees and taxes.

Furthermore, although the car rental industry contributes over \$30 million a year to the airport special fund, no monies are being used to build facilities for the industry, which are years overdue. Thus, the legislature last year passed the CFC bill to fund the improvement of airport car rental facilities. This fee, while presently \$1 a day, is expected to rise to \$4 daily or more to pay for the bonds supporting the construction of the facilities. Such a CFC supports specific and necessary improvements, which benefit all users of such facilities. However, having a \$5 daily surcharge tax for general revenue generation added on top of this will be devastating to our industry and give Hawaii a bad image for targeting tourists with taxes and fees.

A \$5 per day surcharge would be equivalent to about a 13% tax per rental transaction, making it one of the highest car rental taxes for general revenue generation in the nation.

Finally, the car rental industry was singled out when the tax was temporarily raised to \$3. Per SB 2365 passed last session, the DOT was supposed to complete a study on how to more equitably generate revenues for the highway fund and submit it to this Legislature prior to the start of 2009 Legislative session. To our knowledge this has not been completed.

Please do not raise taxes as proposed by this bill. Thank you for allowing us to testify.

Respectfully,

A handwritten signature in black ink, appearing to read 'A. Medina', with a stylized flourish at the end.

Aaron Medina
General Manager, Hawaii



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Chair English and Honorable Committee Members:

My name is Garrick Higuchi and I am the General Manager of Dollar Rent A Car and Thrifty Car Rental in Hawaii.

We support Catrala-Hawaii's opposition and position on this bill.

While the purposes of the bill are understandable this is not a time to raise any taxes especially those relating to our u-drive industry and tourist related activities. Our industry is already suffering and we've had to lay off workers and cut back on expense like many tourist-related businesses. As you know a major u-drive company recently filed for bankruptcy. Raising taxes and fees and surcharges for rental vehicles only discourages travel to Hawaii and makes it more difficult for tourists to enjoy the wonders of Hawaii through use of their u-drive vehicles.

Further, the current temporary surcharge tax at \$3 daily is already higher than similar competing tourist destinations such as Florida which has a \$2 daily surcharge tax. It is critical that Hawaii not be publicized as a tourist destination that targets tourists with high fees and taxes.

Even further, although the industry contributes over \$30 million a year to the airport special fund no monies are being used to build facilities for the industry which are years overdue. Thus, the legislature last year passed the CFC bill to fund u-drive airport facilities. This fee while presently \$1 a day is expected to rise to \$4 daily or more to pay for the bonds supporting the construction of CFC facilities at our various public airports. A \$4 or more CFC fee added to a \$5 daily surcharge tax fee will be devastating to our industry and give Hawaii a bad image for targeting tourists with taxes and fees.

Finally, the u-drive industry alone was singled out when the tax was temporarily raised to \$3 and the Hawaii Department of Transportation has yet failed to complete a study as to how to fairly generate necessary revenues for the highway fund. Per SB 2365 passed last session, the DOT was supposed to complete such a study and submit it to this Legislature prior to the start of 2009 Legislative session. This study to our knowledge has not been completed.

Please do not raise taxes as proposed by this bill. Thank you for allowing us to testify.

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