

JAN 26 2011

A BILL FOR AN ACT

RELATING TO RENTAL MOTOR VEHICLE SURCHARGE TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to maintain a rental
2 motor vehicle surcharge tax of \$3 a day.

3 SECTION 2. Section 251-2, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) There is levied and shall be assessed and collected
6 each month a rental motor vehicle surcharge tax of [~~\$2 a day,~~
7 ~~except that for the period of September 1, 1999, to August 31,~~
8 ~~2011, the tax shall be]~~ \$3 a day, or any portion of a day that a
9 rental motor vehicle is rented or leased. The rental motor
10 vehicle surcharge tax shall be levied upon the lessor; provided
11 that the tax shall not be levied on the lessor if:

12 (1) The lessor is renting the vehicle to replace a vehicle
13 of the lessee that is being repaired; and

14 (2) A record of the repair order for the vehicle is
15 retained either by the lessor for two years for
16 verification purposes or by a motor vehicle repair
17 dealer for two years as provided in section 437B-16."

S.B. NO. 1324

1 SECTION 3. There is appropriated out of the state highway
2 fund the sum of \$ or so much thereof as may be necessary for
3 fiscal year 2011-2012 and the same sum or so much thereof as may
4 be necessary for fiscal year 2012-2013 for the operations and
5 maintenance of the state highways program.

6 The sums appropriated shall be expended by the department
7 of transportation for the purposes of this Act.

8 SECTION 4. Statutory material to be repealed is bracketed
9 and stricken.

10 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:



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BY REQUEST

Report Title:

Rental Motor Vehicle; Surcharge; Surcharge Tax; State Highway Fund; Operations; Maintenance

Description:

Extends the \$3 per day surcharge on rental motor vehicles beyond August 31, 2011, and deposits the money into the State Highway Fund.

JUSTIFICATION SHEET

DEPARTMENT: Transportation

TITLE: A BILL FOR AN ACT RELATING TO RENTAL MOTOR VEHICLE SURCHARGE TAX.

PURPOSE: Extend the rental vehicle surcharge tax to \$3 a day beyond August 31, 2011.

MEANS: Amend section 251-2(a), Hawaii Revised Statutes.

JUSTIFICATION: Amendment is needed to extend the \$3 a day rental vehicle surcharge tax beyond August 31, 2011 sunset date.

Impact on the public: Renters of motor vehicles will continue to pay a rental vehicle surcharge tax of \$3 a day after August 31, 2011.

Impact on the department and other agencies: The extension of the \$3 rental vehicle surcharge tax is required to provide the funding necessary for the Department of Transportation to build, operate and maintain the State Highway System.

The \$3 per day rental vehicle surcharge tax is a major revenue source contributing approximately 22 percent of the revenues deposited into the State Highway Fund. On September 1, 2011, the \$3 per day rental vehicle surcharge tax will revert back to \$2 per day. This will reduce the revenues into the State Highway Fund by an estimated \$13,400,000 in each year, approximately 7 percent of the revenues collected.

The reduction of approximately 7 percent of our revenues will have a major impact on the operations, special maintenance, and capital improvement programs of the State Highway System.

GENERAL FUND: None.

OTHER FUNDS: The Rental Vehicle Surcharge tax is deposited into the State Highway Fund.

PBS PROGRAM
DESIGNATION: TRN 595.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.