

STAND. COM. REP. NO.

426

Honolulu, Hawaii

Feb 18, 2011

RE: H.B. No. 1240

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred H.B. No. 1240 entitled:

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

begs leave to report as follows:

The purpose of this bill is to provide for a more equitable means for motor vehicle rental companies to recover vehicle licensing fees by allowing them to calculate the fees that are currently passed on to consumers, including governmental licensing, registration, and inspection fees and vehicle weight taxes, based on a good-faith estimate of the actual cost of these fees and taxes.

EAN Holdings, LLC, and Catrala Hawaii testified in support of this bill. The Department of Commerce and Consumer Affairs testified in opposition to this measure.

Currently, Hawaii law permits rental car companies to charge fees, known as vehicle licensing fees, to recoup costs associated with government imposed charges on a vehicle including registration, licensing, and inspection fees and vehicle weight taxes. The rate of these fees is statutorily established as 1/365th of vehicle licensing and registration fees and weight taxes for each full or partial 24-hour day a vehicle is rented. However, rental car companies have stated that their motor vehicles are seldom rented every day of the year and therefore

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they do not recover all of the costs associated with the vehicle fees and taxes. This measure attempts to address this issue.

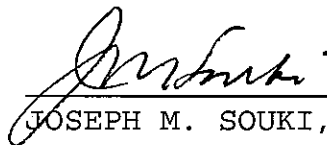
While your Committee understands the concerns raised as to the interpretation of a "good-faith estimate" of the actual cost of the vehicle licensing fees, this measure deserves further discussion.

Your Committee has amended this bill by allowing calculations for amounts collected for vehicle licensing fees in a calendar year in excess of actual costs that may be retained by a rental car company and applied to the adjustment of estimated daily rates for the following year to be based on the entire vehicle fleet of the rental car company rather than each separate vehicle.

Technical, nonsubstantive amendments have also been made for the purposes of consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1240, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1240, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Transportation,



JOSEPH M. SOUKI, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 426

Record of Votes of the Committee on Transportation

Bill/Resolution No.: HB 1240	Committee Referral: TRN, FIN	Date: 2/14/11		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
TRN Members	Ayes	Ayes (WR)	Nays	Excused
1. SOUKI, Joseph M. (C)	/			
2. ICHIYAMA, Linda (VC)	/			
3. AQUINO, Henry J.C.				✓
4. CULLEN, Ty	/			
5. LEE, Marilyn B.	/			
6. LUKE, Sylvia	/			
7. SAIKI, Scott K.		✓		
8. TAKUMI, Roy M.		✓		
9. YAMASHITA, Kyle T.	/			
10. FONTAINE, George R.		/		
11. JOHANSON, Aaron Ling		✓		
TOTAL (11)	6	4		1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <u><i>Firdeh Chingme</i></u>				
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