



# CATRALA – HAWAII

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## LATE TESTIMONY

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Honorable Joseph Souki  
Committee on Transportation  
House of Representatives

Hearing: February 14, 2011, 9 am

### RE: HB 1240 Relating to Motor Vehicles

Chair Souki and Honorable Committee Members:

My name is Aaron Medina and I am the General Manager for Hawaii, with The Hertz Corporation, as well as the President of Catrala-Hawaii.

Catrala-Hawaii strongly supports the proposed amendments to this bill as attached hereto.

Under current Hawaii law, car rental companies charge vehicle licensing fees (“VLFs”) to lessees to recover specific costs related to licensing, registration, inspection and weight fees and taxes paid by car rental companies on the vehicles in their rental fleets. However, as the law currently is written, it is not possible for car rental companies to fully recover these costs each year. The goal behind HB 1240 is to allow car companies to fully recover these fees and taxes.

As these proposed amendments have no negative impact on the fees and taxes collected by the State, and to continue to insure that car rental companies are able to focus valuable resources toward employing more Hawaii residents and investing in our Hawaii infrastructures and the Hawaii economy, we strongly urge this committee to support the proposed amendments as attached.

Thank you for allowing Catrala-Hawaii to testify.

Mahalo,

Aaron Medina  
President

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# A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE RENTAL. \_\_\_\_\_

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

1 SECTION 1. Section 437D-8.4, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3 "(a) Notwithstanding any law to the contrary, a lessor may  
4 visibly pass on to a lessee:

5 (1) The general excise tax attributable to the  
6 transaction;

7 (2) The vehicle license and registration fee and weight  
8 ~~taxes, prorated~~ taxes calculated either:

9 (A) By prorating the annual license and registration  
10 fees and weight taxes at 1/365th of the annual  
11 ~~[vehicle license and registration fee and weight~~  
12 ~~taxes]~~ amount actually paid on the particular  
13 vehicle being rented ~~[for]~~ and adding the  
14 prorated amount to each full or partial twenty-  
15 four-hour rental day that the vehicle is rented;  
16 provided the total of all vehicle license and  
17 registration fees and weight taxes charged to all  
18 lessees of a single vehicle shall not exceed the

1 annual vehicle license and registration fee and  
2 weight taxes actually paid for the particular  
3 vehicle rented; or

4 (B) For lessors whose primary business is renting  
5 motor vehicles to consumers under contracts for a  
6 period of ninety days or less, by calculating a  
7 good-faith estimate of the daily rate required by  
8 the lessor to recover the actual total cost of  
9 annual licensing, registration, and inspection  
10 fees and weight taxes and adding that amount to  
11 each full or partial twenty-four hour day that  
12 the vehicle is rented; provided that if the total  
13 amount collected under this subparagraph ~~for a~~  
14 ~~single vehicle~~ in a calendar year exceeds the  
15 ~~the lessor/s~~ actual cost of licensing,  
16 registration, and inspection fees and weight  
17 taxes for ~~that vehicle~~ ~~its fleet~~, the lessor  
18 shall retain the excess amount and adjust the  
19 estimated daily rate for the following year  
20 accordingly; provided further that a lessor  
21 subject to this subparagraph may adjust daily  
22 rates at any time during the calendar year;

1 (3) The rental motor vehicle surcharge tax as provided in  
2 section 251-2 attributable to the transaction;

3 (4) The county surcharge on state tax under section 46-  
4 16.8; provided that the lessor itemizes the tax for  
5 the lessee; and

6 (5) The rents or fees paid to the department of  
7 transportation under concession contracts negotiated  
8 pursuant to chapter 102, service permits granted  
9 pursuant to title 19, Hawaii Administrative Rules, or  
10 rental motor vehicle customer facility charges  
11 established pursuant to section 261-7; provided that:

12 (A) The rents or fees are limited to amounts that can  
13 be attributed to the proceeds of the particular  
14 transaction;

15 (B) The rents or fees shall not exceed the lessor's  
16 net payments to the department of transportation  
17 [made] under concession contract or service  
18 permit;

19 (C) The lessor submits to the department of  
20 transportation and the department of commerce and  
21 consumer affairs a statement, verified by a  
22 certified public accountant as correct, that  
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1 reports the amounts of the rents or fees paid to  
2 the department of transportation pursuant to the  
3 applicable concession contract or service permit:

4 (i) For all airport locations; and

5 (ii) For each airport location;

6 (D) The lessor submits to the department of  
7 transportation and the department of commerce and  
8 consumer affairs a statement, verified by a  
9 certified public accountant as correct, that  
10 reports the amounts charged to lessees:

11 (i) For all airport locations;

12 (ii) For each airport location; and

13 (iii) For each lessee;

14 (E) The lessor includes in ~~[these reports]~~ the  
15 statements required by subparagraphs (C) and (D)  
16 the methodology used to determine the amount of  
17 fees charged to each lessee; and

18 (F) The lessor submits the ~~[above]~~ information  
19 required by subparagraphs (C) and (D) to the  
20 department of transportation and the department  
21 of commerce and consumer affairs within three  
22 months of the end of the preceding annual

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1            accounting period or contract year as determined  
2            by the applicable concession agreement or service  
3            permit.

4            The respective departments, in their sole discretion,  
5            may extend the time to submit the [statement]  
6            statements required [~~in this subsection.~~] by  
7            subparagraphs (C) and (D). If the director determines  
8            that [~~an examination of the lessor's information is~~  
9            ~~inappropriate]~~ the information submitted by a lessor  
10           under this subsection is incorrect and the lessor  
11           fails to correct the matter within ninety days, the  
12           director may conduct an examination and charge a  
13           lessor an examination fee based upon the cost per hour  
14           per examiner for evaluating, investigating, and  
15           verifying compliance with this subsection, as well as  
16           additional amounts for travel, per diem, mileage, and  
17           other reasonable expenses incurred in connection with  
18           the examination, which shall relate solely to the  
19           requirements of this subsection, and which shall be  
20           billed by the departments as soon as feasible after  
21           the close of the examination. The cost per hour shall  
22           be \$40 or as may otherwise be established by rules

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1            adopted by the director. The lessor shall pay the  
2            amounts billed within thirty days following the  
3            billing. All moneys collected by the director shall  
4            be credited to the compliance resolution fund."

5            SECTION 2. Statutory material to be repealed is bracketed  
6            and stricken. New statutory material is underscored.

7            SECTION 3. This Act shall take effect on July 1, 2011;  
8            provided that the amendments made to section 437D-8.4, Hawaii  
9            Revised Statutes, under section 1 of this Act shall not be  
10            repealed when that section is repealed and reenacted on December  
11            31, 2022, by section 9 of Act 247, Session Laws of Hawaii 2005.

DRAFT