

STAND. COM. REP. NO.

105

Honolulu, Hawaii

Feb 8, 2011

RE: H.B. No. 1097

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. 1097 entitled:

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

begs leave to report as follows:

The purpose of this bill is to maintain one source of revenue stream for the State Highway Fund (Fund) by permanently increasing the rental motor vehicle surcharge tax from \$2 to \$3 per day.

The Department of Transportation (DOT) and Department of Taxation supported this bill. Catrala-Hawaii supported the bill with amendments. The Tax Foundation of Hawaii submitted comments.

Act 223, Session Laws of Hawaii 1999, temporarily raised the motor vehicle rental surcharge tax from \$2 to \$3 per day to bolster lagging highway fund revenues during difficult economic times. With the dramatic downturn in both the national and State economies over the last several years, the State Highway Fund continues to dwindle with revenues failing to keep pace with expenditures for the operation, maintenance, and construction of State highways. This is due in part to rising fuel costs and decreasing fuel consumption which has resulted in decreased fuel tax revenues. As a result, our land transportation system has failed to address increased transportation demands, with project needs far outpacing available resources. Although recent indicators have suggested that economic recovery is beginning, expectations are that the economic recovery will be slow and may

HB1097 HSCR TRN HMS 2011-1751



take several years. Without additional funding, the State Highway Fund will lack the necessary revenues for the upkeep and improvement of our roadways.

According to DOT, the additional surcharge provided for in this measure will generate approximately \$13.4 million in annual revenues for the Fund and loss of this revenue stream will have a serious impact on Hawaii's highways. Your Committee finds that prudent action needs to be taken to maintain State Highway Fund revenue levels and that this matter deserves further consideration.

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. 1097 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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



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JOSEPH M. SOUKI, Chair



State of Hawaii  
House of Representatives  
The Twenty-sixth Legislature

HR 105

Record of Votes of the Committee on Transportation

Bill/Resolution No.: <b>HB 1097</b>	Committee Referral: <b>TRN, FIN</b>	Date: <b>2/2/11</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input 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)				
<b>TRN Members</b>	<b>Ayes</b>	<b>Ayes (WR)</b>	<b>Nays</b>	<b>Excused</b>
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		/		
<b>TOTAL (11)</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>2</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u><i>Linda Ichizane</i></u>				
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