

Honolulu, Hawaii

Feb 14, 2012

RE: H.B. No. 2800

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred H.B. No. 2800 entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION,"

begs leave to report as follows:

The purpose of this measure is to aid the State in addressing its current fiscal situation while assisting the Department of Transportation with addressing state highway transportation infrastructure needs by:

- (1) Extending the increase in the rental motor vehicle surcharge tax made by Act 104, Session Laws of Hawaii 2011, for an additional five years;
- (2) Extending the suspension of the \$4.50 per day rental motor vehicle customer facility charge for an additional five years; and
- (3) Reducing the remittance of the rental motor vehicle surcharge tax to the general fund from \$4.50 to \$3.50 with \$1.00 being deposited into the State Highway Fund.



The Department of Budget and Finance testified in support of the intent of this measure. The Hertz Corporation and Avis Budget Group testified in opposition to this measure. The Department of Transportation, Department of Taxation, EAN Holdings, LLC, operating Enterprise Rent-A-Car, Alamo Rent-A-Car, National Car Rental in Hawaii, and Tax Foundation of Hawaii provided comments.

In 2011, with the State facing some of the most difficult economic periods it has ever experienced, the Legislature was forced to search for additional sources of revenue. Temporarily increasing the motor vehicle rental surcharge tax to \$7.50 per day and depositing \$4.50 of that increase into the general fund was expected to generate approximately \$60 million in general fund revenues and was deemed necessary in assisting the State in addressing its fiscal needs. In an attempt to reduce the impact this increase would have on the rental car industry, the \$4.50 rental motor vehicle customer facility charge authorized by the Legislature in 2008, which was to be used for much needed improvements to the many facilities located at Hawaii's airports that serve rental car customers, was suspended for one year.

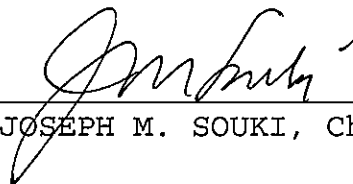
While Hawaii's economic outlook appears brighter, the recovery is occurring at a slower than anticipated pace and according to the Department of Budget and Finance, Hawaii's projected revenue deficit could reach \$313,000,000 by fiscal year 2016. Extending the increase of the rental motor vehicle surcharge tax and depositing a portion of these funds into the general fund will provide the State with an option in balancing its general fund financial plan.

Your Committee notes that Hawaii's rental car industry plays a vital role in our most important industry, tourism, and that improvements to rental car facilities are needed to provide better service to customers renting vehicles at the State's airports. While your Committee understands the concerns raised by the rental car industry that extending the suspension of the \$4.50 rental motor vehicle customer facility charge may have an impact on making these needed improvements, the Department of Transportation has assured your Committee that alternative means of financing for these projects can be found and that they are currently working on these alternatives.



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. 2800 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,



JOSEPH M. SOUKI, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 325-12

Record of Votes of the Committee on Transportation

Bill/Resolution No.: HB 2800	Committee Referral: TRN, FIN	Date: 2/8/12		
<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)				
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. OKAMURA, Tom				
8. SAIKI, Scott K.	/			
9. TAKUMI, Roy M.	/			
10. YAMASHITA, Kyle T.	/			
11. FONTAINE, George R.		/		
12. JOHANSON, Aaron Ling	/			
TOTAL (12)	9	1		1
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> Linda Ichizume </u>				
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