

STAND. COM. REP. NO.

100

Honolulu, Hawaii

FEB 11 2011

RE: S.B. No. 1324  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 1324 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to ensure sufficient funding for the routine operation and maintenance of the state highway system by extending the current Rental Motor Vehicle Surcharge Tax beyond its sunset date of August 31, 2011, and to make an appropriation from the State Highway Fund to the Department of Transportation for the operation and maintenance of the state highway program.

Your Committee received testimony in support of this measure from the Department of Transportation and the Department of Taxation. Your Committee received comments on this measure from Tax Foundation of Hawaii.

Your Committee finds that under current law, the Rental Motor Vehicle Surcharge Tax will be reduced from \$3 per day to \$2 per day effective September 1, 2011. The State Highway Fund finances the maintenance and repair of essential infrastructure including roadways, bridges, drainage systems, landscaping, irrigation, and road safety features such as fencing, walls, traffic signs, guardrails, highway pavement markings, lighting systems, sidewalks, and wheelchair ramps. Your Committee finds that the imminent reduction in the Rental Motor Vehicle Surcharge Tax will

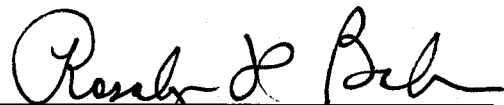


result in a loss of approximately \$13,400,000 in revenue to the State Highway Fund. Therefore, extension of the current amount of the tax is necessary to maintain the State Highway Fund's revenue stream so that the State Highway Fund may continue its operations in funding routine maintenance, special maintenance, capital improvement projects, and emergency expenses. Your Committee further finds that a reduction in revenue imperils not only the safe conditions of the State's highway system, but also the State's ability to comply with federal maintenance requirements that are a condition for continued receipt of federal transportation funding.

Your Committee has amended this measure by changing its effective date to July 1, 2011.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1324, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1324, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,



ROSALYN H. BAKER, Chair



The Senate  
Twenty-Sixth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <b>SB 1324</b>	Committee Referral: <b>CPN, WARM</b>	Date: <b>2/8/2011</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
GALUTERIA, Brickwood	✓			
GREEN, M.D., Josh	✓			
NISHIHARA, Clarence K.				✓
SOLOMON, Malama	✓			
SLOM, Sam			✓	
<b>TOTAL</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes