

Honolulu, Hawaii

FEB 13 2012

RE: S.B. No. 3040

S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Transportation and International Affairs,
to which was referred S.B. No. 3040 entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION,"

begs leave to report as follows:

The purpose and intent of this measure is to exempt from the rental motor vehicle and tour vehicle surcharge tax, vehicles that are rented by a car-sharing organization to members of the organization on an hourly basis.

Your Committee received testimony in support of this measure from the Blue Planet Foundation, Sierra Club Hawai'i Chapter, Green Car Hawaii, and six individuals. Testimony in opposition was received from the Department of Transportation and one individual. Comments were received from the Department of Taxation, Enterprise Rent-A-Car, and Tax Foundation of Hawaii.

Your Committee finds that many individuals and households in Hawaii do not need to own a car; rather they would just like access to a vehicle when needed. Car-sharing programs would provide another mobility alternative for individuals and households and, perhaps for some, obviate the need to purchase and own a vehicle. Car-sharing provides the benefits of having a vehicle when needed while avoiding the cost and hassle of car ownership. This measure is intended to remove one cost barrier to car-sharing by exempting car-sharing organizations from the rental vehicle surcharge tax.



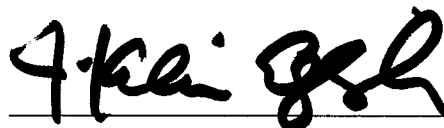
Your Committee further finds that car-sharing is a green transportation innovation that significantly reduces vehicle miles traveled, oil imports, greenhouse gas emissions, and household transportation costs for Hawaii residents. Car-sharing is a fairly new transportation innovation in the United States, that has emerged only in the last ten years. It is essentially membership-based hourly car rental. Unlike traditional car rentals, however, car-sharing is not aimed at tourists or individuals who are getting personal vehicles repaired. Car-sharing members are people who either cannot afford to or prefer not to own their own vehicles, but occasionally need access to vehicles to run errands. Car-sharing enables them to enjoy the benefits of automobile access without the high fixed costs and other concerns that come with car ownership.

Your Committee has amended this measure by:

- (1) Clarifying the definition of car-sharing organization for tax purposes and making conforming amendments throughout the measure;
- (2) Restricting the period of tax exemption to not more than six hours per day per vehicle; and
- (3) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3040, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3040, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Transportation and
International Affairs,



J. KALANI ENGLISH, Chair



