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TO: Senator David Y. Ige
Chair, Committee on Ways and Means
Via Email: WAMtestimony@capitol.hawaii.gov

FROM: Gary M. Slovin

DATE: February 19, 2012

RE: S.B. No. 2946, SD1 – Relating to Transportation
Hearing Date: Thursday, February 23 at 9:00 am
Conference Room 211

Dear Chair Ige and Members of the Committee on Ways and Means:

I am Gary Slovin, submitting comments on behalf of EAN Holdings, LLC, operating Enterprise Rent-A-Car, Alamo Rent-A-Car and National Car Rental in Hawaii (collectively referred to as “Enterprise”).

Enterprise **submits comments** on S.B. 2946, SD1, which extends the increase in the rental motor vehicle surcharge tax to \$7.50 per day until June 30, 2013 and extends the suspension of the rental motor vehicle customer facility charges until June 30, 2013.

The fee that is the subject of this bill was originally imposed to provide funding for the construction of a consolidated rental car facility at Honolulu International Airport and similar facilities at other state airports. Because of the uncertain economic times and the budget deficit in 2011, the Legislature in 2011 suspended the rental car facility surcharge and instead diverted the money to the highway fund and the general fund. That legislation provided that the diversion of these funds would expire on June 30, 2012. Proposed S.B. 2946 SD1 would extend the diversion of the surcharge to the year 2013.

The original surcharge was intended to apply to only those rentals made at the airport. Pursuant to the legislation described above, the full \$7.50 charge, including the additional \$4.50 surcharge, was not imposed only upon renters at airport facilities, the original intent, but upon everyone in the state renting a car, including, inevitably, local residents.

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Enterprise believes that the imposition of the surcharge has caused, and will continue to cause, a hardship to many local residents. We believe the legislation should be modified to relieve that fiscal impact.

Many local residents rent cars for extended periods of time for a variety of reasons. Some rent cars for business purposes while some rent cars for extended periods because they cannot afford a car or do not have the need to own a car. The economic recession that hit the state in 2008 is continuing and, despite some encouraging news, the everyday citizen in this community is still struggling and may well be struggling for several more years.

While an additional \$4.50 a day may not seem very much, for many people in the community it is a significant amount of money. For those persons who need to rent cars for an extended period, this charge is burdensome. For example, it is not unusual for persons to rent cars for more than two weeks. A local person renting a car for family or business purposes for 30 days is now required to pay an additional \$135.00 in order to rent a car.

For many people in this community an additional \$135 of expense that the person did not formerly have to pay is very significant and can make a difference in the quality of their lives.

Accordingly, Enterprise believes that consideration should be given to lessening the impact of the fee on local residents. There is a distinct and specific difference between a person renting a car for pleasure travel and a person using a car for business or personal reasons who is a local resident. Enterprise therefore proposes that there be a limitation of 14 days beyond which the \$4.50 surcharge would no longer apply. Statistics indicate that the average traveler coming to Hawaii rents a car for 6 days.

Therefore, setting a limitation that would assist the local residents who need to rent cars for longer periods treats both that resident and a tourist in an equal manner.

This approach would still enable the Legislature to continue to divert these funds into the general fund and the highway fund for the purposes identified in the law, but provide some relief to local residents who are being burdened by this additional fee.

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Enterprise does also have general concerns about the impacts of the surcharge on the rental car industry, tourism and local business people and residents. However, if it is the decision of the committee that the surcharge should continue to be diverted, we respectfully ask the committee to consider adding the relief of a 14 day limitation.

Thank you for the opportunity to submit testimony on this measure.