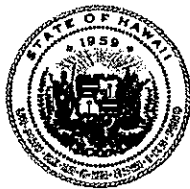


NEIL ABERCROMBIE
GOVERNOR



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STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

March 19, 2012

SB 3040, SD 1
RELATING TO TRANSPORTATION

HOUSE COMMITTEE ON TRANSPORTATION

The Department of Transportation (DOT) supports this bill, which proposes to exempt from the rental motor vehicle and tour vehicle surcharge tax vehicles that are rented by a car-sharing organization to members of its membership program on an hourly basis for up to six hours per day per vehicle.

Thank you for the opportunity to provide testimony.



TAXBILLSERVICE

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TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: RENTAL MOTOR VEHICLE AND TOUR VEHICLE SURCHARGE, Exempt car-sharing organizations

BILL NUMBER: SB 3040, SD-2

INTRODUCED BY: Senate Committee on Ways and Means

BRIEF SUMMARY: Amends HRS section 251-2 to provide that car-sharing organizations shall be exempt from the rental motor vehicle surcharge tax on rentals of vehicles to members of its membership program for up to six hours per day, per vehicle.

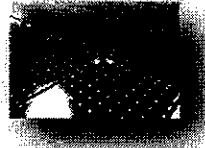
Amends HRS section 251-1 to amend the definition to "rental motor vehicle" to exclude vehicles that are rented by a car-sharing organization to members of its membership program on an hourly or other incremental basis for a period of up to six hours per day, per vehicle. Defines "car-sharing organization" as a nonprofit organization that operates a membership program under which its members are permitted to use vehicles from the organization's fleet on an hourly or other incremental basis less than 24 hours.

EFFECTIVE DATE: July 1, 2050

STAFF COMMENTS: Under a car-sharing arrangement, vehicles may be rented hourly and since a renter does not have to pay for a full day of rental, the rates for the use of the vehicle could be significantly less than if a vehicle was rented from a typical rent-a-car company. While it appears that the imposition of the rental motor vehicle and tour vehicle surcharge adds to the cost of the vehicles rented hourly under a car-sharing arrangement, this measure is proposed to exempt such vehicles from the rental motor vehicle and tour vehicle surcharge if such vehicles are rented for a period of less than six hours.

It should be noted that since a car-sharing arrangement is basically a rent-a-car company that allows renters to rent a car hourly, such car-sharing companies are in direct competition with rent-a-car companies that provide vehicles for rent, the car-sharing companies should also be subject to any taxes or fees that are imposed on rent-a-car companies. Rather than an exemption from the rental motor vehicle and tour vehicle surcharge tax, as proposed by this measure, the rental motor vehicle surcharge tax could be prorated based on the time the vehicle was rented from the car-sharing organization. This would ensure that car-sharing organizations are subject to equal treatment under the rental motor vehicle surcharge provisions.

Digested 3/18/12



HOUSE COMMITTEE ON TRANSPORTATION

March 19, 2012, 9:00 A.M.

Room 309

(Testimony is 2 pages long)

TESTIMONY IN SUPPORT OF SB 3040 SD2

Chair Souki and members of the Transportation Committee:

The Blue Planet Foundation supports SB 3040 SD2, a measure which exempts car sharing organizations from the rental vehicle surcharge tax for hourly rentals. We believe this measure will help remove a barrier to the establishment of car sharing organizations and services in Hawaii.

Blue Planet Foundation's mission is to end the use of fossil fuels on Earth, starting by making Hawai'i a role model for energy independence. While much of our work has been focused on renewable energy and reducing electricity use, transportation in Hawaii (cars, trucks, ships, and planes) accounts for approximately two-thirds of the oil consumed. In 2011, Hawaii cars burned over 470 million gallons of gasoline. For a typical car, that's enough gasoline to cover the distance equivalent to over 21,000 round trips to the moon. As of February 2012, there are 995,790 registered passenger vehicles in Hawai'i¹. If these vehicles were put bumper-to-bumper it would form a line approximately from Honolulu to Las Vegas.

Many individuals and households in Hawaii don't need to own a car, they would just like access to a vehicle when needed. Similarly, many folks own a low fuel economy truck because they need the capacity for work (or play), but then end up using the larger vehicle mostly for passenger or in-town use. Car sharing programs would provide another mobility alternative for individuals and households, and perhaps for some, obviating 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. Senate Bill 3040 SD2 helps to remove a cost barrier to carsharing by exempting such programs from the rental vehicle surcharge tax.

Car sharing is designed to replace car ownership for people who do not need to drive to work every day, and to reduce congestion and fossil fuel consumption. Car Sharing pilot projects like Witkar began as early as the 1960's and 1970's, but modern car sharing programs launched in

¹ Department of Business, Economic Development, and Tourism, "February 2012 Monthly Energy Trends"

1987 in Switzerland and later in 1988 in Germany, and came to North America via Quebec City in 1994. (The first successful car share in the United States was Portland, Oregon's CarSharing-PDX.) As of July 1, 2011 (based on an analysis by Susan Shaheen of the University of California, Berkeley) 26 U.S. car sharing programs claimed 560,572 members sharing 10,019 vehicles; and 78,840 members shared 2,605 vehicles among 20 car sharing organizations in Canada².

While Blue Planet has not analyzed the legal aspects of car sharing in Hawaii, we understand that California enacted car sharing enabling legislation in 2010. It may be worth considering amendments to this measure that include some of the policy changes enacted in California to remove other possible hurdles to car sharing. Blue Planet is more than happy to help the Committee with these amendments.

Thank you for the opportunity to testify.

² <http://www.carsharing.net/>