

STAND. COM. REP. NO.

575

Honolulu, Hawaii

FEB 28 2013

RE: S.B. No. 726

S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 726, S.D. 1, 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 exempt car-sharing organizations from the rental motor vehicle surcharge tax.

Your Committee received written comments in support of this measure from Hertz Corporation and two concerned individuals.

Your Committee received written comments in opposition to this measure from the Department of Transportation.

Your Committee received written comments on this measure from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that car-sharing organizations offer an environmentally and traffic friendly alternative to mass motor vehicle ownership. These organizations allow members, many of whom cannot afford or prefer not to own a motor vehicle, access to motor vehicles from the organization's fleet on a short-term basis, often hourly. This arrangement reduces greenhouse gas emissions and traffic congestion by encouraging car-sharing as an alternative to car ownership.

Your Committee has amended this measure by:

SB726 SD2 SSCR LRB 13-1633.doc



- (1) Defining a car-sharing organization as an organization that:
 - (A) Operates, exclusively, a qualified fleet of vehicles primarily for hourly rental;
 - (B) Charges an annual membership separately from other charges;
 - (C) Provides self service, fully automated access to its qualified fleet exclusively to its members;
 - (D) Does not require a separate written agreement for each use of a vehicle in the qualified fleet;
 - (E) Clarifies that the hourly fee includes fuel, insurance, maintenance, and other costs;
 - (F) Limits member use of the qualified fleet to no more than twelve hours per day; and
 - (G) Requires vehicles to be returned to the point of rental;
- (2) Defining the term "qualified fleet of vehicles" by requiring, among other things, that the fleet include an unspecified percentage of hybrid electric, plug-in hybrid electric, and electric vehicles;
- (3) Requiring car-sharing organizations that seek rental motor vehicle surcharge tax exempt status to submit and have approved by the Department of Taxation an application that shows compliance with all of the requirements of a car-sharing organization;
- (4) Authorizing the Department of Taxation to require the car-sharing organization to submit an electronic report of all exempt income derived from the operation of the organization;
- (5) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure, including discussion on the percentage of vehicles that must be



hybrid electric, plug-in hybrid electric, and electric to meet the requirements of a qualified fleet; and

- (6) Making technical nonsubstantive amendments for the purpose of consistency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 726, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 726, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 726 SDI	Committee Referral: TIA, WAM	Date: 2-14-13		
<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
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam	✓			
TOTAL	13	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes