

NEIL ABERCROMBIE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1530
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FREDERICK D. PABLO
DIRECTOR OF TAXATION

JOSHUA WISCH
DEPUTY DIRECTOR

To: The Honorable Sylvia Luke, Chair
and Members of the House Committee on Finance

Date: Friday, March 28, 2014
Time: 3:00 p.m.
Place: Conference Room 308, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B. No. 2731, S.D. 2, H.D. 1, Relating to a Car-Sharing Vehicle Surcharge Tax

The Department of Taxation (Department) appreciates the intent of S.B. 2731, S.D. 2, H.D. 1, and offers the following comments for your consideration.

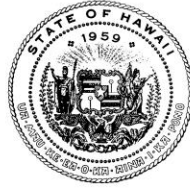
S.B. 2731, S.D. 2, H.D. 1, defines car-sharing organizations and imposes a surcharge tax on car-sharing organizations. The proposed surcharge is 25 cents per half-hour that a vehicle is rented by a car-sharing organization. This measure, upon approval, becomes effective January 1, 2015.

The Department recognizes the intent to propose a prorated surcharge tax in S.B. 2731, S.D. 2, H.D. 1, and to cap it at the current level of the rental motor vehicle surcharge tax. Given that intent, the Department suggests amending subsection (a) of Section 2 of the bill to read as follows:

"(a) There is levied and shall be assessed and collected a car-sharing vehicle surcharge tax of \$_____ per hour, or any portion of an hour, that a rental motor vehicle is rented or leased by a car-sharing organization; provided that for each rental **of more than six hours**, the tax shall be assessed in the manner provided in section 251-2. The car-sharing vehicle surcharge tax shall be levied upon the car-sharing organization."

The above amendment will clarify the operation of the cap on the surcharge tax given the intent to cap the charge at an amount equal to the current rental motor vehicle surcharge tax.

Thank you for the opportunity to provide comments.



STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

HOUSE COMMITTEE ON FINANCE

S.B. 2731 S.D. 2 H.D. 1, Relating to a Car-Sharing Vehicle Surcharge Tax

**Testimony of Linda Rosen, M.D., M.P.H.
Director of Health**

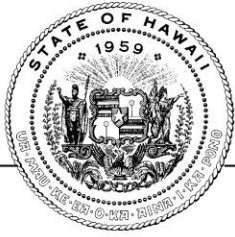
**March 28, 2014
3:00 p.m.**

1 **Department's Position:** COMMENTS.

2 **Purpose and Justification:** The Department believes this measure will have numerous benefits for the
3 State of Hawaii because car-sharing will result in fewer vehicle miles traveled, lower greenhouse gas
4 emissions, and decreased transportation costs for Hawaii residents. It will also allow those who do not
5 want to own or cannot afford to own a car the flexibility of using a shared car for trips to locations that
6 are not easily accessible by walking, biking, or using public transportation. It has also been shown to
7 reduce roadway congestion and alleviate parking shortages, and, given the option to participate in a car-
8 sharing program, people that currently own a car may opt to sell their car or otherwise reduce the
9 number of cars in their household. At a time when the state is looking increasingly at Transit-Oriented
10 Development and Smart Growth, car-sharing makes sense from both a practical and environmental
11 standpoint.

12 The Department defers to the Departments of Taxation and Budget and Finance on the tax and
13 budget implications of this bill.

14 Thank you for the opportunity to provide comments on this measure.



OFFICE OF PLANNING STATE OF HAWAII

235 South Beretania Street, 6th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

NEIL ABERCROMBIE
GOVERNOR

LEO R. ASUNCION
ACTING DIRECTOR
OFFICE OF PLANNING

Telephone: (808) 587-2846
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Statement of
LEO R. ASUNCION
Acting Director, Office of Planning
before the
HOUSE COMMITTEE ON FINANCE

Friday, March 28, 2014
3:00 PM
State Capitol, Conference Room 308

in consideration of
SB 2731 SD2 HD1
RELATING TO A CAR-SHARING VEHICLE SURCHARGE TAX.

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the House Committee on Finance.

The Office of Planning supports the intent of SB 2731, SD2, HD1 which supports car-sharing. According to a 2005 report by the Transit Cooperative Research Program (TCRP) entitled, “Car-Sharing: Where and How It Succeeds,”

Communities face increasing traffic and parking congestion as well as a need to improve air quality. One way to address these problems is to find alternatives to private automobile ownership. Car-sharing is an innovative mobility option that allows individuals to pay for and use automobiles—on an as-needed basis—through membership programs.¹

¹ Millard-Ball, Adam; Murray, Gail; Schure, Jessica Ter; Fox, Christine; and Burkhardt, Jon (2005). “Car-Sharing: Where and How It Succeeds,” Transit Cooperative Research Program Report 108, Washington, D.C.: Transportation Research Board. Available at http://www.tcrponline.org/PDFDocuments/TCRP_RPT_108.pdf.

In summary, the TCRP report identified many benefits to car-sharing, including the following:

- **Reduced impacts and congestion** on our roads and highways, because on average, about 20% of car-sharing members give up their car or a second or third vehicle;
- **Reduced vehicle ownership**, which can lead to increased parking availability and less need for new parking, which leads to cost savings, release of land for development, and less stormwater runoff;
- **Improved mobility and destination flexibility**, particularly for people who cannot afford the fixed cost of vehicle ownership;
- **Lower emissions** through cutting vehicle travel and through the use of newer, fuel- efficient vehicles, such as hybrids;
- **Increased transit ridership**, because nearly 20% of car-sharing trips are accessed by transit, mostly during off-peak times; and
- **Cost savings for households and businesses** who join a car-sharing program.

We defer to the Departments of Taxation and Budget and Finance on the tax and budget implications of this bill.

Thank you for the opportunity to testify on this measure.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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DEPT. WEB SITE: www.honolulu.dpp.org • CITY WEB SITE: www.honolulu.gov

KIRK CALDWELL
MAYOR



GEORGE I. ATTA, FAICP
DIRECTOR

ARTHUR D. CHALLACOMBE
DEPUTY DIRECTOR

March 28, 2014

The Honorable Sylvia Luke, Chair
and Members of the Committee on Finance
State House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Luke and Committee Members:

SUBJECT: Senate Bill No. 2731, SD2, HD1
Relating to a Car-sharing Vehicle Surcharge Tax

The Department of Planning and Permitting (DPP) **strongly supports** Senate Bill No. 2731, SD2, HD1, which creates a formal definition for car-sharing organizations, and establishes a new car-sharing vehicle surcharge tax. The Bill would place car-sharing in a taxation category separate from traditional car rentals.

The DPP shares the concerns of the car-sharing industry and car-sharing advocates that the existing rental car surcharge tax has been an inadvertent obstacle to the service succeeding in Hawaii. Since the rental car surcharge is a daily flat-rate tax, and car-sharing rents vehicles at hourly or per-minute rates, car-sharing users have been subjected to unintentionally high taxation rates, as much as 30 to 40 percent on one-hour rentals.

The DPP believes car-sharing is an innovative public transportation option that has the potential to provide a number of important transportation, economic, social and even health benefits to Hawaii residents. Car-sharing makes it possible for many people to own fewer or no cars by providing affordable access to vehicles for occasional trips that can be difficult to make by walking, biking, or public transportation.

Car-sharing users are typically local neighborhood residents who make nearly all of their trips by walking, biking, or public transportation, and use the car-sharing service a few times per month for grocery shopping or running errands.

Car-sharing has been shown to improve mobility, and reduce auto ownership, parking congestion, household transportation costs, and vehicle miles traveled. It has also been shown to lead to increased walking, biking, and public transportation ridership. The DPP expects car-sharing to be an important component of Honolulu's increasingly multimodal transportation system, along with private cars, buses, rail, bikeshare, and improved pedestrian and bike facilities.

The Honorable Sylvia Luke, Chair
and Members of the Committee on Finance
State House of Representatives
Hawaii State Capitol
RE: Senate Bill No. 2731, SD2, HD1
March 28, 2014
Page 2

The DPP is considering policies that could facilitate increased car-sharing as part of its transit-oriented development (TOD) program. We have found that developers are interested in incorporating car-sharing stations into their development plans in TOD areas to increase residents' choice while reducing the amount and cost of structured parking required.

In summary, the DPP **strongly supports** the State's efforts to remove barriers to car-sharing and defers to the State Legislature and car-sharing industry stakeholders to work out the finer details of the car-sharing vehicle surcharge tax.

Thank you for this opportunity to testify.

Very truly yours,

A handwritten signature in blue ink that reads "George I. Atta". The signature is written in a cursive style with a large initial "G".

George I. Atta, FAICP
Director

GIA:cl
SB2731SD2HD1-sl

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

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

BILL NUMBER: SB 2731, HD-1

INTRODUCED BY: House Committee on Transportation

EXECUTIVE SUMMARY: Establishes a car-sharing surcharge tax of 25 cents per half hour; provided that for each rental of six hours or more, the rental shall be subject to the rental motor vehicle and tour and tour vehicle surcharge of \$3 per day. Since a car-sharing arrangement basically seems to be 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 and should be assessed a similar surcharge amount. In addition, we recommend that current exemptions from the rental motor vehicle surcharge tax, such as the exemption for loaners for individuals with a vehicle in the repair shop, be respected.

BRIEF SUMMARY: Adds a new section to HRS chapter 251 to impose a car-sharing surcharge tax of 25 cents per half hour; provided that for each rental of six hours or more, the rental shall be subject to the rental motor vehicle and tour and tour vehicle surcharge of \$3 per day. Vehicles subject to the car-sharing vehicle surcharge tax shall not be subject to the rental motor vehicle and tour vehicle surcharge tax.

Amends HRS section 251-1 to define “car-sharing organization” as meaning a rental motor vehicle lessor that operates a membership program in which: (1) self-service access to a fleet of vehicles is provided, with or without requiring a reservation, exclusively to members of the organization who have paid a membership fee; (2) members are charged a usage rate, either hourly or by the minute, for each use of a vehicle; (3) members are not required to enter into a separate written agreement with the organization each time the member reserves and uses a vehicle; and (4) the average paid use period for all vehicles provided by the organization during any taxable period is six hours or less.

Amends HRS section 251-3 to require car-sharing businesses to register with the director of taxation.

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.

Because a car-sharing arrangement basically seems to be 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 and should be assessed a similar surcharge amount.

Also, what happens if a car-share is provided to an individual whose regular car is in the repair shop, which we understand is a relatively common occurrence? This situation is exempt from the current chapter 251 tax (section 251-2(a), HRS), so to preserve equity, it should not be taxed. The legislature should consider amending the bill to add this exemption.

Digested 3/25/14



HOUSE COMMITTEE ON FINANCE

February 28, 2014, 3 P.M.

Room 308

(Testimony is 2 pages long)

TESTIMONY IN SUPPORT OF SB 2731 SD2 HD1, WITH COMMENTS

Chair Luke and members of the Committee on Finance:

The Blue Planet Foundation supports SB 2731 SD2 HD1, establishing a car sharing vehicle surcharge tax that would be no more burdensome than traditional car rental taxes. This step will encourage car sharing as an innovative transportation option. Car sharing programs will help reduce the burdens of individual car ownership as well as reduce vehicle miles traveled, oil imports, greenhouse gas emissions, and household transportation costs for Hawaii residents. We believe this measure is a fair policy and will help remove a barrier to the establishment of car sharing organizations and services in Hawaii.

Blue Planet'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 2013, Hawaii cars burned nearly 450 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 2014, there are 1,110,237 registered passenger vehicles in Hawaii. If these vehicles were put bumper-to-bumper it would form a line approximately from Honolulu to Denver, Colorado.

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. **Without Senate Bill 2731, car sharing may face an unfair tax burden, because of the application of traditional car rental taxes on a daily basis. Car sharing typically occurs on an hourly basis, not per day.** Thus, the car sharing surcharge tax in SB 2731 can remove a cost barrier to car sharing.

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 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 Canada.

Although Blue Planet supports SB 2731 because it will take the minimum step of making car share taxes fair on balance with car rental taxes, we believe that the societal benefits of establishing a viable car share industry in Hawaii far outweigh the incremental tax intake from a car sharing surcharge. Thus, we encourage amendments to make car sharing more affordable for Hawaii residents by eliminating any car sharing surcharge tax. These vehicles already pay registration fees as well as other taxes, such as GET. Moreover, residents who do not own a car are more likely to use taxi services for some transportation. This activity would also contribute to the tax base. If a surcharge tax is necessary, the rate should be established at a low value to encourage this beneficial industry in Hawaii.

We believe car sharing programs can help reduce the cost of mobility for Hawaii residents while helping us to achieve our clean energy goals.

Thank you for the opportunity to testify.

**Testimony
of
Gary M. Slovin / Mihoko E. Ito
on behalf of
EAN Holdings, LLC**

DATE: March 26, 2014

TO: Representative Sylvia Luke
Chair, Committee on Finance
Submitted Via FINtestimony@capitol.hawaii.gov

RE: **S.B. 2731, S.D.2, H.D.1 - Relating to a Car-Sharing Vehicle Surcharge Tax
Hearing: Friday, March 28, 3:00 pm
Conference Room: 308**

Dear Chair Luke and Members of the Committee on Finance,

We submit this testimony 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 **supports** the current language in S.B. 2731 S.D.2, H.D.1, which creates a new class and prorated tax rate for a form of car rental that is termed “car sharing.”

Enterprise presently operates car sharing outlets in Honolulu including at the University of Hawaii. The members of the Enterprise car sharing group currently pay the same surcharge as typical rental car customers.

The rental car business is constantly evolving – due to advances in technology and consumer preferences. Car sharing is one such evolution, but it is not dramatically distinct from traditional car rental. Enterprise has been renting cars in neighborhoods for decades and that is actually how its business started. One can be a member of our car sharing group at the University and rent for short periods, but consumers can also rent cars from Enterprise for very short periods of time at relatively low rates at our more traditional looking facilities. Each of these uses is car rental.

As with other industries, the dramatically changing digital landscape is causing an evolution in the car rental business. As that evolution continues, the time is likely to come

Gary M. Slovin
Mihoko E. Ito
Tiffany N. Yajima
Jennifer C. Taylor

1099 Alakea Street, Suite 1400
Honolulu, HI 96813
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where nearly all car rentals will look very much the same. For example, in other markets, car sharing organizations are seeking to gain a presence at airports.

We believe that the current language in S.B. 2731 S.D.2, H.D.1 is fair and equitable. Under this proposal, if a consumer is renting a vehicle for only 2-3 hours, then they would only be responsible for 2-3 hours of tax on a prorated basis for up to six hours. There has been general agreement amongst stakeholders that pro rating the rental car surcharge would be acceptable to all parties.

For the above reasons, we support SB 2731 S.D.2, H.D.1. Thank you for the opportunity to submit testimony.



COLLEGE OF SOCIAL SCIENCES

HAWAII ENERGY POLICY FORUM

UNIVERSITY OF HAWAI'I AT MĀNOA

Hawaii Energy Policy Forum

Jeanne Schultz Afuvai, HI Inst. for Public Affairs
Joseph Boivin, Hawai'i Gas
Warren Bollmeier, HI Renewable Energy Alliance
Albert Chee, Chevron
Elizabeth Cole, The Kohala Center
Leslie Cole-Brooks, HI Solar Energy Assn
Kyle Datta, Ulupono Initiative
Laura Dierenfield, Queen Lili'uokalani Trust
Mitch Ewan, UH HI Natural Energy Institute
Jay Fidell, ThinkTech HI, Inc.
Carl Freedman, Haiku Design & Analysis
Sen. Mike Gabbard, HI State Senate
Dan Giovanni, Hawaiian Electric Company
Mark Glick, State Energy Office, DBEDT
Justin Gruenstein, City & Co. of Honolulu
Dale Hahn, Ofc of US Sen Brian Schatz
Michael Hamnett, Research Corp. of the UH
Robert Harris, Sierra Club
Rachel James, Ofc of US Rep. Tulsi Gabbard
Jim Kelly, Kaua'i Island Utility Cooperative
Darren Kimura, Energy Industries
Kelly King, Sustainable Biodiesel Alliance
Kal Kobayashi, Maui County Energy Ofc
Rep Chris Lee, HI House of Representatives
Gladys Marrone, Building Industry Assn of HI
Doug McLeod, Maui County
Stephen Meder, UH Facilities and Planning
Lauren Montez-Hernandez, Ofc of Sen Mazie Hirono
Hermira Morita, Public Utilities Commission
Sharon Moriwaki, UH So. Sci. Public Policy Ctr
Ron Nelson, U.S. Defense Energy Support Center
Tim O'Connell, U.S. Dept of Agriculture
Jeffrey Ono, Division of Consumer Advocacy, DCCA
Darren Pai, Hawaiian Electric Company
Wintehn KT Park, Ofc of US Rep. Colleen Hanabusa
Melissa Pavlicek, Hawaii Public Policy Advocates
Randy Perreira, HI Government Employees Assn
Rick Rocheleau, UH HI Natural Energy Institute
Will Rolston, Hawai'i County
Riley Saito, SunPower Systems Corp
Joelle Simonpietri, U.S. Pacific Com. Energy Ofc
H. Ray Starling, Hawaii Energy
Ben Sullivan, Kaua'i County
Lance Tanaka, Hawaii Independent Energy, LLC
Maria Tome, Public Utilities Commission
Ah Linn Yamane, HI Government Employees Assn

Testimony of Mitch Ewan
Chair, Transportation Working Group
Hawai'i Energy Policy Forum
before the

House Committee on Finance

Representative Sylvia Luke, Chair; Representative Scott Nishimoto, Vice Chair; Representative Aaron
Johanson, Vice Chair

Friday March 28, 2014, 3:00 P.M., Conference Room 308

IN STRONG SUPPORT OF SB2731 SD2, HD1 Relating to A Car Sharing Vehicle Surcharge Tax

The Forum, is an organization created in 2002, and comprised of 46 representatives from Hawaii's electric utilities, oil and natural gas suppliers, environmental and community groups, renewable energy industry, and federal, state and local government, including representatives from the Neighbor Islands. Our vision and mission, and comprehensive "10 Point Action Plan" serves as our guide in advancing Hawaii's toward its preferred energy goals.

SB2731 SD2 HD1 proposes amendments to Section 251, Hawaii Revised Statutes to create a car-sharing vehicle surcharge tax. This addresses the current situation where the State Rental Car Surcharge taxes each car-share trip at the same flat rate as a daily car rental, resulting in tax rates well over 30% for a one-hour car-share trip. This is an important step in energy-efficient transportation and the HEPF Transportation Working Group has been working with the affected stakeholders.

The Forum strongly supports this measure to provide our residents with affordable energy-efficient transportation options.

Based on the foregoing, we strongly support the bill.

Thank you for the opportunity to testify.

This testimony reflects the position of the Forum as a whole and not necessarily of the individual Forum members or their companies or organizations.



HOUSE COMMITTEE ON FINANCE
Friday, March 28, 2014 – 3:00 p.m. – Room 308

Ulupono Initiative Strongly Supports SB 2731 SD 2 HD 1, Relating to a Car-Sharing Vehicle Surcharge Tax

Dear Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson and Members of the Committee:

My name is Greg Gaug and I am a senior associate at the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase renewable energy, and reduce/recycle waste. Ulupono invests in projects that have the potential to create large-scale, innovative change.

Ulupono strongly supports SB 2731 SD 2 HD 1, which adjusts the current tax code to distinguish, and tax accordingly, car-sharing rentals from traditional rental car operations.

According to DBEDT, roughly 28% of Hawai'i's imported petroleum is consumed for ground transportation. To reach the goals of HCEI, the state needs to reduce and displace petroleum used for ground transportation. Currently, a good opportunity to support such goals is by encouraging the use and adoption of car-sharing among the general public. SB 2731 SD 2 HD 1 will enable car-share companies to expand operations in Hawai'i since it is currently uneconomical given the current tax code.

According to Susan Shaheen of Berkeley's Transportation Sustainability Research Center, car-sharing has been shown to reduce the vehicle miles traveled of car-sharing members by 40-79% ("North American Car-sharing: 10-Year Retrospective"). That could equate to a reduction of over 200 gallons of oil each year per member (average 9,000 miles traveled, reduced by 50% at 21 miles per gallon). This impact could significantly reduce overall demand for petroleum used for ground transportation. In addition, car-sharing programs are a great complement to transit oriented development, public transportation, bike-sharing and other alternative modes of transportation. It enhances modality choices for residents and encourages smart transportation.

To be clear, car-sharing does not displace or replace traditional rental car rentals. The two forms of rental target separate consumer markets. The traditional rental car market focuses on longer term rentals primarily for tourism and business consumers. Car-sharing focuses on short-term rentals (by the minute or hour) primarily for residents who do not own a car. Thus, car-sharing is not expected to steal share, or tax revenue, from the traditional rental car market. In addition, the distinct operating models of the two forms of rentals strongly warrant different taxation.

Ulupono strongly supports SB 2731 SD 2 HD 1. As seen in the table below, a rate of \$0.50 per hour (or \$0.25 per 30 minutes) with a daily maximum of \$3 per day is well aligned with the current effective tax rate of the surcharge for traditional rentals. The current language in SB 2731 SD 2 HD 1 does not treat car-



sharing any different than traditional rental operations; maintaining an effective tax rate between 3.6% – 5.0%, inline with traditional rental car operations.

Enterprise Traditional Rental - Honolulu Airport

	Low-end	High-end
Daily Rates	\$59.99	\$89.99
Surcharge	\$3.00	\$3.00
Effective Tax Rate	5.0%	3.3%

Enterprise Car Share - UH Manoa

	Low-end	High-end
Hourly Rates	\$10.00	\$12.00
Surcharge	\$0.50	\$0.50
Effective Tax Rate	5.0%	4.2%
Max Daily Rate	\$70.00	\$84.00
Surcharge - Max	\$3.00	\$3.00
Effective Tax Rate	4.3%	3.6%

Rates per enterprise.com and enterprisecarshare.com

One amendment I encourage is to revise Section 4 to further define car-sharing by clarifying that base prices, or fees, for car-sharing rentals include gas and insurance, which is inline with industry standards.

Thank you for this opportunity to testify.

Respectfully,

Greg Gaug
Senior Associate

Email: communications@ulupono.com



March 28, 2014

TO: HOUSE COMMITTEE ON FINANCE
Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
Representative Aaron Ling Johanson, Vice Chair

FROM: Walter Rosenkranz, Business Development Manager

RE: SB2731, SD2, HD1 Relating to a Car-Sharing Vehicle Surcharge Tax
Position: Strong Support

Dear Chair Luke, Vice Chairs Nishimoto and Johanson and members of the Committee:

My name is Walter Rosenkranz and I am the Business Development Manager for car2go, a wholly owned subsidiary of Daimler. We strongly support SB2731, SD2, HD1 which defines a car-sharing organization, creates a car-sharing vehicle surcharge tax and makes other amendments to Chapter 251.

car2go would like to acknowledge the efforts of House Transportation Chair Ryan Yamane for gathering all the stakeholders together to discuss the bill. The House draft 1 before you is the product of that meeting and car2go believes that this draft is workable and acceptable bill for all parties. We are pleased that the HD1 reflects the \$.25 per half hour of rental vehicle surcharge tax and believe this is a fair and equitable application of the tax.

As stated in previous testimony, car2go anticipates bringing a free floating car-sharing service to Honolulu that will include approximately 150-200 cars. These cars will be available for rent in the densest areas of Honolulu from Diamond Head to Salt Lake. Passage of this bill will allow car2go to begin working with the City and County of Honolulu to acquire the necessary permits to begin initiating the program.

In conclusion, car2go supports the House draft 1 version of the bill and requests the committee's favorable action on the bill. Thank you for the opportunity to submit these comments.



Testimony of Cindy McMillan
The Pacific Resource Partnership

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
Representative Aaron Ling Johanson, Vice Chair

SB 2731, SD2, HD1 – Relating to a Car-Sharing Vehicle Surcharge Tax
Friday, March 28, 2014
3:00 p.m.
Conference Room 308

Aloha Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee:

The Pacific Resource Partnership (PRP) is a labor-management consortium representing over 240 signatory contractors and the Hawaii Regional Council of Carpenters.

PRP **supports** SB 2731, SD2, HD1 – Relating to a Car-Sharing Vehicle Surcharge Tax. This bill establishes a car-sharing vehicle surcharge tax.

Car-sharing programs have very real benefits for the communities in which they operate, and existing barriers to entry in Hawaii prevent residents of the Islands from realizing these benefits. This bill will make it economically feasible for the private sector to fill a need in the transportation market.

PRP believes there are significant environmental, economic and social benefits of providing housing for local families in compact, walkable, bikable, and transit-ready neighborhoods. Transportation options play a key role in creating a quality experience for residents in this type of community. Many residents will find they can get around easily by walking, biking, and using transit – both bus and rail – and taxis, making it less important to own a vehicle.

However, there are times when an automobile is needed, and car sharing is for people who occasionally need a car but don't want the expense and/or trouble of car ownership. Establishing an equitable surcharge tax will make this transportation option viable.

PRP supports SB 2731, SD2, HD1 and respectfully asks that the Committee move it forward. Thank you for the opportunity to share our views on this important initiative with you.



Testimony of
GLENN M. OKIMOTO
DIRECTOR

Deputy Directors
FORD N. FUCHIGAMI
RANDY GRUNE
AUDREY HIDANO
JADINE URASAKI

IN REPLY REFER TO:

LATE

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

March 28, 2014
3:00 p.m.
State Capitol, Room 308

**S.B. 2731, S.D. 2, H.D. 1
RELATING TO CAR-SHARING VEHICLE SURCHARGE TAX**

House Committee on Finance

The Department of Transportation (DOT) **supports** S.B. 2731, S.D. 2, H.D. 1, which proposes to establish a car-sharing vehicle surcharge tax.

The bill proposes to establish and assess a car-sharing vehicle surcharge tax of 25 cents per half-hour or any portion of a half-hour that a rental motor vehicle is rented or leased by a car-sharing organization; provided that for each rental of six hours or more, the tax shall be assessed in a manner provided in section 251-2. The bill specifies that an organization qualifying as a car-sharing organization that is registered pursuant to section 251-3 will be subject to at least one surcharge imposed by chapter 251, HRS.

The DOT agrees that car-sharing is a green transportation innovation and may provide the benefits of automobile access to members of car-sharing organizations who cannot afford or prefer not to own vehicles but have an occasional need to access vehicles to run errands.

The rental motor vehicle surcharge revenues deposited into the state highway fund amounted to \$47.6 million which equates to 18.6 percent of the total revenues for fiscal year 2013. The rental vehicle surcharge tax is a major source of revenues for the State Highway Fund. The State Highway Fund financial plan relies on these revenues to support the continued operations, maintenance and construction of the State Highway System. The rental vehicle surcharge tax is also a major source of pledged revenues for the Highway revenue bonds. The car-sharing vehicle surcharge tax as proposed will help to preserve the revenues deposited into the State Highway Fund.

Thank you for the opportunity to provide testimony.