

NEIL ABERCROMBIE  
GOVERNOR

SHAN TSUTSUI  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
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FREDERICK D. PABLO  
DIRECTOR OF TAXATION

JOSHUA WISCH  
DEPUTY DIRECTOR

To: The Honorable Ryan I. Yamane, Chair  
and Members of the House Committee on Transportation

Date: Wednesday, March 12, 2014  
Time: 10:30 a.m.  
Place: Conference Room 309, State Capitol

From: Frederick D. Pablo, Director  
Department of Taxation

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

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

S.B. 2731, S.D. 2, defines car-sharing organizations and imposes a surcharge tax on car-sharing organizations. The proposed surcharge is a daily charge per vehicle available for use or partial use during each month of operation and is prorated on an hourly basis. This measure has a defective effective date of July 1, 2050.

First, the Department recognizes the intent to propose a prorated surcharge tax in S.B. 2731, S.D. 2. 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 surcharge tax given the intent to prorate the charge.

Second, the Department suggests that Section 2 of the bill be amended by replacing subsection (b) with the following language:

"(b) An organization that qualifies as a car-sharing

organization as defined in section 251-1, that is registered with the Department as such pursuant to section 251-3, and that is subject to the surcharge imposed by this section shall not be subject to the surcharges imposed by section 251-2; provided, however, that any organization registered with the Department pursuant to section 251-3 shall be subject to at least one surcharge imposed by this chapter."

Third, the Department suggests strengthening the definition of car-sharing organization to ensure the intended business models benefit from the car-sharing surcharge. The Department suggests the definition of car-sharing organization be amended to read as follows:

"Car-sharing organization" means an organization that exclusively operates a membership program in which:

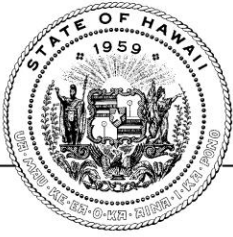
- (1) Membership fees are charged separately from all other charges and contemporaneously with the execution of the membership agreement;
- (2) Self-service access to a distributed fleet of vehicles is provided, exclusively to members of the organization, with or without requiring a reservation;
- (3) Members are charged a usage rate, either hourly or by the minute, for each use of a vehicle;
- (4) No written agreement, other than a previously executed membership agreement, is required to access the organization's fleet; and
- (5) The average paid use period for all vehicles provided by the organization during any taxable period is \_\_\_\_\_ hours or less."

The amended definition suggested above will ensure the car-sharing surcharge tax is for the benefit of car-sharing organizations and will help to preserve the current RVST base. The Department leaves the average paid use period to be determined by the Legislature, but notes that previous versions of this bill have included a period of 4 hours or less.

Finally, the Department suggests inserting an amendment to Hawaii Revised Statutes (HRS) section 437D-8.4(a)(3). Currently, HRS section 437D-8.4(a)(3) allows lessors to visibly pass on the surcharge tax in section 251-2. The Department suggests amending subsection (a)(3) to read as follows:

"(3) The surcharge taxes imposed in chapter 251 attributable to the transaction."

Thank you for the opportunity to provide comments.



**OFFICE OF PLANNING  
STATE OF HAWAII**

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**NEIL ABERCROMBIE**  
GOVERNOR

**JESSE K. SOUKI**  
DIRECTOR  
OFFICE OF PLANNING

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Statement of the  
**OFFICE OF PLANNING**  
before the  
**HOUSE COMMITTEE ON TRANSPORTATION**

Wednesday, March 12, 2014  
10:30 AM  
State Capitol, Conference Room 309

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

Chair Yamane, Vice Chair Takayama, and Members of the House Committee on  
Transportation.

The Office of Planning supports the intent of SB 2731, SD2 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.<sup>1</sup>

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<sup>1</sup> 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](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**

650 SOUTH KING STREET, 7<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
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KIRK CALDWELL  
MAYOR



GEORGE I. ATTA, FAICP  
DIRECTOR

ARTHUR D. CHALLACOMBE  
DEPUTY DIRECTOR

March 12, 2014

The Honorable Ryan I. Yamane, Chair  
and Members of the Committee on Transportation  
State House of Representatives  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Yamane and Committee Members:

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

The Department of Planning and Permitting (DPP) **strongly supports** Senate Bill No. 2731, SD2, 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 Ryan I. Yamane, Chair  
and Members of the Committee on Transportation  
State House of Representatives  
Hawaii State Capitol  
RE: Senate Bill No. 2731, SD2  
March 12, 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 fluid and cursive, with a long horizontal stroke at the end.

George I. Atta, FAICP  
Director

GIA:cl  
SB2731SD2-sl

**takayama2 -Brandon**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, March 10, 2014 9:45 AM  
**To:** TRNtestimony  
**Cc:** chad@hbl.org  
**Subject:** Submitted testimony for SB2731 on Mar 12, 2014 10:30AM

**SB2731**

Submitted on: 3/10/2014

Testimony for TRN on Mar 12, 2014 10:30AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Chad Taniguchi	Hawaii Bicycling League	Support	No

Comments: The Hawaii Bicycling League, with 1350 members, supports this measure because it is another way to reduce congestion on our streets and in our communities with cars parked most of the day when needed only for limited usage. It will also save people money for other needs and allow spending for cars only when needed. It complements bikesharing, which makes bikes available cheaply and conveniently throughout the city. The more practical options we have to the private automobile, the more we spend our time and resources on living sustainably in our beautiful environment, and get the exercise we need for our long term health. Mahalo!

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

# 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, SD-2

**EXECUTIVE SUMMARY:** Establishes a car-sharing surcharge tax of 50 cents per hour; provided that for each rental of six hours or more, the tax shall not be more than \$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.

**INTRODUCED BY:** Senate Committee on Ways and Means

**BRIEF SUMMARY:** Adds a new section to HRS chapter 251 to impose a car-sharing surcharge tax of 50 cents per hour; provided that for each rental of six hours or more, the tax shall not be more than \$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” that operates a membership program in which: (1) self-service access to a fleet of vehicles is provided 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; and (3) members are not required to enter into a separate written agreement with the organization each time the member reserves and uses a vehicle.

Amends HRS section 251-3 to provide that the registration fee required to engage in business of providing rental motor vehicles to the public or to engage in the tour vehicle operator business or engage in a car-sharing organization business shall be \$\_\_\_\_\_.

**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.

Finally, current law imposes \$7.50 in tax for every day or fraction of a day that a vehicle is rented. While that amount may not seem oppressive in the context of a traditional car rental, such a flat amount could be seen as outrageous when applied to car-sharing for only a few hours. Perhaps the legislature should consider prorating the tax per day if the vehicle is rented for less than one day.

Digested 3/10/14

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

DATE: March 11, 2014

TO: Representative Ryan Yamane  
Chair, Committee on Transportation  
*Submitted Via [TRNtestimony@capitol.hawaii.gov](mailto:TRNtestimony@capitol.hawaii.gov)*

RE: **S.B. 2731, S.D.2 - Relating to a Car-Sharing Vehicle Surcharge Tax  
Hearing: Wednesday, March 12, 10:30 am  
Conference Room: 309**

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Dear Chair Yamane and Members of the Transportation Committee,

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, 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

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

1099 Alakea Street, Suite 1400  
Honolulu, HI 96813  
(808) 539-0840

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 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. Thank you for the opportunity to submit testimony.



HOUSE COMMITTEE ON TRANSPORTATION  
Wednesday, March 12, 2014 – 10:30 a.m. – Room 309

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

Dear Chair Yamane, Vice Chair Takayama 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**, 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 Hawaii'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 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. As seen in the table below, a rate of \$0.50 per hour 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 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.

Pacific Guardian Center, Mauka Tower  
737 Bishop Street, Suite 2350, Honolulu, HI 96813

808 544 8960 o | 808 544 8961 f  
[www.ulupono.com](http://www.ulupono.com)



**Enterprise Traditional Rental - Honolulu Airport**

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

**Enterprise Car Share - UH Manoa**

	Low-end	High-end
Hourly Rates	\$10.00	\$12.00
Surcharge	\$0.50	\$0.50
<b>Effective Tax Rate</b>	<b>5.0%</b>	<b>4.2%</b>

Max Daily Rate	\$70.00	\$84.00
Surcharge - Max	\$3.00	\$3.00
<b>Effective Tax Rate</b>	<b>4.3%</b>	<b>3.6%</b>

Rates per enterprise.com and enterprisecarshare.com

Our primary concern is if such language is supported, and can be implemented, by the Department of Taxation.

In previous testimony, the Department of Taxation supported the per hour surcharge. However, if the Department of Taxation does not support a maximum per day surcharge of \$3, then we recommend eliminating the maximum daily surcharge and maintaining a surcharge of \$0.50 per hour per rental.

While eliminating a maximum daily surcharge will provide a higher effective tax rate versus traditional car rentals (see table below), I believe this will have a minimal impact on car-share operations, as a majority of car-share rentals will not be for a daily period. In addition, such a market disadvantage for daily car-share rentals should further support that car-share users will not displace traditional rental car users.

**Enterprise Car Share - UH Manoa**

	Low-end	High-end
Max Daily Rate	\$70.00	\$84.00
Surcharge - No Max	\$12.00	\$12.00
<b>Effective Tax Rate</b>	<b>17.1%</b>	<b>14.3%</b>

Rates per enterprisecarshare.com.

Other points for consideration include amending Section 4 to further delineate that car-sharing rentals include gas and insurance.

Thank you for this opportunity to testify.

Respectfully,

Greg Gaug  
Senior Associate

Email: [communications@ulupono.com](mailto:communications@ulupono.com)

**takayama2 -Brandon**

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**From:** Justinefreebird Espiritu <espirtu.justine@gmail.com>  
**Sent:** Monday, March 10, 2014 12:49 PM  
**To:** TRNtestimony  
**Subject:** Support for SB2731 SD2

Aloha,

Please accept this email emphasizing my support for SB2731 SD2. Car sharing is an effective service that can reduce VMT in our community and we need to support the policies that will help establish car sharing in Hawaii.

Thanks,

Justine Espiritu  
3035 Hibiscus Drive  
Honolulu HI  
96815  
707-324-9940

## **takayama2 -Brandon**

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**From:** Marsha <m2john3@gmail.com>  
**Sent:** Tuesday, March 11, 2014 8:34 AM  
**To:** TRNtestimony  
**Subject:** SB2731 and HB1894

I am writing to express my strong support of carsharing and SB2731 and HB1894.

I am a retiree residing in Waikiki. I do not own a car, since I live on social security and cannot afford one.

Car sharing would benefit me greatly. I would use a car for grocery shopping. Groceries are so heavy and hard to take on the bus. Climbing up the steps carrying the heavy bags is almost beyond my ability. Anything bigger is not allowed on the bus. Everything has to fit on my lap or under the seat. This is very limiting.

Car sharing would improve my quality of life tremendously and I am counting on you to pass these bills.

Sincerely,  
Marsha Johnson  
Waikiki resident

## **takayama2 -Brandon**

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**From:** Olin Lagon <olin.lagon@gmail.com>  
**Sent:** Monday, March 10, 2014 9:20 PM  
**To:** TRNtestimony  
**Subject:** Strong support for Car Sharing Bills (SB2731 and HB1894)

Aloha Committee,

Please help foster a car sharing industry in Hawaii. I've used car sharing on the continent and have followed the industry for some time. So many families can save tons of money by moving from a two car family to a one car family with car sharing. Yes there are tons of environmental benefits but simply having a lower costs option to owning a car will help increase the quality of life for so many ohana. Car sharing is also an incredible way to expand other environmental friendly options like biking, walking or taking a bus to a car share location.

Thank you for the opportunity to share my support.

Best, Olin Lagon  
96819

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*Sorry for being brief. My emails are sent from several devices including mobile*

Olin Lagon  
[@olagon](mailto:olin.lagon@gmail.com)



## **takayama2 -Brandon**

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**From:** Aaron Landry <aaron@s4xton.com>  
**Sent:** Monday, March 10, 2014 2:09 PM  
**To:** TRNtestimony  
**Subject:** Testimony in Support of SB2731

To: House Committee on Transportation

As a professional in Honolulu who does not own a car, I **strongly support SB2731**. I currently bus, bike, and taxi to get around town. I look forward to being able to use car share as another option. I have seen this as a success in other cities, and have personally used car share programs in other places. I have been desiring car share programs in Hawai'i but I understand it was cost-prohibitive due to outdated tax laws and I see how this bill addresses this so it is taxed appropriately and fairly.

Mahalo for updating the law so car sharing programs can thrive.

Aloha,

Aaron Landry

1296 Kapi'olani Blvd #2103  
Honolulu, HI 96814  
[aaronlandry.com](http://aaronlandry.com)

## **takayama2 -Brandon**

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**From:** Asia Yeary <yeary.asia@gmail.com>  
**Sent:** Monday, March 10, 2014 9:55 AM  
**To:** Asia Yeary; TRNtestimony  
**Subject:** Support for SB2731 SD2

Dear House of Representatives Committee on Transportation,

I am a Kaimuki resident and I strongly support SB2731 SD2 and I hope you will too. Car sharing is an affordable, easy, sustainable solution for residents who do not want to own and maintain a car or second car and/or pay to park a car in urban areas. Taxing car sharing to an appropriate degree, so that car sharing can be viable in Hawaii is a great idea. Car sharing will benefit communities throughout Hawaii because it will provide people with an alternative mode of transportation.

Without owning a car, it is difficult to buy groceries on a bike and the buses are crowded. I am a Kaimuki resident and I work downtown. If I could join a car sharing club, I would be able to go to grocery shop when I need to and save money each year by not owning a car. Owning a car is expensive because you have to pay for insurance, gas, parking and maintenance. Being part of car sharing club saves people like me, who do not want to own a car, lots of money because all of the costs of owning a car are included in the membership and pay-as-you-drive payment structures. Car sharing is not only an economically sustainable solution, it is also an environmental solution by getting more people out of individually owned vehicles and into other modes of transportation like biking and walking.

Allowing car sharing to thrive in Hawaii will save the state and residents money, provide options for residents and tourists, and support alternative modes of transportation. Car sharing is operating and very successful in many cities around the United States, including New York, San Francisco and Portland. I have tried car sharing in these cities, using different vendors, and it works really well and is super convenient. Many apartment buildings have car sharing as a way for occupants to not have to own a car and an expensive parking spot. I think this could be very helpful for Honolulu, as more and more condos are built.

Car sharing compliments and will be a welcomed part of our multi-modal transportation system that includes rail, buses, bikes, taxis, rental cars, privately owned vehicles and other alternatives such as bikesharing. Together, these different modes of transportation work to provide Hawaii residents with options on how to get to where they need to go as quickly, easily and as inexpensively as possible. Effective multi-modal transportation systems work harmoniously and provide congestion and parking relief, which we desperately need in our urban centers.

Thank you.

Sincerely,

Asia

NEIL ABERCROMBIE  
GOVERNOR



Testimony of  
GLENN M. OKIMOTO  
DIRECTOR

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

IN REPLY REFER TO:



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

March 12, 2014  
10:30 a.m.  
State Capitol, Room 309

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

House Committee on Transportation

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

The bill proposes to establish and assess a car-sharing vehicle surcharge tax of 50 cents per hour per rental for a car sharing organization, provided that for each rental of six hours or more, the tax shall be assessed at no more that \$3 per day. The bill clarifies that registered car-sharing organizations shall not be subject to both the rental motor vehicle and car-sharing surcharge taxes; and rental motor vehicles and tour vehicles shall not be subject to the car-sharing vehicle surcharge tax.

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.



**LATE**

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

In reply, please refer to:  
File:

**HOUSE COMMITTEE ON TRANSPORTATION**

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

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

**March 12, 2014  
10:30 a.m.**

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

2 **Purpose and Justification:** The Department believes that car-sharing will have numerous benefits for  
3 the State of Hawaii because it 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.



**LATE**

**HOUSE COMMITTEE ON TRANSPORTATION**

March 12, 2014, 10:30 A.M.

Room 309

**(Testimony is 2 pages long)**

**TESTIMONY IN SUPPORT OF SB 2731 SD2**

Chair Yamane and members of the Transportation Committee:

The Blue Planet Foundation supports SB 2731 SD2, establishing a separate car sharing vehicle surcharge tax to 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 prefers, however, that no surcharge tax be levied on car share vehicles as they provide a mobility solution that can help Hawaii achieve its clean energy goals.**

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 445,578,903 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. Senate Bill 2731 SD2 helps to remove a cost barrier to car

sharing by assessing a prorated daily car share surcharge tax on each car share vehicle instead of the typical daily rental rate.

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 .

Blue Planet supports amending SB 2731 SD2 with no car share surcharge tax to help encourage car sharing as an affordable option. These vehicles already pay registration fees as well as other taxes, such as GET. If a surcharge tax is necessary, a low **monthly** surcharge is preferred as it would be easiest to administer and audit.

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.



**LATE**

Testimony of Cindy McMillan  
The Pacific Resource Partnership

House Committee on Transportation  
Representative Ryan I. Yamane, Chair  
Representative Gregg Takayama, Vice Chair

SB 2731, SD2 – Relating to a Car-Sharing Vehicle Surcharge Tax  
Wednesday, March 12, 2014  
10:30 a.m.  
Conference Room 309

Aloha Chair Yamane, Vice Chair Takayama 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 – 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 and respectfully asks that the Committee move it forward. Thank you for the opportunity to share our views on this important initiative with you.



March 12, 2014

TO: HOUSE COMMITTEE ON TRANSPORTATION  
Representative Ryan I. Yamane, Chair  
Representative Gregg Takayama, Vice Chair

FROM: Walter Rosenkranz, Business Development Manager

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

Dear Chair Yamane, Vice Chair Takayama 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 with amendments which defines a car-sharing organization and creates a car-sharing vehicle surcharge tax.

**Company Background and Business Model**

car2go was designed by the Daimler Business Innovation Unit to provide an innovative mobility solution for urban areas like Honolulu by offering a network of several hundred environment friendly smart vehicles for rent. It provides “on demand” transportation, a free floating car-sharing service which complements existing public transportation alternatives. This is especially valuable in Honolulu with your robust bus system, pending bikeshare program and light rail.

car2go is currently operational in 25 cities in North America and Europe with more than 500,000 car2go members and 9,000 vehicles in service worldwide. (Attached is a current list of cities). car2go was designed to address significant issues facing cities today including alleviating congestion, reducing emissions and maintaining and improving quality of life.

Individuals join as members and pay only for the time they use the car. There is no minimum amount of time the can be used, no annual or monthly fees and only a one time membership fee. Members can pick up and drop off a car2go vehicle anywhere within the car2go Home Area and do not need to drive the car back to its original location or commit to a predetermined amount of time.



### **Plans for Hawaii**

car2go anticipates bringing a 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. car2go will work with the City and County of Honolulu to acquire the necessary permits to allow members to park on-street throughout the Home Area.

### **Comments on Senate Draft 2**

Regarding the definition of a “car-sharing organization” car2go defers to the Department of Taxation and has no objections to the definition stated in their testimony.

In reference to the vehicle surcharge tax, car2go requests a change from \$.50 an hour as stated in senate draft 2 to **\$.25 per half hour of rental**. Car2go believes this proposal is a fair and equitable application of the tax, since a typical car2go rental is less than 30 minutes.

In conclusion, car2go requests your support of this bill with the proposed amendment. Thank you for the opportunity to submit these comments.



## **car2go locations:**

### **North America**

car2go is currently operational in 13 cities in North America.

Austin, Texas  
Miami, Florida  
San Diego, California  
Washington, D.C  
Portland, Oregon  
Seattle, Washington  
Denver, Colorado  
Minneapolis, Minnesota  
Columbus, Ohio

Vancouver, British Columbia  
Toronto, Ontario  
Calgary, Alberta  
Montreal, Quebec

### **Europe**

car2go is in 12 cities in Europe including:

Ulm, Germany  
Hamburg, Germany  
Munich, Germany  
Dusseldorf, Germany  
Berlin, Germany  
Cologne, Germany  
Stuttgart, Germany

Birmingham, England  
Amsterdam, Netherlands  
Milan, Italy  
London, United Kingdom  
Vienna, Austria

**takayama2 -Brandon**

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**LATE**

**From:** Scott Cooney <scottcooney75@gmail.com>  
**Sent:** Tuesday, March 11, 2014 5:34 PM  
**To:** TRNtestimony  
**Subject:** Testimony in support of bike and car sharing legislation

Hi all,

I am writing to express my support for the bike sharing and car sharing legislation (SB 2731 and HB 1894 bills) that would move us toward less traffic, less pollution, and less of our money going away from Hawaii to buy foreign oil.

Thanks,  
-Scott

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Have a great day!