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

BILL NUMBER: SB 726, SD-1

INTRODUCED BY: Senate Committee on Transportation and International Affairs

BRIEF SUMMARY: Amends HRS section 251-2 to provide that car-sharing organizations shall be exempt from the rental motor vehicle surcharge tax

Amends HRS section 251-1 to define “car-sharing organization” as an organization that operates a membership program in which its members are permitted to use vehicles from the organization’s fleet on an hourly basis at hourly rates that include the cost of insurance and the cost of the vehicle to the organization.

EFFECTIVE DATE: Upon approval

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 vehicle rented hourly under a car-sharing arrangement, this measure is proposed to exempt such vehicles from the rental motor vehicle and tour vehicle surcharge.

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.

It should be remembered that when the rental vehicle surcharge was enacted in the early 1990’s, it was imposed in-lieu of a substantial hike in the motor vehicle fuel tax which is the resource available for the construction and maintenance of the state highways. Thus, by exempting these types of rental vehicles from the surcharge, they basically would not be contributing their fair share for the construction and maintenance of the highway infrastructure upon which they are driven. Thus, the burden for that maintenance would be shifted to all other vehicles utilizing the state’s highways.

Digested 2/8/13

**SENATE COMMITTEE
ON
WAYS AND MEANS**

February 12, 2013

Senate Bill 726, SD1 Relating to Rental Motor Vehicle Surcharge Tax

Chair Ige and members of the Senate Committee on Ways and Means, I am Rick Tsujimura, representing The Hertz Corporation (“Hertz”).

Hertz supports the intent of Senate Bill 726, SD1 Relating to Rental Motor Vehicle Surcharge Tax, but would request that the pro-rations apply to all rentals, or at least to all rentals made through a membership program in which members are permitted to rent vehicles on an hourly basis. Hertz is willing to work with the proponents on this measure as it moves forward.

Thank you for the opportunity to present this testimony.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: tabraham08@gmail.com
Subject: *Submitted testimony for SB726 on Feb 12, 2013 09:30AM*
Date: Friday, February 08, 2013 8:26:53 AM

SB726

Submitted on: 2/8/2013

Testimony for WAM on Feb 12, 2013 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Troy Abraham	Individual	Support	No

Comments:

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.

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