

Honolulu, Hawaii  
March 19, 2014

RE: S.B. No. 2731  
S.D. 2  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred S.B. No. 2731, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO A CAR-SHARING VEHICLE SURCHARGE TAX,"

begs leave to report as follows:

The purpose of this measure is to establish a Car-sharing Vehicle Surcharge Tax as follows:

- (1) Defines Car-sharing Organization as a rental motor vehicle lessor operating a membership program in which:
  - (A) Self-service access to a vehicle fleet is provided exclusively to members who have paid a membership fee;
  - (B) Members are charged a usage rate for each use of a vehicle; and
  - (C) Members are not required to enter into a separate written agreement each time the member reserves and uses a vehicle;
- (2) Assesses 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 will not exceed \$3 per day;

- (3) Requires car-sharing organizations to be registered pursuant to section 251-3, Hawaii Revised Statutes (HRS), but exempts them from the Rental Motor Vehicle and Tour Vehicle Surcharge Tax pursuant to section 251-2, HRS;
- (4) Exempts rental motor vehicles and tour vehicles from the Car-sharing Vehicle Surcharge Tax; and
- (5) Amends the amount of the one-time registration fee pursuant to section 251-3, HRS.

The Department of Transportation; Department of Planning and Permitting of the City and County of Honolulu; Blue Planet Foundation; Hawaii Bicycling League; EAN Holdings, LLC; Pacific Resource Partnership; car2go; Ulupono Initiative; and several concerned individuals testified in support of this measure. The Department of Health, Office of Planning, Department of Taxation, and Tax Foundation of Hawaii commented on this measure.

Your Committee has amended this measure by:

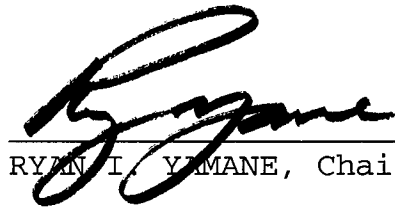
- (1) Amending the Car-sharing Vehicle Surcharge Tax to 25 cents per half-hour, or any portion of a half-hour, that a rental motor vehicle is rented or leased by a car-sharing organization;
- (2) Providing that the tax be assessed in a manner as provided for the Rental Motor Vehicle and Tour Vehicle Surcharge Tax;
- (3) Specifying that an organization qualifying as a car-sharing organization that is registered pursuant to section 251-3, HRS, and subject to the Car-sharing Vehicle Surcharge Tax, will not also be subject to the Rental Motor Vehicle and Tour Vehicle Surcharge Tax; provided that any organization registered pursuant to section 251-3, HRS, will be subject to at least one surcharge imposed by chapter 251, HRS;
- (4) Clarifying that the average paid use period for all vehicles provided by a car-sharing organization during any taxable period is six hours or less;



- (5) Removing the amendment to the amount of the one-time registration fee pursuant to section 251-3, HRS;
- (6) Allowing the passing on of the Car-sharing Vehicle Surcharge Tax and Rental Motor Vehicle and Tour Vehicle Surcharge Tax to the payor-organization's members; and
- (7) Making other technical, nonsubstantive amendments for purposes of clarity, style, and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2731, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2731, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Transportation,




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RYAN I. YAMANE, Chair



Record of Votes of the Committee on Transportation

Bill/Resolution No.: <b>SR 2731 SD2</b>	Committee Referral: <b>TRN, FIN</b>	Date: <b>3-12-14</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
TRN Members	Ayes	Ayes (WR)	Nays	Excused
1. YAMANE, Ryan I. (C)	✓			
2. TAKAYAMA, Gregg (VC)	/			
3. AQUINO, Henry J.C.	/			
4. HAR, Sharon E.				✓
5. ICHIYAMA, Linda	/			
6. ING, Kaniela	/			
7. NAKASHIMA, Mark M.	✓			
8. TAKUMI, Roy M.	✓			LAA ST
9. YAMASHITA, Kyle T.	✓			
10. FUKUMOTO, Beth	✓			
<b>TOTAL (10)</b>	<b>9</b>	—	—	<b>1</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align:center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____ 				
Distribution: Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				