

STAND. COM. REP. NO. 2721

Honolulu, Hawaii

FEB 28 2014

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

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2731, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to establish a car-sharing vehicle surcharge tax.

Your Committee received written comments in support of this measure from the Department of Transportation, Blue Planet Foundation, Car2go, Sierra Club of Hawaii, and Ulupono Initiative. Written comments in opposition were received from EAN Holdings, LLC. The Department of Taxation, Department of Health, Office of Planning, and Tax Foundation of Hawaii submitted written comments on the measure.

Your Committee finds that car-sharing provides an alternative to vehicle ownership and has the potential to significantly reduce traffic congestion, greenhouse gas emissions, and transportation costs for households and businesses. Your Committee also finds that car-sharing organizations are currently subject to the rental motor vehicle surcharge tax under section 251-2, Hawaii Revised Statutes, which is imposed at a flat daily rate. Your Committee believes this is excessive, given that, unlike traditional car rentals, car-sharing usually involves renting a vehicle by the hour, rather than by the day. This measure is intended to

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establish a more equitable surcharge tax for car-sharing organizations.

Your Committee has amended this measure by:

- (1) Specifying that the rate of the surcharge tax shall be 50 cents per hour per rental, up to a maximum of \$3 per day;
- (2) Clarifying that a car-sharing organization is a rental motor lessor;
- (3) Deleting the requirements that:
  - (A) The average paid use period for all vehicles provided by a car-sharing organization during any calendar year is four hours or less; and
  - (B) At least sixty per cent of all vehicle rentals made by a car-sharing organization during the prior calendar year be made to residents of Hawaii;
- (4) Changing the registration fee required under section 251-3, Hawaii Revised Statutes, to an unspecified amount;
- (5) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (6) Making technical nonsubstantive amendments for the purposes of consistency, clarity, and style.

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. 2731, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2731, S.D. 2.



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



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DAVID Y. IGE, Chair



