



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

February 10, 2014
10:00 a.m.
State Capitol, Room 309

H.B. 1894
RELATING TO CAR-SHARING VEHICLE SURCHARGE TAX

House Committee on Transportation

The Department of Transportation (DOT) **supports** the intent of H.B. 1894, which proposes to establish a car-sharing vehicle surcharge tax.

The bill proposes a car-sharing vehicle surcharge tax of an unspecified amount to be assessed and collected for each vehicle for use or partially available for use, during each month by members of a car-sharing organization. The car-sharing vehicle surcharge tax shall be levied upon the car-sharing organization. The bill also does not require a member to enter into a separate written agreement with the organization each time the member reserves and uses a vehicle.

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.

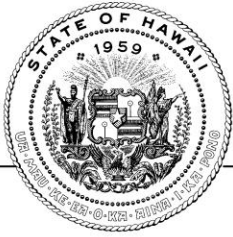
The DOT is concerned that the bill will not require the collection of the \$3 per day rental vehicle surcharge tax for car sharing organizations which will have an adverse impact on the rental motor vehicle surcharge revenues deposited into the state highway fund, amounting to approximately \$47.6 million or 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 the rental vehicle surcharge tax 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.

To preserve the rental vehicle surcharge tax revenues deposited into the State Highway Fund, the DOT recommends that the bill be amended to insert language requiring car

rentals made by car sharing organizations to its members be charged the rental vehicle surcharge tax of a flat fee based upon the average hours of daily rentals.

The DOT would like to suggest that the requirement for “At least sixty per cent of all vehicle rentals made by the organization during the prior calendar year were made to residents of Hawaii.” Under Section 4, (5), be removed from the bill.

Thank you for the opportunity to provide testimony



**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

JESSE K. SOUKI
DIRECTOR
OFFICE OF PLANNING

Telephone: (808) 587-2846
Fax: (808) 587-2824
Web: <http://planning.hawaii.gov/>

Statement of
JESSE K. SOUKI
Director, Office of Planning
before the
HOUSE COMMITTEE ON TRANSPORTATION

Monday, February 10, 2014
10:00 AM
State Capitol, Conference Room 309

in consideration of
HB 1894
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 HB 1894, 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

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

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.

- **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 TRANSPORTATION SERVICES
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 3RD FLOOR
HONOLULU, HAWAII 96813
Phone: (808) 768-8305 • Fax: (808) 768-4730 • Internet: www.honolulu.gov

KIRK CALDWELL
MAYOR



MICHAEL D. FORMBY
DIRECTOR
MARK N. GARRITY, AICP
DEPUTY DIRECTOR

February 7, 2014

The Honorable Ryan I. Yamane, Chair
and Members of the Committee on Transportation
State House of Representatives
State Capitol, Room 420
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Yamane and Members of the Committee:

SUBJECT: House Bill No. 1894 Relating to a Car-sharing Vehicle Surcharge Tax

The Department of Transportation Services (DTS), City and County of Honolulu, strongly supports House Bill 1894. This bill recognizes the practical distinction between car-sharing and traditional car rentals and provides appropriate tax considerations in light of those differences.

Car-sharing has proven itself nationally and has the potential to be a viable and affordable transportation alternative for residents and tourists in Hawaii who typically walk, bike and use public transit but still have occasional needs for vehicles.

DTS also supports car-sharing as one component of Honolulu's increasingly multi-modal society, where residents and tourists alike opt to take public transit (Bus and Rail), and walk and bike on a regular basis. Car-sharing has the potential to reduce some of the need for car ownership, reduce parking congestion and reduce vehicle miles traveled on Oahu.

In summary, DTS strongly supports the State's efforts to facilitate car-sharing.

Thank you for this opportunity to testify.

Very truly yours,


Michael D. Formby
Director

DEPARTMENT OF PLANNING AND PERMITTING.
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 768-8000 • FAX: (808) 768-6041
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

February 10, 2014

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

Dear Chair Yamane and Committee Members:

SUBJECT: House Bill No. 1894
Relating to a Car-sharing Vehicle Surcharge Tax

The Department of Planning and Permitting (DPP) **strongly supports** House Bill No. 1894, 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
Hawaii State House of Representatives
Hawaii State Capitol
RE: House Bill No. 1894
February 10, 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.

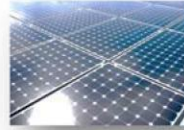
Thank you for this opportunity to testify.

Very truly yours,

A handwritten signature in blue ink that reads "George I. Atta". The signature is written in a cursive, flowing style.

George I. Atta, FAICP
Director

GIA:cl
HB1894-sl



HOUSE COMMITTEE ON TRANSPORTATION

February 10, 2014, 10:00 A.M.

Room 309

(Testimony is 2 pages long)

TESTIMONY IN SUPPORT OF HB 1894

Chair Yamane and members of the Transportation Committee:

The Blue Planet Foundation supports HB 1894, 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'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. House Bill 1894 helps to remove a cost barrier to car sharing by assessing a monthly car share surcharge tax on each car share vehicle instead of the typical daily rental rate.

info@blueplanetfoundation.org

55 Merchant Street 17th Floor • Honolulu, Hawai'i 96813 • 808-954-6142 • blueplanetfoundation.org

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 HB 1894 with a very low—or no—monthly car share surcharge tax to make car sharing an affordable option. We believe this innovative program 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.



February 10, 2014

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

FROM: Michael Mikos, Director of Strategic Development

RE: HB 1894, 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 Michael Mikos and I am the Director of Strategic Development for car2go, a wholly owned subsidiary of Daimler. We strongly support HB 1894, which defines a car-sharing organization and creates a car-sharing vehicle surcharge tax.

Company Background

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, 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.

Business Model

As the world's first free-floating carsharing service, car2go provides a new way of carsharing that is unique, particularly in these three areas:

- **BY THE MINUTE:** Members pay only for the time they use the car, by the minute, with discounted rates for hourly and daily use. There is no minimum amount of time that a car can be used. Parking, fuel, maintenance and insurance are included at no additional cost, and there are no annual or monthly fees, only a one time membership fee.
- **ON DEMAND:** Members can use the first available car2go they find, via a smart phone app, the car2go vehicle finder at car2go.com, by calling the customer call center, or by simply locating an

available car2go on the street. There is no need to make a reservation in advance because members have unrestricted and unlimited access to car2go vehicles 24 hours a day, seven days a week.

- **FREE-FLOATING:** Members can pick up and drop off a car2go vehicle anywhere within the car2go Home Area. Members do not need to drive the car back to its original location or commit to a predetermined amount of time.

The car2go service appeals to a broad spectrum of the population. The most frequent users of the service tend to be in their late 20's to mid-40's but we have a large number of empty nesters and retirees that are using the service as they move back into the urban core and reducing car ownership. A typical rental length is less than 30 minutes.

Difference from rental car model

Due to the unique business model, car2go is a very different service than traditional rental car services. Additionally, the way that members use the service is very different than rental cars.

- **LOCAL:** First and foremost, car2go is a local service that is utilized by the local residents. The cars are distributed throughout the community instead of being located at the airport or at central locations that are predominantly tourist destinations.
- **SHORT-TERM:** With an average rental time of 30 minutes or less, members are only using the car to help them get around town when other transportation options are not available or not convenient.
- **COMPLEMENTARY:** car2go is used as a complement to existing transportation options. With the one-way capability car2go facilitates transit trips, carpooling, walking, biking and other intermodal transportation.

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.

car2go acknowledges and accepts the necessary fees and taxes currently in place to initiate a car-sharing business in Hawaii, with the exception of the rental car tax. As noted previously in this testimony, the rental car tax as currently applied is inappropriate in this situation. As such, we strongly support the application of a flat fee per vehicle as it will be easy to calculate, apply and collect.

car2go has reviewed fees currently in place for other businesses and proposes an annual fee of \$30 for each carshare vehicle or \$2.50 per month as a reasonable start up tax. This fee would equate to half of the proposed EV user fee currently being discussed this session and is similar to other user vehicle fees. This also takes into consideration that the majority of the carshare usage comes from local residents, which is consistent with the exemption that residents currently receive from the rental tax surcharge when utilizing a rental car when their vehicle is being repaired.

In conclusion, car2go requests your support on this bill. 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

**Testimony of
EAN Holdings, LLC**

DATE: February 8, 2014

TO: Representative Ryan Yamane
Chair, Committee on Transportation
Submitted Via Email TRNtestimony@capitol.hawaii.gov

RE: **H.B. 1894 - Relating to Car-Sharing Vehicle Surcharge Tax**
Hearing Date: Monday, February 10, 2014 at 10:00 am
Conference Room 309

Dear Chair Yamane and Members of the Committee on Transportation:

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 respectfully **opposes** H.B.1894 in its current form, but believes there are changes in approach that might address the issue the bill attempts to resolve.

H.B.1894 would create a new definition and tax rate for a form of car rental that is termed “car sharing”. The intent of the bill appears to be to make what is called ‘car sharing’ more affordable. The bill would create a new class of car use, called ‘car sharing’.

Enterprise presently operates car sharing outlets in Honolulu including at the University of Hawaii. The members of the Enterprise car sharing group pay the same surcharge as typical rental car customers. The fact is that all such uses, whether called car sharing or something else, are, in fact, car rentals. The basic principle is that cars are owned by an entity and people pay a fee in one form or another to that entity to be able to make use of those vehicles for some period of time. ‘Car sharing’ is a form of car rental and has been recognized as such by a recent court decision in New York involving one of the national car sharing companies. In that case the judge stated: “This bargain – use of a car in exchange for a fee – appears little different from traditional companies, notwithstanding ZipCar’s marketing statements that contrast it with those companies. The court finds

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

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

ZipCar is in the trade or business of renting or leasing motor vehicles as those words are traditionally plainly understood.”

One of Enterprise’s concerns is that 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 as dramatically distinct from traditional car rental as might appear. For example, Enterprise has been renting cars in neighborhoods for decades and that is actually how it’s business started. In fact, 90% of our customers are your constituents. Car rental is not merely rental for tourists and never has been. Further, 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.

We do not believe it is appropriate to treat what is called ‘car sharing’ differently from other forms of car rentals. They are the same business and should be treated the same way. For that reason Enterprise has never sought an advantage for its car sharing business at the University. The fact also is that, 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 where nearly all car rentals will look very much the same. To write in this distinction in the law at this time for one form of car rental is not only unfair to other car renters but it will pretty clearly soon be inconsistent with where the industry is going. For example, in other markets, car sharing organizations are seeking to gain a presence at airports.

When this issue has come up before at the Legislature there has been general agreement that a pro rata approach would be sensible and acceptable to all parties. This proposal makes the most sense because, like the advocates for HB 1894, we agree that if a consumer is renting a vehicle for only 2-3 hours, then they should only be responsible for 2-3 hours of tax. However, the Department of Taxation has indicated that that is unworkable, and we can appreciate the Department’s concern.

It is our understanding that the proponent of this legislation has a car rental model whereby customers may use the company’s cars several times during the same day for several short trips. This may create a unique issue regarding the application of the surcharge. One concern might be that that an individual renting the company’s cars for very short periods would be assessed the surcharge several times during that day. When the surcharge was adopted, it is likely that the general understanding was that the charge would be three dollars per day per customer, and not three dollars several times per day per customer. We believe that it would be within the spirit of the law and helpful and fair to all car renters if it was made clear in the law that no renter would be charged more than one surcharge per day.

This charge would still be assessed for people who rent cars for short periods of time. However, this is not a unique situation as it has always been the case that many of our renters, many of whom are local residents, rent cars for short periods of time. Why should those people have to pay the surcharge while those who use a service called “car sharing” do not? That is not equitable. When the surcharge was adopted, all of the companies were concerned about this additional charge as a significant cost to renters. However, the legislature saw this as a reasonable means of raising revenue. However we may feel about the surcharge, it is only fair that all renters should pay it, or that no renters pay. But drawing a distinction between what is called “car sharing” and traditional car rental is truly a distinction without a substantive difference, and we do not believe that is fair.

Enterprise has worked hard as a family-owned company to pursue policies that are environmentally friendly. We likely have more hybrid and electric cars in our fleets than any other company. We have also introduced car sharing as a means of appealing to certain customers with unique needs. That is simply marketing and innovation. There are many ways of making this industry greener, and we are continually working hard to achieve that goal. But creating a false distinction between renters to give one an advantage over others in terms of the surcharge is not fair, logical or reasonable in our view. Enterprise believes that eliminating the present surcharge for one form of car rental and substituting some kind of monthly charge as proposed in HB 1849 is not an equitable proposal.

We feel that limiting the surcharge to one charge per day per customer is fairer and can be achieved by simply amending the present law. As stated, we believe this approach provides relief but does it on a basis that is fair to everyone. We have set out proposed language in the attached.

Thank you for the opportunity to submit testimony on this measure.

CHAPTER 251

RENTAL MOTOR VEHICLE AND TOUR VEHICLE SURCHARGE TAX

§251-2 **Rental motor vehicle and tour vehicle surcharge tax.**

(a) There is levied and shall be assessed and collected each month a rental motor vehicle surcharge tax of \$7.50 a day, except that after June 30, 2012, the tax shall be \$3 a day, or any portion of a day that a rental motor vehicle is rented or leased, **provided that the tax shall not exceed \$3 per consumer per day**. The rental motor vehicle surcharge tax shall be levied upon the lessor; provided that the tax shall not be levied on the lessor if:

- (1) The lessor is renting the vehicle to replace a vehicle of the lessee that is being repaired; and
- (2) A record of the repair order for the vehicle is retained either by the lessor for two years for verification purposes or by a motor vehicle repair dealer for two years as provided by section 437B-16.

(b) There is levied and shall be assessed and collected each month a tour vehicle surcharge tax of:

- (1) \$65 for each tour vehicle used or partially used during the month that falls into the over twenty-five passenger seat category; and
- (2) \$15 for each tour vehicle used or partially used during the month that falls into the eight to twenty-five passenger seat category.

The tour vehicle surcharge tax shall be levied upon the tour vehicle operator.



Testimony of Cindy McMillan
The Pacific Resource Partnership

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

HB 1894 – Relating to a Car-Sharing Vehicle Surcharge Tax
Monday, February 10, 2013
10 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** HB 1894 – 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 tax on the car-sharing organization rather than on each transaction will make this transportation option viable.

This bill makes it clear that car sharing is for local residents who don't need the vehicle for long periods of time. Visitors and people needing a vehicle for more than short trips will continue to rent them.

PRP supports HB 11894 and respectfully asks that the Committee move it forward. Thank you for the opportunity to share our views on this important initiative with you.

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; HB 1894 (Identical)

INTRODUCED BY: SB by English, Baker, Chun Oakland, Gabbard, Galuteria, Keith-Agaran, Kidani and 4 Democrats; HB by Yamane, Aquino, Nakashima, Takayama, Yamashita

BRIEF SUMMARY: Adds a news section to HRS chapter 251 to provide the imposition of a car-sharing surcharge tax of \$ ____ for each vehicle used each month by members of a car-sharing organization.

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; (3) members are not required to enter into a separate written agreement with the organization each time the member reserves and uses a vehicle; (4) the average paid use period for all vehicles provided by the organization during any calendar year is four hours or less; and (5) at least 60% of all vehicle rentals made by the organization during the prior calendar year were made to residents of Hawaii.

EFFECTIVE DATE: July 1, 2014

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.

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 and should be assessed a similar surcharge amount.

However, it is curious why the proposed surcharge will only be imposed if at least 60% of the vehicle rentals were made to Hawaii residents during the prior calendar year. While the rental motor vehicle surcharge is primarily aimed at the visitor market, the surcharge on car-sharing vehicles will not be imposed if they do not meet this requirement.

Digested 2/7/14

takayama2 -Brandon

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 07, 2014 9:35 PM
To: TRNtestimony
Cc: icalkins@hawaii.rr.com
Subject: Submitted testimony for HB1894 on Feb 10, 2014 10:00AM
Attachments: .~lock.DEMOCRATIC PARTY LINE.odt#

HB1894

Submitted on: 2/7/2014

Testimony for TRN on Feb 10, 2014 10:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
IRA CALKINS	Individual	Oppose	No

Comments: IRA CALKINS GOVERNMENTAL RESEARCHER 730 Captain Cook Ave Unit 426 Honolulu, Hawaii 96813-2161 Your actions will prove my statements of the following to be a fact and true. The Democratic Party Line has taken away the voice of the people in the making of laws, taxation with out representation in the State of Hawaii. It appears the Hawaii State Legislators are being blackmailed in to voting the Democratic party line, or the Democratic Party will not support the State of Hawaii Legislator in the next state wide election. It does not matter what the people think, the Democratic Party has already decided for us on all bills before the State of Hawaii Legislature . The chairman's in all committee meetings has a script to follow that the Speaker of the House, and the Speaker of the Senate has given the Committee Chairs to follow, to instruct the committee how to vote on a any given measures, all Bills in all committees of the State of Hawaii Legislature. It is determined ahead of time by the Democratic Party members how a committee member will vote when staying with the party line on any given Bill in the State of Hawaii Legislature, Democracy has been taken away from the tax payers in the State of Hawaii. Ira Calkins Honolulu 4696434 or 3498667 FAX 808-545-4707 Washington D.C. 202-697-9782

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

Testimony in **strong support** of
HB1894 and SB2731 Relating to a Car-Sharing Vehicle Surcharge Tax

Dear Members of the Committee,

I'm writing to express my strong support for HB1894. As a resident of Oahu, I carpool to work and generally try to find ways to reduce the amount I drive. This saves oil, reduces traffic, and also saves my family money. Having another transportation option, like carshare, would make it dramatically easier for my family to continue operating with only one car.

We utilize all transportation options, such as taxi, bus, bicycle, and walking, and having the option of using carshare would complement this mix and add needed flexibility. With such high gas prices and parking rates, finding ways to reduce the miles we drive and come up with alternative means of transportation is a top priority for my family. I hope it is a top priority for you too!

Carsharing has worked very well in other places, and Hawaii's island geography makes is an excellent place for transportation innovation and the deployment of new transportation choices. I hope you'll support HB1894 and SB2731 to make Hawaii a friendly place for innovation and enable consumer choice in this area.

Signed,
Dawn Lippert

Dear Legislature,

I support this car sharing bill and hope you will to. It simply creates an appropriate tax for car sharing so that car sharing can be viable in Hawaii. 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. Creating this car sharing surcharge will bring car sharing to Hawaii, save residents money, 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 all of 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. 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 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

SHAN TSUTSUI
LT GOVERNOR



FREDERICK D. PABLO
DIRECTOR OF TAXATION

JDSHUA WISCH
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P O BOX 259
HONOLULU HAWAII 96809
PHONE NO: (808) 587-1530
FAX NO: (808) 587-1584

LATE

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

Date: Monday, February 10, 2014
Time: 10:00 a.m.
Place: Conference Room 309, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: H.B. No. 1894, Relating to a Car-Sharing Vehicle Surcharge Tax

The Department of Taxation (Department) appreciates the intent of H.B. 1894 to establish a surcharge tax for car-sharing organizations and offers the following comments for your consideration.

H.B. 1894 defines car-sharing organizations and imposes a surcharge tax on car-sharing organizations. The surcharge is a flat rate charge per vehicle available for use or partial use during each month of operation.

First, the Department notes that as proposed, the Department would be able to administer a flat fee surcharge tax. During 2013 Regular Legislative Session, the Department had supported a pro-rated rental motor vehicle surcharge tax (RVST) for car-sharing activities; however, since this bill proposes to administer a separate tax on car-sharing organizations, the Department believes pro-ration of the tax is no longer necessary.

Second, the Department notes that H.B. 1894 contains no explicit statement that liability for the car-sharing surcharge tax precludes liability for the rental motor vehicle surcharge tax. The Department recommends the following language be added after the final sentence of section 2 of the bill.

"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."

This amendment will make clear that car-sharing organizations are not subject to both the rental motor vehicle and car-sharing organization surcharges. The amendment will also ensure that an organization does not escape both surcharges due to definitional ambiguities.

Thank you for the opportunity to provide comments.

takayama2 -Brandon

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 10, 2014 8:00 AM
To: TRNtestimony
Cc: pamelaburrell@me.com
Subject: Submitted testimony for HB1894 on Feb 10, 2014 10:00AM

HB1894

Submitted on: 2/10/2014

Testimony for TRN on Feb 10, 2014 10:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
pamela burrell	Apollo Kauai	Oppose	No

Comments: As a co-chair of Apollo Kaua'i, a green energy advocate group, I would like to appose this bill. Since car-sharring can significantly reduce vehicle miles traveled, oil imports, greenhouse gas emissions, etc...Why would we want to "punish" this behavior? It should be encouraged.

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

takayama2 -Brandon

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 10, 2014 8:53 AM
To: TRNtestimony
Cc: chad@hbl.org
Subject: Submitted testimony for HB1894 on Feb 10, 2014 10:00AM



HB1894

Submitted on: 2/10/2014

Testimony for TRN on Feb 10, 2014 10:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Chad Taniguchi	Hawaii Bicycling League	Support	No

Comments: The Hawaii Bicycling League supports HB1894, the purpose of which is to not require a \$3 surcharge for each use of a carshare vehicle, thereby making carsharing an affordable alternative to owning a car. This means that users can for the most part get to their destinations by walking, bicycling, taking the bus or rail, and only when needed rent a carshare car for specific events or uses that require greater carrying capacity. This helps keep our streets less congested, and saves the user the cost of purchasing, insuring, and maintaining a car. By making car use separately paid for when used, people are likely to understand the true cost of car ownership and seek other means of transportation rather than having the car be the default way to get around. Without a car, people tend to engage in more active transportation, thereby saving money, being more fit, and also help reduce greenhouse gases that are harming our local and global environment. Please pass this bill. Chad Taniguchi, Executive Director, Hawaii Bicycling League chad@hbl.org

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



COLLEGE OF SOCIAL SCIENCES
HAWAII ENERGY POLICY FORUM
 UNIVERSITY OF HAWAI'I AT MĀNOA

Hawaii Energy Policy Forum

Jeanne Schultz Afuvai, Hawai'i Institute for Public Affairs
 Joseph Boivin, Hawai'i Gas
 Warren Bollmeier, Hawaii Renewable Energy Alliance
 Albert Chee, Chevron
 Elizabeth Cole, The Kohala Center
 Leslie Cole-Brooks, Hawai'i Solar Energy Assn
 Kyle Datta, Ulupono Initiative
 Laura Dierenfield, Queen Lili'uokalani Trust
 Mitch Ewan, UH Hawai'i Natural Energy Institute
 Jay Fidell, ThinkTech Hawai'i, Inc.
 Carl Freedman, Haiku Design & Analysis
 Sen. Mike Gabbard, Hawai'i State Senate
 Dan Giovanni, Hawaiian Electric Company
 Mark Glick, State Energy Office, DBEDT
 Justin Gruenstein, City & County of Honolulu
 Dale Hahn, Ofc of US Sen Brian Schatz
 Michael Hamnett, Research Corporation of the UH
 Robert Harris, Sierra Club
 Rachel James, Ofc of US Congresswoman Tulsi Gabbard
 Jim Kelly, Kaua'i Island Utility Cooperative
 Darren Kimura, Energy Industries Holdings
 Kelly King, Sustainable Biodiesel Alliance
 Rep Chris Lee, Hawai'i House of Representatives
 Gladys Marrone, Building Industry Assn of Hawai'i
 Doug McLeod, Maui County
 Stephen Meder, UH Ctr for Smart Building
 & Community Design
 Lauren Montez-Hernandez, Ofc of Sen Mazie Hirono
 Hermina Morita, Public Utilities Commission
 Sharon Moriwaki, UH Social Sciences Public Policy Ctr
 Ron Nelson, U.S. Defense Energy Support Center
 Tim O'Connell, U.S. Dept of Agriculture, Rural Dev't
 Jeffrey Ono, Division of Consumer Advocacy, DCCA
 Darren Pai, Hawaiian Electric Company
 Wintehn K. T. Park, Ofc of US Congresswoman
 Colleen Hanabusa
 Melissa Pavlicek, Hawaii Public Policy Advocates
 Randy Perreira, Hawai'i Government Employees Assn
 Rick Rocheleau, UH Hawai'i Natural Energy Institute
 Will Rolston, Hawai'i County
 Peter Rosegg, Hawaiian Electric Co.
 Riley Saito, SunPower Systems Corp
 Joelle Simonpietri, U.S. Pacific Command Energy Ofc
 H. Ray Starling, Hawaii Energy
 Ben Sullivan, Kaua'i County
 Lance Tanaka, Tesoro Hawai'i Corp
 Maria Tome, State Energy Office, DBEDT
 Ah Linn Yamane, Hawaii Government Employees Assn

Testimony of Mitch Ewan
 Chair, Transportation Working Group
 Hawaii Energy Policy Forum
 Before the

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

Monday, February 10th, Conference Room 309

LATE

IN SUPPORT OF HB1894 – Relating to A Car Sharing Vehicle Surcharge Tax

I am Mitch Ewan, Chair of the Transportation Working Group of the Hawaii Energy Policy Forum (Forum). The Forum, created in 2002, is 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 a guide to move Hawaii toward its preferred energy goals and our support for this bill.

HB1894 proposes amendments to *Section 251, Hawaii Revised Statutes* to create a car-sharing vehicle surcharge tax.

The Forum supports this measure that would assess a maximum surcharge tax of \$2.50 per vehicle per month for each vehicle available for use during each month by members of a car-sharing organization. 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. Until the tax law is changes, it is likely car-sharing will struggle to gain a foothold in Hawaii.

If the Forum also offers the following amendments to HB1894 as follows:

(1) Amend Section 1 to read as follows:

SECTION 1. The legislature finds that car-sharing is an alternative to car ownership for residents who may need the use of a vehicle only occasionally and for quick errands. Car-sharing is an amenity that makes it far more convenient to live without owning a car. Empirically, each car-share vehicle put into service takes 10-15 privately owned vehicles off the road. This results in improved mobility, increased transit ridership, walking and biking, reductions in traffic and parking congestion, and significantly reduced household transportation costs. Section 13 of the DBEDT data book estimates that in 2005 the average household in Hawaii expends over \$9,000 per year on transportation of which \$8,800 is expended on the purchase and operation of privately owned vehicles. Car-sharing is a critical part of a truly multi-modal transportation system, and is an integral part of Hawaii's sustainable future. With Hawaii's high cost of living, traffic and parking congestion, and quality public transportation systems, there is great potential for car-sharing in Hawaii.

However, the state remains one of the few places in the nation where car-sharing has been unable to get a significant foothold. One of the primary reasons is that 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. Until the tax law is changed, it is likely car-sharing will struggle in Hawaii.

The purpose of this Act is to create a car-sharing vehicle surcharge tax.

(2) Amend Section 2 to read as follows:

SECTION 2. Chapter 251, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“**§251-1: Car-sharing vehicle surcharge tax.** There is levied and shall be assessed and collected a car-sharing vehicle a maximum surcharge tax of \$2.50 per month per vehicle for each vehicle available for use during each month by members of a car-sharing organization. The car-sharing vehicle surcharge tax shall be levied upon the car-sharing organization and paid annually.”

Amend Section 4 to read as follows:

SECTION 4. Chapter 251-1, Hawaii Revised Statutes, is amended by adding a new definition to be appropriately inserted and to read as follows:

- (5) At least sixty percent of all vehicle rentals made by the organization in Hawaii during the prior calendar year were made to residents of Hawaii.

The Forum supports HB1894, and respectfully urges passage of the bill, *as amended*, to support the introduction of car-sharing in Hawaii.

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.



LATE

HOUSE COMMITTEE ON TRANSPORTATION
Monday, February 10, 2014 – 10:00 a.m. – Room 309

Ulupono Initiative Strongly Supports HB 1894 with amendments, 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 HB 1894, which adjusts the current tax code so care-sharing rentals and companies are not categorized as traditional rental car businesses and taxed accordingly.

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. HB 1894 will enable car share companies to expand operations in Hawai'i since it is currently uneconomical given the current tax code and how car share businesses are taxed accordingly.

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 up to 40-79% ("North American Car-sharing: 10-Year Retrospective"). That could equate 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.

Ulupono supports the recommended amendments from the Hawaii Energy Policy Forum:

Amend Section 2 to read as follows:

SECTION 2. Chapter 251, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:



“§251-1: Car-sharing vehicle surcharge tax. There is levied and shall be assessed and collected a car-sharing vehicle a maximum surcharge tax of \$3.00 per day per vehicle irrespective of the number of times the vehicle is used in a day for each vehicle available for use during each day by members of a car-sharing organization. The car-sharing vehicle surcharge tax shall be levied upon the car-sharing organization and paid annually.

Amend Section 4 to read as follows:

SECTION 4. Chapter 251-1, Hawaii Revised Statutes, is amended by adding a new definition to be appropriately inserted and to read as follows:

- (5) At least sixty percent of all vehicle rentals made by the organization in Hawaii during the prior calendar year were made to residents of Hawaii.

Thank you for this opportunity to testify.

Respectfully,

Greg Gaug
Senior Associate

Email: communications@ulupono.com

takayama2 -Brandon

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 10, 2014 9:10 AM
To: TRNtestimony
Cc: amybrinker@mac.com
Subject: *Submitted testimony for HB1894 on Feb 10, 2014 10:00AM*

HB1894

Submitted on: 2/10/2014

Testimony for TRN on Feb 10, 2014 10:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Amy Brinker	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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

takayama2 -Brandon

LATE

From: marsha johnson <m2john3@gmail.com>
Sent: Sunday, February 09, 2014 8:46 PM
To: TRNtestimony
Subject: HB1984

I am a retiree residing in Waikiki and am writing in regard to the bill about car share.

Car sharing would help me greatly. Now I go grocery shopping using the bus. I can only carry a little because it is difficult for me to carry everything up the steps of the bus and fit them onto my lap. Buying other items, such as a broom or lamp is impossible.

Please make car sharing available at a very reasonable cost so I can afford it on my social security income.

Aloha,
Marsha