

SB 2731

Establishes a car-sharing
vehicle surcharge tax.

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

February 11, 2014
1:16 p.m.
State Capitol, Room 224

S.B. 2731
RELATING TO CAR-SHARING VEHICLE SURCHARGE TAX

Senate Committee on Transportation and International Affairs

The Department of Transportation (DOT) **supports** the intent of S.B. 2731, 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.

NEIL ABERCROMBIE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



FREDERICK D. PABLO
DIRECTOR OF TAXATION

JOSHUA 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

To: The Honorable J. Kalani English, Chair
and Members of the Senate Committee on Transportation and International
Affairs

Date: Tuesday, February 11, 2014
Time: 1:16 p.m.
Place: Conference Room 224, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

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

The Department of Taxation (Department) appreciates the intent of S.B. 2731 to establish a surcharge tax for car-sharing organizations and offers the following **comments** for your consideration.

S.B. 2731 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 S.B. 2731 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.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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KIRK CALDWELL
MAYOR



GEORGE I. ATTA, FAICP
DIRECTOR

ARTHUR D. CHALLACOMBE
DEPUTY DIRECTOR

February 11, 2014

The Honorable J. Kalani English, Chair
and Members of the Committee on Transportation
and International Affairs
Hawaii State Senate
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair English and Committee Members:

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

The Department of Planning and Permitting (DPP) **strongly supports** Senate Bill No. 2731, 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.

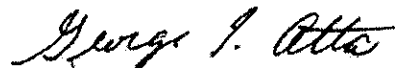
The Honorable J. Kalani English, Chair
and Members of the Committee on Transportation
and International Affairs
Hawaii State Senate
Hawaii State Capitol
RE: Senate Bill No. 2731
February 11, 2014
Page 2

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,



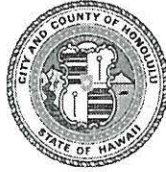
George I. Atta, FAICP
Director

GIA:cl
SB2731-sl

DEPARTMENT OF TRANSPORTATION SERVICES
CITY AND COUNTY OF HONOLULU

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KIRK CALDWELL
MAYOR



MICHAEL D. FORMBY
DIRECTOR

MARK N. GARRITY, AICP
DEPUTY DIRECTOR

February 7, 2014

The Honorable J. Kalani English, Chair
and Members of the Committee on Transportation
and International Affairs
State Senate
State Capitol, Room 205
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair English and Members of the Committee:

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

The Department of Transportation Services (DTS), City and County of Honolulu, **strongly supports Senate Bill 2731**. 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,

A handwritten signature in black ink, appearing to read "Michael D. Formby".

Michael D. Formby
Director

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



February 10, 2014

TO: SENATE COMMITTEE ON TRANSPORTATION AND INTERNATIONAL AFFAIRS
Senator J. Kalani English, Chair
Senator Donovan M. Dela Cruz, Vice Chair

FROM: Michael Mikos, Director of Strategic Development

RE: SB 2731, Relating to a Car-Sharing Vehicle Surcharge Tax
Position: Strong Support

Dear Chair English, Vice Chair Dela Cruz, 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 SB 2731, 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 4, 2014

TO: Senator J. Kalani English
Chair, Committee on Transportation and International Affairs
Via Email TIAtestimony@capitol.hawaii.gov

RE: **S.B. 2731 - Relating to Car-Sharing Vehicle Surcharge Tax**
Hearing Date: Tuesday, February 11, 2014 at 1:16 pm
Conference Room 224

Dear Chair English and Members of the Committee on Transportation and International Affairs:

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** S.B. 2731 in its current form, but believes there are changes in approach that might address the issue the bill attempts to resolve.

S.B.2731 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
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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 S.B. 2731, 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.

Short term rental 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 S.B. 2731 is not an equitable proposal.

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



SENATE COMMITTEE ON TRANSPORTATION & INTERNATIONAL AFFAIRS
Tuesday, February 11, 2014 – 1:16 p.m. – Room 224

Ulupono Initiative Strongly Supports SB 2731 with amendments, Relating to a Car-Sharing Vehicle Surcharge Tax

Dear Chair English, Vice Chair Dela Cruz 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, which adjusts the current tax code so care-sharing rentals and companies are not categorized as traditional rental car businesses and taxed accordingly.

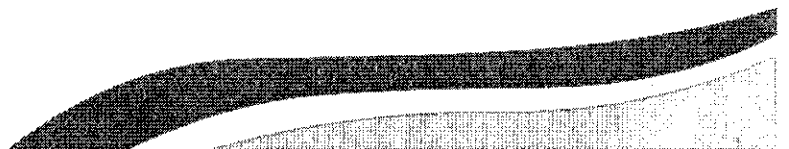
According to DBEDT, roughly 28% of Hawai'i's imported petroleum is consumed for ground transportation. To reach the goals of HCEI, the state needs to reduce and displace petroleum used for ground transportation. Currently, a good opportunity to support such goals is by encouraging the use and adoption 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



COLLEGE OF SOCIAL SCIENCES
HAWAII ENERGY POLICY FORUM
UNIVERSITY OF HAWAII 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, Kaula'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
Hermína Morita, Public Utilities Commission
Sharon Moriwaiki, UH Social Sciences Public Policy Ctr
Ron Nelson, U.S. Defense Energy Support Center
Tim O'Connell, U.S. Dept of Agriculture, Rural Devpt
Jeffrey Ono, Division of Consumer Advocacy, DCCA
Darren Pai, Hawaiian Electric Company
Wintehñ 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, Kaula'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

Senate Committee on Transportation and International Affairs
Senator Kalane English, Chair; Senator Donovan Cruz, Vice Chair
Tuesday, February 11th, 1:16 p.m. Conference Room 224

IN SUPPORT OF SB2731 – 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.

SB2731 proposes amendments to *Section 251, Hawaii Revised Statutes* to create a car-sharing vehicle surcharge tax.

The Forum supports this measure and recommends 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 changed, it is likely car-sharing will struggle to gain a foothold in Hawaii.

If the Forum also offers the following amendments to SB2731 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 SB2731, 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.

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

Sharon Lum Ho

From: marsha johnson <m2john3@gmail.com>
Sent: Sunday, February 09, 2014 9:04 PM
To: TIATestimony
Subject: SB2731

I am writing a testimony about car share.

My dream would be to be able to use a car through a car sharing program. I am a retiree residing in Waikiki, living on social security. Currently I use the bus to grocery shop. It is very difficult to carry everything up the steps and fit the bags on my lap and by my feet. Anything bigger, such as a lamp or house plant is impossible.

My quality of life would be greatly improved by using a car occasionally. And this program is good for the environment, the parking problem and is affordable when a car is not needed daily.

Please make car sharing work here in Hawaii.

Aloha,
Marsha