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## A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE RENTALS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that rental car companies  
2 are permitted by Hawaii law to recover certain mandatory  
3 government fees from rental car customers for the purpose of  
4 making a vehicle road-ready. However, the present law  
5 establishes a formula for the recovery of these fees that  
6 results in a significant portion of the fees going  
7 unrecovered. This is partially because rental cars are rented  
8 significantly less than one hundred per cent of the time, and  
9 because the present formula in the law allows only 1/365th of  
10 certain types of fees to be recovered.

11           The legislature finds that this result is not consistent  
12 with the original intent of the law. Other states, including  
13 California, have adopted laws that allow rental car companies  
14 to pass on to consumers an amount closer to the full recovery  
15 of mandatory government fees, while still preserving  
16 transparency for the consumer. The legislature finds that it  
17 is appropriate for Hawaii to follow this model.



1           The purpose of this Act is to change the methodology for  
2 the collection of vehicle license recovery fees by expanding the  
3 categories of fees that can be recovered, and requiring that the  
4 total fees charged do not exceed the annual fees actually paid  
5 by a rental car company in a particular year.

6           SECTION 2. Section 437D-8.4, Hawaii Revised Statutes, is  
7 amended by amending subsection (a) to read as follows:

8           "(a) Notwithstanding any law to the contrary, a lessor may  
9 visibly pass on to a lessee:

- 10           (1) The general excise tax attributable to the  
11           transaction;
- 12           (2) [~~The vehicle license and registration fee and weight  
13           taxes, prorated at 1/365th of the annual vehicle  
14           license and registration fee and weight taxes actually  
15           paid on the particular vehicle being rented for each  
16           full or partial twenty four hour rental day that the  
17           vehicle is rented; provided the total of all vehicle  
18           license and registration fees charged to all lessees  
19           shall not exceed the annual vehicle license and  
20           registration fee actually paid for the particular  
21           vehicle rented;~~] A vehicle license recovery fee, which



1 includes vehicle license fees, beautification fees,  
2 initial plate fees, registration fees, weight taxes  
3 and use taxes; provided that the total vehicle license  
4 recovery fee charged to all lessees shall not exceed  
5 the annual vehicle license fees, beautification fees,  
6 initial plate fees, registration fees, weight taxes,  
7 and use taxes actually paid by the lessor in a  
8 particular year; and provided further that:

9 (A) If the total amount of the vehicle license  
10 recovery fees paid by lessees under this section  
11 in a particular year exceeds the total amount of  
12 the annual vehicle license fees, beautification  
13 fees, initial plate fees, registration fees,  
14 weight taxes, and use taxes actually paid by the  
15 lessor in a particular year, the lessor shall  
16 retain the excess amount and reduce the amount of  
17 vehicle license recovery fees charged to lessees  
18 for the following year by the corresponding  
19 amount; and

20 (B) The lessor submits to the office of consumer  
21 protection of the department of commerce and



1           consumer affairs a statement, verified by a  
2           certified public accountant as correct, that  
3           reports the total amount of the annual vehicle  
4           license fees, beautification fees, initial plate  
5           fees, registration fees, weight taxes, and use  
6           taxes actually paid by the lessor in a particular  
7           year, and the total amount of vehicle license  
8           recovery fees charged to lessees;

9           (3) The surcharge taxes imposed in chapter 251

10           attributable to the transaction;

11           (4) The county surcharge on state tax under section 46-  
12           16.8; provided that the lessor itemizes the tax for  
13           the lessee; and

14           (5) The rents or fees paid to the department of  
15           transportation under concession contracts negotiated  
16           pursuant to chapter 102, service permits granted  
17           pursuant to title 19, Hawaii Administrative Rules, or  
18           rental motor vehicle customer facility charges  
19           established pursuant to section 261-7; provided that:



- 1           (A) The rents or fees are limited to amounts that can  
2                           be attributed to the proceeds of the particular  
3                           transaction;
- 4           (B) The rents or fees shall not exceed the lessor's  
5                           net payments to the department of transportation  
6                           made under concession contract or service permit;
- 7           (C) The lessor submits to the department of  
8                           transportation and the department of commerce and  
9                           consumer affairs a statement, verified by a  
10                          certified public accountant as correct, that  
11                          reports the amounts of the rents or fees paid to  
12                          the department of transportation pursuant to the  
13                          applicable concession contract or service permit:  
14                          (i) For all airport locations; and  
15                          (ii) For each airport location;
- 16           (D) The lessor submits to the department of  
17                           transportation and the department of commerce and  
18                           consumer affairs a statement, verified by a  
19                           certified public accountant as correct, that  
20                           reports the amounts charged to lessees:  
21                          (i) For all airport locations;



- 1           (ii) For each airport location; and
- 2           (iii) For each lessee;
- 3       (E) The lessor includes in these reports the
- 4           methodology used to determine the amount of fees
- 5           charged to each lessee; and
- 6       (F) The lessor submits the above information to the
- 7           department of transportation and the department
- 8           of commerce and consumer affairs within three
- 9           months of the end of the preceding annual
- 10          accounting period or contract year as determined
- 11          by the applicable concession agreement or service
- 12          permit.

13       The respective departments, in their sole discretion,

14       may extend the time to submit the statement required

15       in this subsection. If the director determines that

16       an examination of the lessor's information is

17       inappropriate under this subsection and the lessor

18       fails to correct the matter within ninety days, the

19       director may conduct an examination and charge a

20       lessor an examination fee based upon the cost per hour

21       per examiner for evaluating, investigating, and



1 verifying compliance with this subsection, as well as  
 2 additional amounts for travel, per diem, mileage, and  
 3 other reasonable expenses incurred in connection with  
 4 the examination, which shall relate solely to the  
 5 requirements of this subsection, and which shall be  
 6 billed by the departments as soon as feasible after  
 7 the close of the examination. The cost per hour shall  
 8 be \$40 or as may be established by rules adopted by  
 9 the director. The lessor shall pay the amounts billed  
 10 within thirty days following the billing. All moneys  
 11 collected by the director shall be credited to the  
 12 compliance resolution fund."

13 SECTION 3. Statutory material to be repealed is bracketed  
 14 and stricken. New statutory material is underscored.

15 SECTION 4. This Act shall take effect on January 1, 2018.

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INTRODUCED BY:

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**Report Title:**

Motor Vehicle Rentals; Pass On Fees

**Description:**

Expands the base of the vehicle-related fees and taxes that motor vehicle lessors may pass on to lessees.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

