
A BILL FOR AN ACT

RELATING TO TRANSPORTATION.

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

1 SECTION 1. The legislature finds that traffic congestion
2 is a serious problem that negatively affects the quality of life
3 for residents and visitors in Hawaii. Congestion on the State's
4 roadways continues to increase, forcing people to spend more
5 time sitting in vehicles and less time being productive at work
6 or with families and friends.

7 The legislature also finds that visitors make up a large
8 proportion of public highway users.

9 The legislature believes that it is prudent to target this
10 group of highway users to raise revenue for capital improvements
11 to Hawaii's highways, which will relieve congestion and improve
12 the quality of life for both residents and visitors.

13 The purpose of this Act is to use additional fees from the
14 rental of motor vehicles leased at state airports to fund
15 projects to increase highway capacity and relieve traffic
16 congestion.

17 Specifically, this Act:



(1) Increases the rental motor vehicle surcharge tax for lessees without a valid Hawaii driver's license to \$5 for each day, or portion of a day, that a rental motor vehicle is rented from a rental motor vehicle concession located in an airport;

(2) Requires that the revenues from the increase in motor vehicle surcharge tax be expended for road capacity projects in the county in which the rental motor vehicle was operated under the rental or lease agreement; and

(3) Increases the tour vehicle surcharge tax by \$1 for each category of tour vehicle.

SECTION 2. Section 251-2, Hawaii Revised Statutes, is amended to read as follows:

"§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 lessees without a valid Hawaii driver's license shall be assessed an additional \$2 a day, or any portion



1 of a day that a rental motor vehicle is rented or leased. The
2 rental motor vehicle surcharge tax shall be levied upon the
3 lessor; provided that the tax shall not be levied on the lessor
4 if:

5 (1) The lessor is renting the vehicle to replace a vehicle
6 of the lessee that is being repaired; and

7 (2) A record of the repair order for the vehicle is
8 retained either by the lessor for two years for
9 verification purposes or by a motor vehicle repair
10 dealer for two years as provided in section 437B-16.

11 In addition to the requirements imposed by section 251-4, a
12 lessor shall disclose, to the department, the portion of the
13 remittance attributed to the county in which the motor vehicle
14 was operated under rental or lease.

15 Of the remittances collected pursuant to this subsection,
16 \$2 per day or portion of a day from each lessee without a valid
17 Hawaii driver's license shall be deposited into the state
18 treasury to the credit of the respective county subaccount of
19 the state highway fund, established pursuant to section 248-
20 9(c), that corresponds to the county in which the rental motor
21 vehicle was driven under rental or lease.



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

(1) [~~\$65~~] \$66 for each tour vehicle used or partially used during the month that falls into the over twenty-five passenger seat category; and

(2) [~~\$15~~] \$16 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."

SECTION 3. Section 248-9, Hawaii Revised Statutes, is amended to read as follows:

"§248-9 State highway fund. (a) Moneys in the state highway fund may be expended for the following purposes:

(1) To pay the costs of operation, maintenance, and repair of the state highway system, including without limitation, the cost of equipment and general administrative overhead;

(2) To pay the costs of acquisition (including real property and interests therein), planning, designing, construction, and reconstruction of the state highway



1 system and bikeways, including, without limitation,
2 the cost of equipment and general administrative
3 overhead;

4 (3) To reimburse the general fund for interest on and
5 principal of general obligation bonds issued to
6 finance highway projects where the bonds are
7 designated to be reimbursable out of the state highway
8 fund; and

9 (4) To pay the costs of construction, maintenance, and
10 repair of county roads; provided that none of the
11 funds expended on a county road or program shall be
12 federal funds when such expenditure would cause a
13 violation of federal law or a federal grant agreement.

14 (b) At any time, the director of transportation may
15 transfer from the state highway fund all or any portion of
16 available moneys determined by the director of transportation to
17 exceed one hundred thirty-five per cent of the requirements for
18 the ensuing twelve months for the state highway fund as
19 permitted by and in accordance with section 37-53. For purposes
20 of the determination, the director of transportation shall take
21 into consideration:



(1) The amount of federal funds and bond funds on deposit in, and budgeted to be expended from, the state highway fund during the period;

(2) Amounts on deposit in the state highway fund that are encumbered or otherwise obligated;

(3) Budgeted amounts payable from the state highway fund during the period;

(4) Revenues anticipated to be received by and expenditures to be made from the state highway fund during the period based on existing agreements and other information for the ensuing twelve months; and

(5) Any other factors as the director of transportation shall deem appropriate.

(c) The department of transportation shall establish county subaccounts within the state highway fund.

Notwithstanding subsections (a) and (b), funds in each county subaccount shall be expended for road capacity projects in the respective county.

For purposes of this subsection, "road capacity project" means construction:

(1) Of a new road;



- 1 (2) To widen or add additional lanes to an existing road;
2 or
3 (3) That increases the amount of vehicles that may be
4 driven on an island and alleviates the level of
5 traffic on existing roads of that island."

6 SECTION 4. Section 251-5, Hawaii Revised Statutes, is
7 amended to read as follows:

8 **"§251-5 Remittances.** All remittances of surcharge taxes
9 imposed under this chapter shall be made by cash, bank draft,
10 cashier's check, money order, or certificate of deposit to the
11 office of the taxation district to which the return was
12 transmitted. The department shall deposit the moneys into the
13 state treasury to the credit of the state highway fund[-];
14 provided that user fee revenues that are levied, assessed, and
15 collected pursuant to section 251-2(a) from lessees without a
16 valid Hawaii's drivers license shall be deposited in accordance
17 with section 248-9(c)."

18 SECTION 5. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 6. This Act shall take effect on January 1, 2019.



Report Title:

Rental Motor Vehicle Surcharge; Tour Vehicle Surcharge; State Highway Fund; Road Capacity Projects

Description:

Increases the rental motor vehicle surcharge from \$3 to \$5 for lessees without a valid Hawaii driver's license from the rental motor vehicle surcharge. Requires that the revenues from the increase in motor vehicle surcharge tax be expended for road capacity projects in the county in which the rental motor vehicle was operated under rental or lease. Increases the tour vehicle surcharge by \$1 for each category of tour vehicle. Takes effect on 1/1/2019. (SD1)

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