

STAND. COM. REP. NO.

901

Honolulu, Hawaii

MAR 03 2017

RE: S.B. No. 657  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 657, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MOTOR VEHICLE RENTAL INDUSTRY,"

begs leave to report as follows:

The purpose and intent of this measure is to allow motor vehicle rental lessors to pass government assessed vehicle fees on to customers in the form of vehicle license recovery fees.

Specifically, this measure:

- (1) Defines the terms "government assessed vehicle fees" and "vehicle license recovery fee";
- (2) Changes the formula used to determine a lessee's pro rata share of vehicle fees and taxes from 1/365th of the total annual cost of fees and taxes per rental day to the total cost of those fees and taxes divided by the anticipated number of annual rental days for the vehicle; and
- (3) Requires lessors to inform lessees of all vehicle license recovery fees at the time the vehicle rental reservation is made and on the written rental contract.



Your Committee received written comments in support of this measure from the Chamber of Commerce Hawaii, Enterprise Holdings, and Avis Budget Group.

Your Committee received written comments in opposition to this measure from the Office of Consumer Protection.

Your Committee finds that the rental car industry is an essential part of Hawaii's tourism industry. Your Committee further finds that rental car companies may not recover all government fees assessed upon a rental car depending on the number of active rental days, which is why, according to testimony, thirty-eight states currently permit rental car companies to fully recover fees.

Your Committee has amended this measure by:

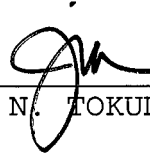
- (1) Deleting requirements that lessors inform lessees of vehicle license recovery fees at the time the vehicle rental reservation is made and in the written rental contract;
- (2) Deleting the new definitions of the terms "government assessed vehicle fees" and "vehicle license recovery fee";
- (3) Deleting the language that created a new formula for passing on the pro rata costs of government fees and taxes;
- (4) Changing the pro rata apportionment of the annual vehicle license and registration fee and weight taxes that may be passed on to customers from 1/365th to an unspecified amount;
- (5) Requiring the motor vehicle rental industry to report to the Legislature prior to the 2019 Regular Session concerning the effect of this measure on the average vehicle license recovery fee charged to each customer on each motor vehicle rental, the profit margin of each motor vehicle rental, and the actual time in service of each motor vehicle rental;



- (6) Defining the term "vehicle license recovery fee" for the purposes of the required report to the Legislature; and
- (7) Changing the effective date to March 1, 2050, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 657, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 657, S.D. 2.

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



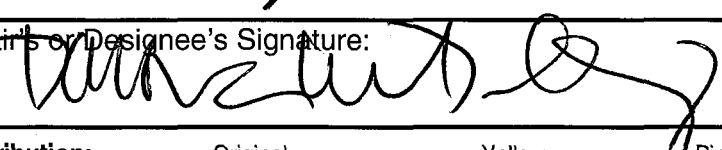
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JILL N. TOKUDA, Chair



The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB 657, SD1</b>	Committee Referral: <b>TRE/CPH, WAM</b>	Date: <b>3/1/17</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene	/			
INOUYE, Lorraine R.	/			
KAHELE, Kaiali'i	/			
RIVIERE, Gil	/			
SHIMABUKURO, Maile S.L.	/			
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
<b>TOTAL</b>	<b>11</b>			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes