
A BILL FOR AN ACT

RELATING TO TAXATION.

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. Traffic congestion on the
4 State's roadways continues to increase, forcing people to spend
5 more time sitting in vehicles and less time being productive at
6 work or with families and friends.

7 The legislature further finds that rental vehicle lessees
8 make up a large proportion of public highway users. Existing
9 law exempts those lessees that have a valid Hawaii driver's
10 license from paying an additional fee of the rental motor
11 vehicle surcharge tax.

12 The legislature believes that it is reasonable to repeal
13 the exemptions in order to raise revenue for capital
14 improvements to Hawaii's highways, which will relieve congestion
15 and improve the quality of life for both residents and visitors.



1 The purpose of this Act is to increase the rental motor
2 vehicle surcharge tax to fund projects to increase highway
3 capacity and relieve traffic congestion.

4 Specifically, this Act:

5 (1) Changes the rental motor vehicle surcharge tax for
6 such lessees for each day, or portion of a day, that a
7 rental motor vehicle is rented;

8 (2) Repeals the additional surcharge tax of \$2 for each
9 day, or portion of a day, for lessees who do not
10 possess a valid Hawaii driver's license;

11 (3) Deposits part of the rental motor vehicle surcharge
12 tax into the respective county subaccount of the state
13 highway fund for highway road capacity projects in the
14 county that generated the surcharge tax; and

15 (4) Deposits part of the rental motor vehicle surcharge
16 tax into the state highway fund for statewide use.

17 SECTION 2. Section 251-2, Hawaii Revised Statutes, is
18 amended by amending subsection (a) to read as follows:

19 "(a) There is levied and shall be assessed and collected
20 each month a rental motor vehicle surcharge tax of [~~\$3~~]
21 \$ _____ a day, or any portion of a day that a rental motor



1 vehicle is rented or leased[~~;~~ ~~provided that lessees without a~~
2 ~~valid Hawaii driver's license shall be assessed an additional \$2~~
3 ~~a day, or any portion of a day that a rental motor vehicle is~~
4 ~~rented or leased]~~. The rental motor vehicle surcharge tax shall
5 be levied upon the lessor; provided that the tax shall not be
6 levied on the lessor if:

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

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

17 Of the remittances collected pursuant to this subsection[~~;~~
18 ~~\$2]~~:

- 19 (1) \$ _____ per day or portion of a day from each lessee
20 shall be deposited into the state treasury to the



1 credit of the state highway fund for statewide use;
2 and
3 (2) \$_____ per day or portion of a day from each lessee
4 ~~[without a valid Hawaii driver's license]~~ shall be
5 deposited into the state treasury to the credit of the
6 respective county subaccount of the state highway
7 fund, established pursuant to section 248-9(c), that
8 corresponds to the county in which the rental motor
9 vehicle was driven under rental or lease ~~[--]~~, for
10 highway road capacity projects in that county."

11 SECTION 3. Section 251-5, Hawaii Revised Statutes, is
12 amended to read as follows:

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



1 ~~Hawaii drivers license]~~ shall be deposited in accordance with
2 section [~~248-9(e)-.~~] 251-2(a)."

3 SECTION 4. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 5. This Act shall take effect on July 1, 2050.



Report Title:

Rental Motor Vehicle Surcharge Tax; Increase; Driver's License

Description:

Amends the amount of the rental motor vehicle surcharge tax. Repeals the additional surcharge tax for lessees who do not possess a valid Hawaii driver's license. Deposits the surcharge tax revenues into the state highway fund, for statewide use, and the county subaccounts in the state highway fund for highway road capacity projects in the county that generated the surcharge tax. (SB162 HD1)

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