

Honolulu, Hawaii

FEB 05 , 2020

RE: H.B. No. 2368
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2368 entitled:

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

begs leave to report as follows:

The purpose of this measure is to designate rental motor vehicle marketplace facilitators as lessors for the purposes of assessing and collecting the rental motor vehicle and tour vehicle surcharge tax.

Your Committee received testimony in support of this measure from the Department of Taxation and Enterprise Holdings. Your Committee received testimony in opposition to this measure from Getaround, Inc.; TechNet; Turo; and Avail. Your Committee received comments on this measure from the Tax Foundation and Tax Foundation of Hawaii.

Your Committee finds that persons who rent out their own vehicles through marketplace facilitators are operating as car rental companies, which are subject to the rental motor vehicle surcharge tax, but may be intentionally or unintentionally bypassing the obligation to pay the surcharge tax.



Your Committee finds that the approach in this measure is similar to that used to facilitate the collection of other taxes, such as the general excise tax, which requires marketplace facilitators to act as intermediaries for tax collection purposes in much the same manner as they act as intermediaries for business purposes.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

While this measure would assist the Department of Taxation in its effort to collect taxes that are due, concerns were raised on whether such modification of the rental motor vehicle and tour vehicle surcharge tax would be the best method of collecting these revenues and whether the rental motor vehicle and tour vehicle surcharge tax is sound public policy. Should your Committee on Finance consider this measure, your Committee requests that the Committee on Finance give consideration to these concerns.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2368, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2368, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



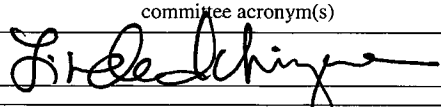
ROY M. TAKUMI, Chair



State of Hawaii
House of Representatives
The THIRTIETH Legislature

HSC1277-20

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB 2368	Committee Referral: GPC, FIN	Date: 1/30/20		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. TAKUMI, Roy M. (C)	✓			
2. ICHIYAMA, Linda (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. BELATTI, Della Au				✓
5. CABANILLA ARAKAWA, Rida	✓			
6. CACHOLA, Romy M.	✓			
7. HAR, Sharon E.	✓			
8. KONG, Sam Satoru		✓		
9. MIZUNO, John M.				✓
10. ONISHI, Richard H.K.	✓			
11. MATSUMOTO, Lauren	JAW			✓
TOTAL (11)	7	1	0	3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 0.8em;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <u></u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				