

STAND. COM. REP. NO.

585

Honolulu, Hawaii

FEB 15 2019

RE: S.B. No. 662
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committees on Commerce, Consumer Protection, and Health and Transportation, to which was referred S.B. No. 662 entitled:

"A BILL FOR AN ACT RELATING TO MOTOR VEHICLES,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Prohibit motor vehicle lessors from renting, leasing, or offering for rent or lease, vehicles subject to a manufacturer's recall, until appropriate repairs are made;
- (2) Define peer-to-peer vehicle sharing related terms; and
- (3) Require persons in the peer-to-peer vehicle sharing organization business to register with the Director of Taxation.

Your Committees received testimony in support of this measure from the Department of Taxation, Department of Commerce and Consumer Affairs, Department of Transportation, Enterprise Holdings, and one individual. Your Committees received testimony in opposition to this measure from Turo Inc. Your Committees received comments on this measure from the Tax Foundation of Hawaii.



Your Committees find that Hawaii's vibrant tourism industry brings many visitors to the islands who rent cars as part of their experience. This measure provides protections for vacationing renters and residents by removing potentially unsafe vehicles from the road, such as those subject to a manufacturer's recall, until the appropriate repairs have been made.

Your Committees further find that the rental car industry has created new and innovative ways to rent a car, including peer-to-peer vehicle sharing programs. Under existing law, there is little regulation of peer-to-peer vehicle sharing programs or organizations. This measure levels the playing field for companies and organizations participating in the rental car industry by subjecting peer-to-peer motor vehicle sharing organizations to the same regulations applied to rental car companies. This measure also ensures that peer-to-peer motor vehicle sharing organizations, and not the individual vehicle owners, bear the responsibility of collecting and remitting taxes from consumers, which will promote efficient tax collection by the Department of Taxation.

Your Committees note that, according to the Department of Commerce and Consumer Affairs, the business model of peer-to-peer motor vehicle sharing organizations differs from that of conventional rental car companies. As such, it may not be suitable to place these organizations within the existing motor vehicle industry chapter.

Your Committees have amended this measure by:

- (1) Establishing a new chapter relating to peer-to-peer motor vehicle sharing organizations, rather than placing these organizations within the existing chapter relating to the rental motor vehicle industry;
- (2) Clarifying that when a vehicle is rented through a peer-to-peer motor vehicle sharing agreement, only the peer-to-peer motor vehicle sharing organization, and not the registered owner of a vehicle involved in peer-to-peer motor vehicle sharing agreements, would be subject to the rental motor vehicle, tour vehicle, and car-sharing vehicle surcharge tax;

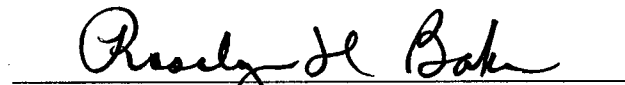


- (3) Changing its effective date to January 1, 2020, to provide the Department of Taxation sufficient time to make necessary changes to its forms and computer system; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Health and Transportation that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 662, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 662, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Commerce,
Consumer Protection, and Health
and Transportation,


LORRAINE R. INOUE, Chair


ROSALYN H. BAKER, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:
SB 662	CPH / TRS, WAM	2/8/19
<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	
BAKER, Rosalyn H. (C)	✓	
CHANG, Stanley (VC)	✓	
KEOHOKALOOLE, Jarrett		✓
NISHIHARA, Clarence K.	✓	
RUDERMAN, Russell E.	✓	
THIELEN, Laura H.	✓	
FEVELLA, Kurt	✓	
TOTAL	6	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy		

*Only one measure per Record of Votes

The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Transportation
TRS

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 662	CPH/TRS, VAM	2/8/19		
<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
INOUE, Lorraine R. (C)	✓			
HARIMOTO, Breene (VC)	✓			
ENGLISH, J. Kalani				✓
SHIMABUKURO, Maile S.L.				✓
FEVELLA, Kurt	✓			
TOTAL	3			2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Breene Harimoto</i>				
Distribution:				
Original	Yellow	Pink	Goldenrod	
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