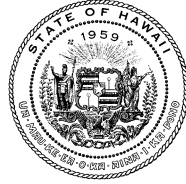


DAVID Y. IGE
GOVERNOR
JOSH GREEN M.D.
LT. GOVERNOR



RONA M. SUZUKI
DIRECTOR OF TAXATION
DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable Henry J.C. Aquino, Chair;
The Honorable Troy N. Hashimoto, Vice Chair;
and Members of the House Committee on Transportation

From: Rona M. Suzuki, Director
Department of Taxation

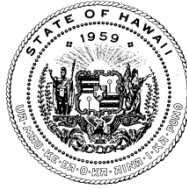
Re: **H.B. 1930, Relating to Taxation**
Date: Friday, February 7, 2020
Time: 10:00 A.M.
Place: Conference Room 423, State Capitol

The Department of Taxation (Department) appreciates the intent of this measure and provides the following comments regarding H.B. 1930.

H.B. 1930 measure increases the amount of the rental motor vehicle surcharge tax from \$5 to \$8 per day and is effective on July 1, 2020.

The Department respectfully requests that the increase in tax be made effective January 1, 2021 to provide sufficient time to make the necessary form and system changes.

Thank you for the opportunity to provide comments.



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A.S. ARAKI-REGAN
DEREK J. CHOW
ROSS M. HIGASHI
EDWIN H. SNIFFEN



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 7, 2020
10:00 A.M.
State Capitol, Room 423

H.B. 1930
RELATING TO TAXATION

House Committee on Transportation

The Department of Transportation (DOT) **supports** this bill which increases the amount of the rental motor vehicle surcharge tax from \$5 to \$8.

The increase in revenues will provide safer infrastructure enhancements for all users including pedestrians, bicyclists, transit users and motorists and would positively impact the department's ability to qualify state matching funds for the highways federal-aid program.

Additionally, the DOT respectfully requests appropriation out of this increased surcharge tax to cover payment of the 5% central services assessment.

From the Airports perspective the DOT offers the following comments to this bill:

Any additional fees to on-airport rental car users may decrease rental car transaction days in which customers may opt for another mode of transportation resulting in a reduction of rental transaction days, thus decreasing Customer Facility Charge (CFC) revenues needed to meet current bond covenants, satisfy existing debt service obligations, retain high bond ratings, and ensure the marketability of the next bond issuance to be utilized to complete the construction of the consolidated rental car facility projects at the Daniel K. Inouye Honolulu International and Kahului Airports. In addition to future rental car projects at other Hawaii airports. It could also impact rental car concession revenues and risk dilution to potential investors in any future CFC backed bond financing.

Thank you for the opportunity to provide testimony.

Michael P. Victorino
Mayor

Sananda K. Baz
Managing Director



OFFICE OF THE MAYOR
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

February 5, 2020

TESTIMONY OF MICHAEL P. VICTORINO
MAYOR
COUNTY OF MAUI

BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION
Friday, February 7, 2020, 10:00 a.m.
Conference Room 423

HB1930 RELATING TO TAXATION

Honorable Henry J.C. Aquino, Chair
Honorable Troy N. Hashimoto, Vice Chair
Honorable Members of the House Committee on Transportation

Thank you for this opportunity to testify in **FULL SUPPORT** of HB1930.

This measure increases the amount of the rental motor vehicle surcharge tax from the current \$5.00 to \$8.00 per day, or portion thereof.

The revenue from this surcharge would provide necessary funds to the counties for critical infrastructure improvements. Maui County leads the neighbor islands in the number of annual visitors, surpassing 3 million visitors in 2019. The funds from this increase in the surcharge would equitably use visitor dollars to help maintain and improve Maui's roads.

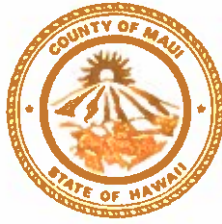
According to the Maui Metropolitan Planning Organization's Hele Mai Maui 2040 Long Range Transportation Plan, a rental vehicle surcharge is one of the most viable funding sources for critical road projects in our county. Vital projects include the completion of the Paia bypass and Honoapiilani Highway realignment. These projects are necessary for both safety and economic vitality given the impacts of sea level rise and increased traffic congestion.

Accordingly, I strongly urge you to pass this measure, HB1930.

MICHAEL P. VICTORINO
Mayor

MARC I. TAKAMORI
Director

MICHAEL B. DU PONT
Deputy Director



**DEPARTMENT OF TRANSPORTATION
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793**

**TELEPHONE: (808) 270-7511
FAX: (808) 270-7505**

February 5, 2020

**TO: The Honorable Representative Henry J.C. Aquino, Chair
The Honorable Representative Troy N. Hashimoto, Vice Chair
The Honorable Members of the Committee on Transportation**

**Hearing Date/Time: Friday, February 7, 2020 10:00AM
Place: Hawaii State Capitol, Conference Room 423
415 South Beretania Street**

FROM: Marc I. Takamori 
Director of Transportation

SUBJECT: Testimony in SUPPORT of HB1930 RELATING TO TAXATION

Dear Chair Aquino, Vice Chair Hashimoto, and Members of the Committee,

The County of Maui, Department of Transportation (MDOT) SUPPORTS HB1930 which increases the amount of the rental motor vehicle surcharge tax from \$5 to \$8.

Our Maui Bus system accommodated over 1.9 million passengers in Fiscal Year 2019. Many of our residents rely on our service to be provided on-time. However, our Maui Bus system is still susceptible to the traffic congestion which causes delays to its schedule. The revenue would be able to fund projects to increase highway capacity and relieve traffic congestion, thereby improving the quality of life for residents and visitors in Hawaii.

Thank you for providing us the opportunity to provide testimony on this matter.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 423
FRIDAY, FEBRUARY 7, 2020 AT 10:00 A.M.**

To The Honorable Henry J.C. Aquino, Chair;
The Honorable Troy N. Hashimoto, Vice Chair; and
Members of the Committee on Transportation;

TESTIMONY IN SUPPORT OF HB1930 RELATING TO TAXATION

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce, with approximately 650 members. I am writing share our support of HB1930.

The Maui Chamber of Commerce supports the bill to increase the amount of the rental motor vehicle surcharge tax from \$5 to \$8 and sets aside revenue from the increased surcharge tax for capacity projects in that county. We realize that increases to visitor expenses can make Hawaii less attractive when competing against other destinations. However, we also realize that visitors use our highways as well. Our transportation infrastructure in Maui County, like the Honoapiilani Highway and Paia Bypass, need significant upgrades and this additional tax will make these upgrades possible.

We appreciate the opportunity to testify on this matter and ask that this bill be passed.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: RENTAL MOTOR VEHICLE SURCHARGE TAX, Tax Hike

BILL NUMBER: HB 1930; SB 2688

INTRODUCED BY: HB by YAMASHITA, DECOITE, HASHIMOTO, MCKELVEY, WOODSON; SB by KEITH-AGARAN, BAKER, Nishihara

EXECUTIVE SUMMARY: Increases the amount of the rental motor vehicle surcharge tax from \$5 to \$8.

SYNOPSIS: Amends section 251-2, HRS, to increase the rental motor vehicle surcharge tax from \$5 to \$8 per day or fraction thereof.

EFFECTIVE DATE: July 1, 2020.

STAFF COMMENTS: The proposed measure would add another tax increase and would perpetuate the earmarking of rental motor vehicle and tour vehicle surcharge tax revenues. (This tax is earmarked for the highway fund.) Yes, our highways and bridges need work, and the fuel tax that now feeds the highway fund has proven to be less stable as more and more consumers start using alternative fuel vehicles, electric vehicles, and hybrids. But does that justify burdening the visitor industry with yet another tax and without going through the normal appropriation and budgeting process that also considers sweltering primary schools, underfunded state pensions, or the unique costs of intercollegiate athletics?

Rather than the continual earmarking of revenues, a direct appropriation of general funds would be preferable. Earmarking revenues from any tax type for a particular purpose decreases transparency and accountability.

Next, it should be remembered that revenues diverted for a special purpose, in this case to fund highways and bridges, will not be counted against the state's spending ceiling or debt limit and will obscure the state's true financial condition.

Digested 2/5/2020



Robert Muhs, Esq.

Vice President Government Affairs,
Corporate Compliance &
Business Ethics

T - 973 496-3532

Robert.muhs@avisbudget.com

Representative Henry Aquino, Chair
Representative Troy Hashimoto, Vice Chair
Committee on Transportation

Friday, February 7, 2020; 10:00 a.m.
Conference Room 423

RE: HB 1930 – Relating to Taxation – In Opposition

Aloha Chair Aquino, Vice Chair Hashimoto and members of the committee:

Avis Budget appreciates this opportunity to offer testimony in opposition to HB 1930, which increases the amount of the rental motor vehicle surcharge tax from \$5.00 to \$8.00.

Only last session, the legislature increased the amount of the rental motor vehicle surcharge tax from \$3.00 to \$5.00. Hawaii rental car customers currently pay the following charges – a rental motor vehicle customer facility charge of \$4.50 per day and a rental motor vehicle surcharge tax of \$5.00 per day which is applied to the state highway fund. The total surcharge amount before GET is among the highest in the country.

There is more competition in the market. Visitors and residents have more transportation options, including Uber and Lyft. While we believe visitors prefer to rent a car if their stay is several days or longer, if this passes, some may opt for other options.

For these reasons, we ask that the committee defer this measure. Thank you.



SanHi

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: February 6, 2020

TO: Representative Henry J.C. Aquino
Chair, Committee on Transportation
Submitted Via Capitol Website

FROM: Matthew Tsujimura

RE: **H.B. 1930 Relating to Taxation**
Hearing Date: Friday, February 7, 2020 at 10:00am
Conference Room: 423

Dear Chair Aquino, Vice Chair Hashimoto, and Members of the Committee on Transportation:

We submit this testimony on behalf of Enterprise Holdings, which includes Enterprise Rent-A-Car, Alamo Rent-A-Car, National Car Rental, Enterprise CarShare and Enterprise RideShare (Van Pool).

Enterprise **opposes** H.B. 1930, which increases the rental motor vehicle surcharge tax from \$5 to \$8.

While Enterprise appreciates the need for additional funding for road projects, we are concerned that increasing the surcharge tax for a second consecutive year will negatively impact the tourism industry. Last session, the Governor signed Act 174 into law which increased the rental motor vehicle surcharge tax from \$3 to \$5 a day. S.B. 2687 proposes to increase the tax another \$3. This would result in the tax nearly tripling in value over the last two years. The bill would also limit the use of any funds generated from this increase to the county in which it is collected.

The existing \$5.00 surcharge tax already goes into the highway fund for the purpose of highway projects, statewide. Enterprise supports the Department of Transportation's numerous capital projects throughout the state that have improved the safety and functionality of Hawaii's highways. However, Enterprise is concerned that H.B. 1930 places too high a burden on the tourism industry.

Thank you for the opportunity to submit testimony on this bill.



**Maui Metropolitan
Planning Organization**

200 South High Street
Wailuku, HI 96793
www.mauiμπο.org

Date: February 6, 2020

To: Honorable Henry J.C. Aquino, Chair
Honorable Troy Hashimoto, Vice Chair
Honorable Members of the House Committee on Transportation

Re: Support for HB1930 Relating to Taxation

Hrg: February 7, 2020 at 10:00am in conference room 423

The Maui MPO Policy Board is in **support of HB1930** to increase the amount of the rental motor vehicle surcharge tax from \$5 to \$8.

In December 2019, we adopted Hele Mai Maui 2040 Long Range Transportation Plan developed from previous plans and public input to create a list of priority projects to help achieve the island's vision for safety, resilience, and affordability. Hele Mai Maui 2040 demonstrated that there is an \$800 million funding gap over the next 20 years needed for transportation improvements. A number of highway projects, including Honoapi'ilani Highway realignment, would be advanced with revenues from an increase to the rental motor vehicle surcharge.

With growing impacts of visitors to Maui's roadways, decision makers are tasked with difficult choices as they work to maintain quality of life for residents. Hele Mai Maui 2040 considered many funding options, and rental vehicle surcharge emerged as one of the most viable sources identified by the MPO.

Please support HB1930 to generate needed funds for transportation improvements.