

STAND. COM. REP. NO.

1423

Honolulu, Hawaii

MAR 25 , 2021

RE: S.B. No. 646  
S.D. 2  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 646, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Increase the Rental Motor Vehicle Surcharge Tax from \$5 per day to \$8 per day for any county having a residential population of more than 125,000 but less than 195,000; and
- (2) Allocate the increase in the Rental Motor Vehicle Surcharge Tax to the applicable county's subaccount within the State Highway Fund.

Your Committee received testimony in support of this measure from the Department of Transportation and Maui Chamber of Commerce. Your Committee received testimony in opposition to this measure from the Castle Hospitality Group, Avis Budget Group, Enterprise Holdings, and Hawai'i Lodging & Tourism Association. Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, and Grassroots Institute of Hawaii.

2021-2742 SB646 HD1 HSCR HMSO



Your Committee finds that traffic congestion is a serious problem that negatively affects the quality of life for residents and visitors in Hawaii. Your Committee further finds that certain counties and their roads are disproportionately impacted by the number of visitors in the State. This measure will provide greater resources to those counties that experience a high number of motor vehicle rentals and will enable those counties to fund projects to increase highway capacity and relieve traffic congestion.

Your Committee has amended this measure by:

- (1) Changing the amount of the Rental Motor Vehicle Surcharge Tax applicable to a county having a residential population of more than 125,000 but less than 195,000 from \$8 to an unspecified amount; and
- (2) Exempting the imposition of the Rental Motor Vehicle Surcharge Tax for persons whose vehicles have been stolen and are unrecovered or will not be repaired due to total loss.

Should your Committee on Finance deliberate on this measure, your Committee respectfully requests that it consider the \$8 a day amount for the Rental Motor Vehicle Surcharge Tax for a county having a residential population of more than 125,000 but less than 195,000.

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 S.B. No. 646, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 646, S.D. 2, 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,



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AARON LING JOHANSON, Chair



