

ACT 226

S.B. NO. 2365

A Bill for an Act Relating to Transportation.

Be It Enacted by the Legislature of the State of Hawaii:

PART I

SECTION 1. The legislature finds that throughout the United States, approximately seventy-five airports have renovated, reconfigured, and relocated rental motor vehicle customer facilities as an appropriate means of efficiently and effectively dealing with increased demands for space. Many of these airports commonly use the collection of a rental motor vehicle customer facility charge to finance the renovation, construction, operation, and maintenance of rental motor vehicle customer facilities, and to pay for associated shuttle bus systems to transport passengers to and from these rental motor vehicle customer facilities, without adversely affecting general airport funds.

The legislature further finds that concessionaires, including rental motor vehicle companies, have historically contributed about fifty per cent or more of Hawaii's airport revenues by way of concession rental payments. These revenues have typically been used to pay for improvements for airlines, as well as some improvements for airport concessions. It is not the intent of the legislature to preclude the use of such revenues for facility improvements and other support for rental motor vehicle concessions at public airports by the passage of this Part.

It is the intent of the legislature to expedite the provision of needed rental motor vehicle customer facilities and related services that can better serve Hawaii's visitors and residents. The development of common facilities and related services has been under discussion for several years between the department of transportation and rental motor vehicle concession operators. However, given statewide airport expenditure plans and the impact of recent airline shutdowns on airport revenues, it is both timely and important to consider other options for development of common facilities and related services at Hawaii's airports.

The lack of such facilities has a detrimental effect on residents and visitors alike. For example, reports by concession operators regarding the shared storage lot for vehicles at the public airport in Kahului, Maui, indicate poor conditions have resulted in flooding and damage to vehicles stored at the lot as a result of heavy rains.

The legislature acknowledges the difficulties in achieving universal consensus on the revenue generating method in this Part. However, legislative decisions must be based on what the members deem to be in the public's best interest. As such, the legislature believes that the provisions of this Part are in keeping with the public's

best interests: to maintain and enhance services to Hawaii residents and visitors, while ensuring revenues necessary to maintain and support ongoing and future improvements to Hawaii's airport system.

The legislature's intent is to provide initial funding in amounts it deems sufficient to enable the department of transportation to accomplish the purpose of this part. In addition, the required reporting provisions will assist the legislature in monitoring expenditures and in determining any changes in future appropriations that are in keeping with the public's best interests and the purposes of this part.

The purpose of this part is to provide the department of transportation with the authority to establish and collect a rental motor vehicle customer facility charge dedicated to the renovation and development of rental motor vehicle customer facilities, including, without limitation:

- (1) Acquisition of property or property rights;
- (2) Acquisition of equipment for and operation of a unified shuttle bus system to and from passenger terminals and rental motor vehicle customer facilities; and
- (3) Design, construction, renovation, operation, and maintenance of the rental motor vehicle customer facilities and related services throughout the public airport system for the State of Hawaii.

SECTION 2. Chapter 261, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§261- Rental motor vehicle customer facility charge special fund. (a)

There is established in the state treasury the rental motor vehicle customer facility charge special fund to be administered by the director, into which shall be deposited all proceeds from the rental motor vehicle customer facility charge.

(b) Moneys in the rental motor vehicle customer facility charge special fund shall be used for enhancement, renovation, operation, and maintenance of existing rental motor vehicle customer facilities and the development of new rental motor vehicle customer facilities and related services at state airports, including:

- (1) Acquisition and maintenance of property or property rights for rental motor vehicle purposes;
- (2) Acquisition of equipment for and operation of a unified shuttle bus system to and from passenger terminals and the rental motor vehicle customer facilities;
- (3) Consultant fees;
- (4) Management, operation, and maintenance fees for rental motor vehicle customer facilities; and
- (5) Conceptual plans, plans, design, construction, operation, and maintenance of, or allocable to, the approved rental motor vehicle customer facilities and related services.

In planning the future needs and expenditures of these moneys, the director, or deputy designated by the director, shall, at least once a year, consult with lessors, as defined in section 437D-3, who are using or who in the future may use the facilities and services. No moneys shall be expended to plan, design, improve, enhance, acquire, or construct rental motor vehicle customer facilities, equipment, or services shared or to be shared by rental motor vehicle concessions at a state airport except as determined by the director; provided that the director shall not approve the expenditure of any moneys except for planning and design purposes to improve or construct rental motor car vehicle customer facilities and related services located at an airport until a concession bid for rental motor vehicle concessions located at the public airport as of July 1, 2008, is first advertised, bid upon, and awarded by the department of transportation.

(c) The rental motor vehicle customer facility charge special fund shall be exempt from sections 36-30 and 103-8.5.”

SECTION 3. Section 36-27, Hawaii Revised Statutes, is amended to read as follows:

“§36-27 **Transfers from special funds for central service expenses.** Except as provided in this section, and notwithstanding any other law to the contrary, from time to time, the director of finance, for the purpose of defraying the prorated estimate of central service expenses of government in relation to all special funds, except the:

- (1) Special out-of-school time instructional program fund under section 302A-1310;
- (2) School cafeteria special funds of the department of education;
- (3) Special funds of the University of Hawaii;
- (4) State educational facilities improvement special fund;
- (5) Convention center enterprise special fund under section 201B-8;
- (6) Special funds established by section 206E-6;
- (7) Housing loan program revenue bond special fund;
- (8) Housing project bond special fund;
- (9) Aloha Tower fund created by section 206J-17;
- (10) Funds of the employees’ retirement system created by section 88-109;
- (11) Unemployment compensation fund established under section 383-121;
- (12) Hawaii hurricane relief fund established under chapter 431P;
- (13) Hawaii health systems corporation special funds and the subaccounts of its regional system boards;
- (14) Tourism special fund established under section 201B-11;
- (15) Universal service fund established under chapter 269;
- (16) Emergency and budget reserve fund under section 328L-3;
- (17) Public schools special fees and charges fund under section 302A-1130(f);
- (18) Sport fish special fund under section 187A-9.5;
- (19) Neurotrauma special fund under section 321H-4;
- (20) Deposit beverage container deposit special fund under section 342G-104;
- (21) Glass advance disposal fee special fund established by section 342G-82;
- (22) Center for nursing special fund under section 304A-2163;
- (23) Passenger facility charge special fund established by section 261-5.5;
- (24) Solicitation of funds for charitable purposes special fund established by section 467B-15;
- (25) Land conservation fund established by section 173A-5;
- (26) Court interpreting services revolving fund under section 607-1.5;
- (27) Trauma system special fund under section 321-22.5;
- (28) Hawaii cancer research special fund;
- (29) Community health centers special fund; ~~and~~
- (30) Emergency medical services special fund; ~~and~~
- (31) Rental motor vehicle customer facility charge special fund established under section 261- ;

shall deduct five per cent of all receipts of all other special funds, which deduction shall be transferred to the general fund of the State and become general realizations of the State. All officers of the State and other persons having power to allocate or disburse any special funds shall cooperate with the director in effecting these transfers. To determine the proper revenue base upon which the central service assess-

ment is to be calculated, the director shall adopt rules pursuant to chapter 91 for the purpose of suspending or limiting the application of the central service assessment of any fund. No later than twenty days prior to the convening of each regular session of the legislature, the director shall report all central service assessments made during the preceding fiscal year.”

SECTION 4. Section 36-30, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

- “(a) Each special fund, except the:
- (1) Transportation use special fund established by section 261D-1;
 - (2) Special out-of-school time instructional program fund under section 302A-1310;
 - (3) School cafeteria special funds of the department of education;
 - (4) Special funds of the University of Hawaii;
 - (5) State educational facilities improvement special fund;
 - (6) Special funds established by section 206E-6;
 - (7) Aloha Tower fund created by section 206J-17;
 - (8) Funds of the employees’ retirement system created by section 88-109;
 - (9) Unemployment compensation fund established under section 383-121;
 - (10) Hawaii hurricane relief fund established under chapter 431P;
 - (11) Convention center enterprise special fund established under section 201B-8;
 - (12) Hawaii health systems corporation special funds and the subaccounts of its regional system boards;
 - (13) Tourism special fund established under section 201B-11;
 - (14) Universal service fund established under chapter 269;
 - (15) Emergency and budget reserve fund under section 328L-3;
 - (16) Public schools special fees and charges fund under section 302A-1130(f);
 - (17) Sport fish special fund under section 187A-9.5;
 - (18) Neurotrauma special fund under section 321H-4;
 - (19) Center for nursing special fund under section 304A-2163;
 - (20) Passenger facility charge special fund established by section 261-5.5;
 - (21) Court interpreting services revolving fund under section 607-1.5;
 - (22) Trauma system special fund under section 321-22.5;
 - (23) Hawaii cancer research special fund;
 - (24) Community health centers special fund; ~~and~~
 - (25) Emergency medical services special fund; and
 - (26) Rental motor vehicle customer facility charge special fund established under section 261-

shall be responsible for its pro rata share of the administrative expenses incurred by the department responsible for the operations supported by the special fund concerned.”

SECTION 5. Section 103-8.5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) There is created a works of art special fund, into which shall be transferred one per cent of all state fund appropriations for capital improvements designated for the construction cost element; provided that this transfer shall apply only to capital improvement appropriations that are designated for the construction or renovation of state buildings. The one per cent transfer requirement shall not apply to appropriations from the passenger facility charge special fund established by section 261-5.5[-] and the rental motor vehicle customer facility charge special fund established under section 261- .”

SECTION 6. Section 261-5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) Except for [that]:

- (1) ~~That~~ portion of the payments received by the department under a contract entered into as authorized by section 261-7 and deposited in the transportation use special fund pursuant to section 261D-1 [~~and except for all~~];
- (2) All proceeds from the passenger facility charge and deposited in the passenger facility charge special fund[~~]; and~~
- (3) All proceeds from the rental motor vehicle customer facility charge and deposited in the rental motor vehicle customer facility charge special fund.

all moneys received by the department from rents, fees, and other charges collected pursuant to this chapter, as well as all aviation fuel taxes paid pursuant to section 243-4(a)(2), shall be paid into the airport revenue fund created by section 248-8.

All moneys paid into the airport revenue fund shall be appropriated, applied, or expended by the department for any purpose within the jurisdiction, powers, duties, and functions of the department related to the statewide system of airports, including, without limitation, the costs of operation, maintenance, and repair of the statewide system of airports and reserves therefor, and acquisitions (including real property and interests therein), constructions, additions, expansions, improvements, renewals, replacements, reconstruction, engineering, investigation, and planning for the statewide system of airports, all or any of which in the judgment of the department are necessary to the performance of its duties or functions. The department shall generate sufficient revenues from its airport properties to meet all of the expenditures of the statewide system of airports and to comply with section 39-61; provided that as long as sufficient revenues are generated to meet such expenditures, the director of transportation may, in the director’s discretion, grant a rebate of the aviation fuel taxes paid into the airport revenue fund during a fiscal year pursuant to sections 243-4(a)(2) and 248-8 to any person who has paid airport use charges or landing fees during such fiscal year. Such rebate may be granted during the next succeeding fiscal year but shall not exceed one-half cent per gallon per person, and shall be computed on the total number of gallons for which the tax was paid by such person, for such fiscal year.”

SECTION 7. Section 261-7, Hawaii Revised Statutes, is amended to read as follows:

“**§261-7 Operation and use privileges.** (a) In operating an airport or air navigation facility owned or controlled by the department of transportation, or in which it has a right or interest, the department may enter into contracts, leases, licenses, and other arrangements with any person:

- (1) Granting the privilege of using or improving the airport or air navigation facility or any portion or facility thereof or space therein for commercial purposes;
- (2) Conferring the privilege of supplying goods, commodities, things, services, or facilities at the airport or air navigation facility;
- (3) Making available services, facilities, goods, commodities, or other things to be furnished by the department or its agents at the airport or air navigation facility; or
- (4) Granting the use and occupancy on a temporary basis by license or otherwise any portion of the land under its jurisdiction which for the time being may not be required by the department so that it may put the area to economic use and thereby derive revenue therefrom.

All the arrangements shall contain a clause that the land may be repossessed by the department when needed for aeronautics purposes upon giving the tenant temporarily occupying the same not less than thirty days' notice in writing of intention to repossess.

(b) Except as otherwise provided in this section, in each case mentioned in subsection (a)(1), (2), (3), and (4), the department may establish the terms and conditions of the contract, lease, license, or other arrangement, and may fix the charges, rentals, or fees for the privileges, services, or things granted, conferred, or made available, for the purpose of meeting the expenditures of the statewide system of airports set forth in section 261-5(a), which includes expenditures for capital improvement projects approved by the legislature. Such charges shall be reasonable and uniform for the same class of privilege, service, or thing.

(c) The department shall enter into a contract with no more than one person ("contractor") for the sale and delivery of in-bond merchandise at Honolulu International Airport, in the manner provided by law. The contract shall confer the right to operate and maintain commercial facilities within the airport for the sale of in-bond merchandise and the right to deliver to the airport in-bond merchandise for sale to departing foreign-bound passengers.

The department shall grant the contract pursuant to the laws of this State and may take into consideration:

- (1) The payment to be made on in-bond merchandise sold at Honolulu International Airport and on in-bond merchandise displayed or sold elsewhere in the [State] state and delivered to the airport;
- (2) The ability of the applicant to comply with all federal and state rules and regulations concerning the sale and delivery of in-bond merchandise; and
- (3) The reputation, experience, and financial capability of the applicant.

The department shall actively supervise the operation of the contractor to ~~insure~~ ensure its effectiveness. The department shall develop and implement such guidelines as it may find necessary and proper to actively supervise the operations of the contractor, and shall include guidelines relating to the department's review of the reasonableness of contractor's price schedules, quality of merchandise, merchandise assortment, operations, and service to customers.

Apart from the contract described in this subsection, the department shall confer no right upon nor suffer nor allow any person to offer to sell, sell, or deliver in-bond merchandise at Honolulu International Airport; provided that this section shall not prohibit the delivery of in-bond merchandise as cargo to the Honolulu International Airport.

(d) The department, by contract, lease, or other arrangement, upon a consideration fixed by it, may grant to any qualified person the privilege of operating, as agent of the State or otherwise, any airport owned or controlled by the department; provided that no such person shall be granted any authority to operate the airport other than as a public airport or to enter into any contracts, leases, or other arrangements in connection with the operation of the airport which the department might not have undertaken under subsection (a).

(e) The department may fix and regulate, from time to time, reasonable landing fees for aircraft, including the imposition of landing surcharges or differential landing fees, and other reasonable charges for the use and enjoyment of the airports and the services and facilities furnished by the department in connection therewith, including the establishment of a statewide system of airports landing fees, a statewide system of airports support charges, and joint use charges for the use of space shared by users, which fees and charges may vary among different classes of users such as foreign carriers, domestic carriers, inter-island carriers, air taxi operators, helicopters, and such other classes as may be determined by the director, for the

purpose of meeting the expenditures of the statewide system of airports set forth in section 261-5(a), which includes expenditures for capital improvement projects approved by the legislature.

In setting airports rates and charges, including landing fees, the director may enter into contracts, leases, licenses, and other agreements with aeronautical users of the statewide system of airports containing such terms, conditions, and provisions as the director deems advisable.

If the director has not entered into contracts, leases, licenses, and other agreements with any or fewer than all of the aeronautical users of the statewide system of airports prior to the expiration of an existing contract, lease, license, or agreement, the director shall set and impose rates, rentals, fees, and charges pursuant to this subsection without regard to the requirements of chapter 91; provided that a public informational hearing shall be held on the rates, rentals, fees, and charges.

The director shall develop rates, rentals, fees, and charges in accordance with a residual methodology so that the statewide system of airports shall be, and always remain, self-sustaining. The rates, rentals, fees, and charges shall be set at such levels as to produce revenues which, together with aviation fuel taxes, shall be at least sufficient to meet the expenditures of the statewide system of airports set forth in section 261-5(a), including expenditures for capital improvement projects approved by the legislature, and to comply with covenants and agreements with holders of airport revenue bonds.

The director may develop and formulate methodology in setting the various rates, rentals, fees, and charges imposed and may determine usage of space, estimate landed weights, and apply such portion of nonaeronautical revenue deemed appropriate in determining the rates, rentals, fees, and charges applicable to aeronautical users of the statewide system of airports.

The rates, rentals, fees, and charges determined by the director in the manner set forth in this subsection shall be those charges payable by the aeronautical users for the periods immediately following the date of expiration of the existing contract, lease, license, or agreement. If fees are established pursuant to this section, the department shall prepare a detailed report on the circumstances and rates and charges that have been established, and shall submit the report to the legislature no later than twenty days prior to the convening of the next regular session.

If a schedule of rates, rentals, fees, and charges developed by the director in accordance with this section is projected by the department to produce revenues which, together with aviation fuel taxes, will be in excess of the amount required to meet the expenditures of the statewide system of airports set forth in section 261-5(a), including expenditures for capital improvement projects approved by the legislature, and to comply with covenants and agreements with holders of airport revenue bonds, the department shall submit the schedule of rates, rentals, fees, and charges to the legislature prior to the convening of the next regular session of the legislature. Within forty-five days after the convening of the regular session, the legislature may disapprove any schedule of rates, rentals, fees, and charges required to be submitted to it by this section by concurrent resolution. If no action is taken by the legislature within the forty-five-day period the schedule of rates, rentals, fees, and charges shall be deemed approved. If the legislature disapproves the schedule within the forty-five-day period, the director shall develop a new schedule of rates, rentals, fees, and charges in accordance with this section within seventy-five days of the disapproval. Pending the development of a new schedule of rates, rentals, fees, and charges, the schedule submitted to the legislature shall remain in force and effect.

Notwithstanding any other provision of law to the contrary, the department may waive landing fees and other aircraft charges established under this section at any airport owned or controlled by the State whenever:

- (1) The governor declares a state of emergency; and

(2) The department determines that the waiver of landing fees and other charges for the aircraft is consistent with assisting in the delivery of humanitarian relief to disaster-stricken areas of the [State-] state.

(f) To enforce the payment of any charges for repairs or improvements to, or storage or care of any personal property made or furnished by the department or its agent in connection with the operation of an airport or air navigation facility owned or operated by the department, the department shall have liens on the property, which shall be enforceable by it as provided by sections 507-18 to 507-22.

(g) The department from time to time may establish developmental rates for buildings and land areas used exclusively for general aviation activities at rates not less than fifty per cent of the fair market rentals of the buildings and land areas and may restrict the extent of buildings and land areas to be ~~utilized.~~ used.

(h) Notwithstanding any laws to the contrary, the department may establish, levy, assess, and collect rental motor vehicle customer facility charges, which shall be paid to the department periodically as determined by the department. These charges shall be used to pay for, or finance on a long-term basis where appropriate, the design, planning, construction, and other uses of the rental motor vehicle customer facility charges as set forth by the rental motor vehicle customer facility charge special fund in section 261- .

The rental motor vehicle customer facility charges shall be levied, assessed, and collected from all rental motor vehicle customers who benefit from the use of any type of rental motor vehicle facility or service provided by the department at a state airport.

All rental motor vehicle customer facility charges shall be collected by lessors as defined in section 437D-3 and who operate a car rental concession awarded by the department at a state airport; provided that customers of lessors, as defined in section 437D-3, who do not operate a car rental concession at a state airport but whose customers benefit from the use of a car rental facility or service at a state airport paid for by rental motor vehicle customer facility charges, shall collect from such car rental customers, rental motor vehicle customer facility charges in an amount determined by the department that represents a fair share of the cost and ongoing expenses relating to customer use of such a facility or service. All rental motor vehicle customer facility charges collected by such lessor shall be paid to the department.

Notwithstanding any law to the contrary, the department may contract the management, maintenance, and operations of the facility and related services with airport concessions or their designee that share in the use of a rental motor vehicle customer facility at a state airport."

SECTION 8. Section 437D-8.4, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) Notwithstanding any law to the contrary, a lessor may visibly pass on to a lessee:

- (1) The general excise tax attributable to the transaction;
- (2) The vehicle license and registration fee and weight taxes, prorated at 1/365th of the annual vehicle license and registration fee and weight taxes actually paid on the particular vehicle being rented for each full or partial ~~twenty-four hour~~ twenty-four-hour rental day that the vehicle is rented; provided the total of all vehicle license and registration fees charged to all lessees shall not exceed the annual vehicle license and registration fee actually paid for the particular vehicle rented;
- (3) The rental motor vehicle surcharge tax as provided in section 251-2 attributable to the transaction;
- (4) The county surcharge on state tax under section 46-16.8; provided that the lessor itemizes the tax for the lessee; and

- (5) The rents or fees paid to the department of transportation under concession contracts[;] negotiated pursuant to chapter 102, [e] service permits[;] granted pursuant to title 19, Hawaii Administrative Rules, or rental motor vehicle customer facility charges established pursuant to section 261-7; provided that:
- (A) The rents or fees are limited to amounts that can be attributed to the proceeds of the particular transaction;
 - (B) The rents or fees shall not exceed the lessor’s net payments to the department of transportation made under concession contract or service permit;
 - (C) The lessor submits to the department of transportation and the department of commerce and consumer affairs a statement, verified by a certified public accountant as correct, that reports the amounts of the rents or fees paid to the department of transportation pursuant to the applicable concession contract or service permit:
 - (i) For all airport locations; and
 - (ii) For each airport location;
 - (D) The lessor submits to the department of transportation and the department of commerce and consumer affairs a statement, verified by a certified public accountant as correct, that reports the amounts charged to lessees:
 - (i) For all airport locations;
 - (ii) For each airport location; and
 - (iii) For each lessee;
 - (E) The lessor includes in these reports the methodology used to determine the amount of fees charged to each lessee; and
 - (F) The lessor submits the above information to the department of transportation and the department of commerce and consumer affairs within three months of the end of the preceding annual accounting period or contract year as determined by the applicable concession agreement or service permit.

The respective departments, in their sole discretion, may extend the time to submit the statement required in this subsection. If the director determines that an examination of the lessor’s information is inappropriate under this subsection and the lessor fails to correct the matter within ninety days, the director may conduct an examination and charge a lessor an examination fee based upon the cost per hour per examiner for evaluating, investigating, and verifying compliance with this subsection, as well as additional amounts for travel, per diem, mileage, and other reasonable expenses incurred in connection with the examination, which shall relate solely to the requirements of this subsection, and which shall be billed by the departments as soon as feasible after the close of the examination. The cost per hour shall be \$40 or as may be established by rules adopted by the director. The lessor shall pay the amounts billed within thirty days following the billing. All moneys collected by the director shall be credited to the compliance resolution fund.”

SECTION 9. Notwithstanding section 7 of this Act, the department of transportation, as of September 1, 2008, shall levy, assess, and collect a rental motor vehicle customer facility charge of \$1 per day, or any portion of a day that a rental motor vehicle is rented or leased, by a rental motor vehicle concession where customers pick up and return rental vehicles to a facility at a state airport as determined by the director. Moneys shall continue to be collected only until such time that the sum of

\$25,000,000 is collected and deposited into the rental motor vehicle customer facility charge special fund. The provisions of this section shall not impair, limit, or restrict the department of transportation from levying, assessing, establishing, and collecting rental motor vehicle customer facility charges as set forth in section 7 of this Act.

SECTION 10. There is appropriated out of the rental motor vehicle customer facility charge special fund established by section 261- , Hawaii Revised Statutes, the sum of \$10,000,000 or so much thereof as may be necessary for fiscal year 2008-2009 for the:

- (1) Planning, conceptual design, and design of rental motor vehicle customer facilities at state airports and related services; and
- (2) Planning, conceptual design, design, and improvement, pavement, lighting, construction, and fencing to an existing ground-level storage area shared by rental motor vehicle concessions at the state airport located in Kahului, Maui.

The sum appropriated shall be expended by the department of transportation for the purposes of this Act.

SECTION 11. The department of transportation shall submit at least annual reports to the legislature relating to its activities for the purposes of this Act. The reports shall provide information and documents including, but not limited to:

- (1) A timeline for any expenditures and a description of any projects relating to the expenditures;
- (2) A timeline for the commencement date and completion date for any project;
- (3) A description with an appropriate plan or drawing identifying the location of any project;
- (4) Cost estimates for each project, including but not limited to planning, design, purchase, and construction costs and a timeline for the expenditures; and
- (5) The priority ranking for each project with commencement and completion dates.

The annual report shall be submitted to the legislature no later than twenty days prior to the convening of the regular session of the legislature, beginning with the regular session of 2009, and continuing through the regular session of 2018.

PART II

SECTION 12. The purpose of this part is to:

- (1) Extend until August 31, 2011, the \$3 a day rate of the rental motor vehicle surcharge tax; and
- (2) Require the department of transportation to report additional revenue-generating initiatives to the legislature.

SECTION 13. Section 251-2, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) There is levied and shall be assessed and collected each month a rental motor vehicle surcharge tax of \$2 a day, except that for the period of September 1, 1999, to August 31, [~~2008;~~] 2011, the tax shall be \$3 a day, or any portion of a day that a rental motor vehicle is rented or leased. The rental motor vehicle surcharge tax shall be levied upon the lessor; provided that the tax shall not be levied on the lessor if:

- (1) The lessor is renting the vehicle to replace a vehicle of the lessee that is being repaired; and

- (2) A record of the repair order for the vehicle is retained either by the lessor for two years for verification purposes or by a motor vehicle repair dealer for two years as provided in section 437B-16.”

SECTION 14. The department of transportation shall provide recommendations to the legislature for additional revenue-generating initiatives that will replenish the state highway fund, created by section 248-8, Hawaii Revised Statutes, no later than twenty days prior to the convening of the regular session of 2009.

SECTION 15. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.¹

SECTION 16. This Act shall take effect on July 1, 2008.

(Became law on July 8, 2008, without the Governor’s signature, pursuant to Art. III, §16, State Constitution.)

Note

1. Edited pursuant to HRS §23G-16.5.