

EXECUTIVE CHAMBERS

HONOLULU

June 18, 2001

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 271

Honorable Members  
Twenty-First Legislature  
State of Hawaii

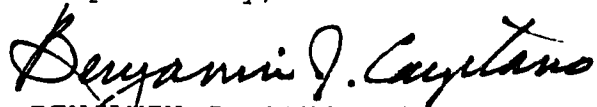
Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 271, entitled "A Bill for an Act Relating to Motor Vehicle Rental Industry."

The purpose of this bill is to allow car rental companies to take the sale of collision damage waivers (CDW) into consideration when compensating their employees.

This bill is objectionable because it would overturn an important consumer protection law and would create interpretation and enforcement problems. Currently, the law prohibits any commissions arising from sales of CDW. This ban has been very effective in reducing hard sales or scare tactics to pressure renters into buying CDW. Because many of those who rent cars are tourists, it is likely that the problems associated with sales of CDW are underreported and more tourists than we know of are still being subjected to aggressive sales practices. By allowing employers to consider sales of CDW in calculating compensation, this bill would encourage these aggressive sales tactics. Moreover, this bill would create enforcement problems because it continues the prohibition on "direct" commissions but allows "indirect" commissions on CDW sales without defining what is permitted and what is not.

For the foregoing reasons, I am returning House Bill No. 271 without my approval.

Respectfully,

  
BENJAMIN J. CAYETANO  
Governor of Hawaii