

JAN 20 2011

A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE RENTAL.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that lessors of motor
2 vehicles are often unable to recover the full amount of vehicle
3 licensing fees for rental cars under the formula required under
4 current law. Presently, the law only allows for recovery of
5 vehicle licensing fees through a daily apportionment based on a
6 three-hundred-sixty-five-day year. No vehicle is leased every
7 day of the year; therefore lessors are not able to recover the
8 total annual amount of licensing fees on any vehicle.

9 The purpose of this Act is to establish an equitable means
10 for a motor vehicle lessor to recover the total annual licensing
11 fees paid for each vehicle owned and leased by the lessor.

12 SECTION 2. Section 437D-8.4, Hawaii Revised Statutes, is
13 amended by amending subsection (a) to read as follows:

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

16 (1) The general excise tax attributable to the
17 transaction;



1 (2) The vehicle license and registration fee and weight
2 taxes [~~prorated~~] calculated either:

3 (A) By prorating the annual license and registration
4 fees and weight taxes at 1/365th of the annual
5 ~~[vehicle license and registration fee and weight~~
6 ~~taxes]~~ amount actually paid on the particular
7 vehicle being rented [~~for~~] and adding the
8 prorated amount to each full or partial twenty-
9 four-hour rental day that the vehicle is rented;
10 provided the total of all vehicle license and
11 registration fees and weight taxes charged to all
12 lessees of a single vehicle shall not exceed the
13 annual vehicle license and registration fee and
14 weight taxes actually paid for the particular
15 vehicle rented; or

16 (B) For lessors whose primary business is renting
17 motor vehicles to consumers under contracts for a
18 period of ninety days or less, by calculating a
19 good-faith estimate of the daily rate required by
20 the lessor to recover the actual total cost of
21 annual licensing, registration, and inspection
22 fees and weight taxes and adding that amount to



1 each full or partial twenty-four hour day that
2 the vehicle is rented; provided that if the total
3 amount collected under this subparagraph for a
4 single vehicle in a calendar year exceeds the
5 actual cost of licensing, registration, and
6 inspection fees and weight taxes for that
7 vehicle, the lessor shall retain the excess
8 amount and adjust the estimated daily rate for
9 the following year accordingly; provided further
10 that a lessor subject to this subparagraph may
11 adjust daily rates at any time during the
12 calendar year;

13 (3) The rental motor vehicle surcharge tax as provided in
14 section 251-2 attributable to the transaction;

15 (4) The county surcharge on state tax under section
16 46-16.8; provided that the lessor itemizes the tax for
17 the lessee; and

18 (5) The rents or fees paid to the department of
19 transportation under concession contracts negotiated
20 pursuant to chapter 102, service permits granted
21 pursuant to title 19, Hawaii Administrative Rules, or



1 rental motor vehicle customer facility charges
2 established pursuant to section 261-7; provided that:
3 (A) The rents or fees are limited to amounts that can
4 be attributed to the proceeds of the particular
5 transaction;
6 (B) The rents or fees shall not exceed the lessor's
7 net payments to the department of transportation
8 [made] under concession contract or service
9 permit;
10 (C) The lessor submits to the department of
11 transportation and the department of commerce and
12 consumer affairs a statement, verified by a
13 certified public accountant as correct, that
14 reports the amounts of the rents or fees paid to
15 the department of transportation pursuant to the
16 applicable concession contract or service permit:
17 (i) For all airport locations; and
18 (ii) For each airport location;
19 (D) The lessor submits to the department of
20 transportation and the department of commerce and
21 consumer affairs a statement, verified by a



- 1 certified public accountant as correct, that
- 2 reports the amounts charged to lessees:
- 3 (i) For all airport locations;
- 4 (ii) For each airport location; and
- 5 (iii) For each lessee;
- 6 (E) The lessor includes in [~~these reports~~] the
- 7 statements required by subparagraphs (C) and (D)
- 8 the methodology used to determine the amount of
- 9 fees charged to each lessee; and
- 10 (F) The lessor submits the [~~above~~] information
- 11 required by subparagraphs (C) and (D) to the
- 12 department of transportation and the department
- 13 of commerce and consumer affairs within three
- 14 months of the end of the preceding annual
- 15 accounting period or contract year as determined
- 16 by the applicable concession agreement or service
- 17 permit.

18 The respective departments, in their sole discretion,
19 may extend the time to submit the [statement]
20 statements required [~~in this subsection.~~] by
21 subparagraphs (C) and (D). If the director determines
22 that [~~an examination of the lessor's information is~~

1 ~~inappropriate]~~ the information submitted by a lessor
2 under this subsection is incorrect and the lessor
3 fails to correct the matter within ninety days, the
4 director may conduct an examination and charge a
5 lessor an examination fee based upon the cost per hour
6 per examiner for evaluating, investigating, and
7 verifying compliance with this subsection, as well as
8 additional amounts for travel, per diem, mileage, and
9 other reasonable expenses incurred in connection with
10 the examination, which shall relate solely to the
11 requirements of this subsection, and which shall be
12 billed by the departments as soon as feasible after
13 the close of the examination. The cost per hour shall
14 be \$40 or as may otherwise be established by rules
15 adopted by the director. The lessor shall pay the
16 amounts billed within thirty days following the
17 billing. All moneys collected by the director shall
18 be credited to the compliance resolution fund."

19 SECTION 3. This Act does not affect rights and duties that
20 matured, penalties that were incurred, and proceedings that were
21 begun before its effective date.



S.B. NO. 29

1 SECTION 4. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect on July 1, 2011.

4

INTRODUCED BY: *Ronald H. Cook*



Report Title:

Motor Vehicle Rentals

Description:

Allows certain lessors whose primary business is to rent motor vehicles to calculate the licensing, registration, and inspection fees and weight taxes passed on to consumers based on a good-faith estimate of actual cost.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

