

STAND. COM. REP. NO.

1101

Honolulu, Hawaii

MAR 24 2017

RE: H.B. No. 735  
H.D. 2  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committees on Transportation and Energy and Commerce, Consumer Protection, and Health, to which was referred H.B. No. 735, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO MOTOR VEHICLE RENTAL INDUSTRY,"

beg leave to report as follows:

The purpose and intent of this measure is to allow rental car companies to collect from customers mandated government fees and amend the formula upon which those fees are assessed.

Your Committees received testimony in support of this measure from the Department of Transportation, Chamber of Commerce Hawaii, Hawai'i Lodging & Tourism Association, Hertz Global, Hilton Hawaii, Avis Budget Group, American Car Rental Association, Maui Hotel and Lodging Association, Avis Budget Group, Enterprise Holdings in Hawaii, and one individual. Your Committees received testimony in opposition to this measure from the Office of Consumer Protection of the Department of Commerce and Consumer Affairs. Your Committees received comments on this measure from the Department of Business, Economic Development, and Tourism.

Your Committees find that while the rental car industry is vitally important to Hawaii, rental car customers, who are predominantly tourists, should be made fully aware of all of the



mandatory government taxes that are assessed on each rental car. According to testimony, thirty-eight states currently permit rental car companies to fully recover all government fees assessed on rental cars.

Your Committees further finds that existing law permits rental car companies to recover from rental car customers certain mandatory government fees paid by the companies to make rental vehicles road-ready. However, the prorated formula is calculated over a period of three hundred sixty-five days, which results in a significant portion of the fees going unrecovered. Rental car companies incur a shortfall in collections under existing law, which hinders their ability to provide a selection of rental cars to customers.

Your Committees recognize the concerns of several testifiers that the reporting requirements in this measure as currently drafted are overly broad. In addition, your Committees note concerns that the one-year sunset date may be too short of a time frame for the Department of Business, Economic Development, and Tourism to determine the impact of this measure.

Your Committees note that the Senate previously passed S.B. No. 657, S.D. 2 (Regular Session 2017), a substantially similar measure, which your Committees believe addresses several of the concerns raised.

Accordingly, your Committees have amended this measure by deleting its contents and inserting the contents of S.B. No. 657, S.D. 2, a substantially similar measure, which:

- (1) Amends the prorated amount, at an unspecified rate, of vehicle license and registration and weight taxes that rental car companies may pass on to lessees;
- (2) Requires the motor vehicle rental industry to report to the Legislature prior to the convening of the Regular Session of 2019 on the impact to average vehicle license recovery fee charged to each customer on each motor vehicle rental, the profit margin of each motor vehicle rental, and the actual time in service of each motor vehicle rental;



- (3) Defines "vehicle license recovery fee" for purposes of the report;
- (4) Inserts an effective date of March 1, 2050, to encourage further discussion; and
- (5) Makes technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Transportation and Energy and Commerce, Consumer Protection, and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 735, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 735, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committees on Transportation  
and Energy and Commerce,  
Consumer Protection, and  
Health,

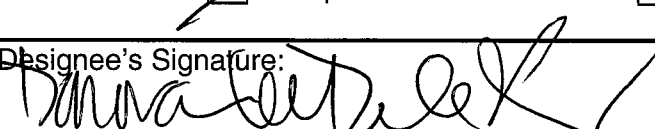
  
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ROSALYN H. BAKER, Chair

  
\_\_\_\_\_  
LORRAINE R. INOUE, Chair



The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

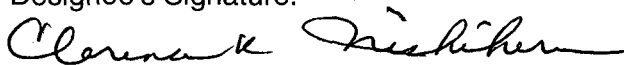
**Record of Votes**  
**Committee on Transportation and Energy**  
**TRE**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 735, HD2	TRE/CPH, WAM	3/22/17		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)	Nay	Excused
INOUYE, Lorraine R. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
ENGLISH, J. Kalani				/
HARIMOTO, Breene				/
SHIMABUKURO, Maile S.L.	/			
<b>TOTAL</b>	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original      Yellow      Pink      Goldenrod File with Committee Report      Clerk's Office      Drafting Agency      Committee File Copy				

\*Only one measure per Record of Votes

The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce, Consumer Protection, and Health**  
**CPH**

Bill / Resolution No.:* <b>HB 735 HD2</b>	Committee Referral: <b>TRE (CPH), WAM</b>	Date: <b>3/22/17</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
NISHIHARA, Clarence K. (VC)	/			
CHANG, Stanley	/			
ESPERO, Will	/			
IHARA, Jr., Les	/			
KIDANI, Michelle N.	/			
RUDERMAN, Russell E.	/			
<b>TOTAL</b>	<b>7</b>			<b>0</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:      Original                      Yellow                      Pink                      Goldenrod File with Committee Report      Clerk's Office      Drafting Agency      Committee File Copy				

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