



EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

**GOV. MSG. NO. 1324**

July 12, 2018

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Twenty-Ninth State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,  
Speaker and Members of the  
House of Representatives  
Twenty-Ninth State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

Re: HB2601 HD1 SD2 CD2

HB2601 HD1 SD2 CD2, entitled "A BILL FOR AN ACT RELATING TO TRANSPORTATION" will become law without my signature, pursuant to Section 16 of Article III of the State Constitution.

This bill will assess an additional fee of \$2 per day upon vehicle renters who do not possess a Hawai'i driver's license.

Tourism is Hawai'i's largest economy and we need to be extremely careful when we increase the overall cost when visiting our islands. Nevertheless, the State's highway fund revenues are declining due to increased fuel efficiency and electric vehicles. Although we encourage the greening of the transportation industry, the Department of Transportation needs to find new ways to replenish the highway fund and respond to residents' concerns regarding the condition of the State's roadways.

Over the last few sessions, my administration's legislative package has included numerous bills to increase these revenues, but none have come to fruition. Although this measure could affect our tourism industry, this is a start as we look toward continued discussions to increase the revenues for the State's highway fund.



EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

For the foregoing reasons, HB2601 HD1 SD2 CD2 will become law as ACT 215, Session Laws of Hawai'i 2018, effective July 10, 2018, without my signature.

Sincerely,

A handwritten signature in black ink that reads "David Y. Ige".

DAVID Y. IGE  
Governor, State of Hawai'i

Permitted to become law without the  
Governor's signature JUL 10 2018

ORIGINAL  
ACT 215

HOUSE OF REPRESENTATIVES  
TWENTY-NINTH LEGISLATURE, 2018  
STATE OF HAWAII

H.B. NO. 2601  
H.D. 1  
S.D. 2  
C.D. 2

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# A BILL FOR AN ACT

RELATING TO TRANSPORTATION.

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

1 SECTION 1. The legislature finds that traffic congestion  
2 is a serious problem that negatively affects the quality of life  
3 for residents and visitors in Hawaii. Congestion on the State's  
4 roadways continues to increase, forcing people to spend more  
5 time sitting in vehicles and less time being productive at work  
6 or with families and friends.

7 The legislature also finds that visitors make up a large  
8 proportion of public highway users.

9 The legislature believes that it is prudent to target this  
10 group of highway users to raise revenue for capital improvements  
11 to Hawaii's highways, which will relieve congestion and improve  
12 the quality of life for both residents and visitors.

13 The purpose of this Act is to use additional fees from the  
14 rental of motor vehicles to fund projects to increase highway  
15 capacity and relieve traffic congestion.

16 Specifically, this Act:

- 17 (1) Increases the rental motor vehicle surcharge tax for  
18 lessees without a valid Hawaii driver's license by \$2



1 for each day, or portion of a day, that a rental motor  
2 vehicle is rented;

3 (2) Requires that the revenues from the increase in motor  
4 vehicle surcharge tax be expended for state highway  
5 road capacity projects in the county in which the  
6 rental motor vehicle was operated under the rental or  
7 lease agreement; and

8 (3) Increases the tour vehicle surcharge tax by \$1 for  
9 each category of tour vehicle.

10 SECTION 2. Section 248-9, Hawaii Revised Statutes, is  
11 amended to read as follows:

12 "§248-9 State highway fund. (a) Moneys in the state  
13 highway fund may be expended for the following purposes:

14 (1) To pay the costs of operation, maintenance, and repair  
15 of the state highway system, including without  
16 limitation, the cost of equipment and general  
17 administrative overhead;

18 (2) To pay the costs of acquisition (including real  
19 property and interests therein), planning, designing,  
20 construction, and reconstruction of the state highway  
21 system and bikeways, including, without limitation,



1 the cost of equipment and general administrative  
2 overhead;

3 (3) To reimburse the general fund for interest on and  
4 principal of general obligation bonds issued to  
5 finance highway projects where the bonds are  
6 designated to be reimbursable out of the state highway  
7 fund; and

8 (4) To pay the costs of construction, maintenance, and  
9 repair of county roads; provided that none of the  
10 funds expended on a county road or program shall be  
11 federal funds when such expenditure would cause a  
12 violation of federal law or a federal grant agreement.

13 (b) At any time, the director of transportation may  
14 transfer from the state highway fund all or any portion of  
15 available moneys determined by the director of transportation to  
16 exceed one hundred thirty-five per cent of the requirements for  
17 the ensuing twelve months for the state highway fund as  
18 permitted by and in accordance with section 37-53. For purposes  
19 of the determination, the director of transportation shall take  
20 into consideration:



- 1 (1) The amount of federal funds and bond funds on deposit
- 2 in, and budgeted to be expended from, the state
- 3 highway fund during the period;
- 4 (2) Amounts on deposit in the state highway fund that are
- 5 encumbered or otherwise obligated;
- 6 (3) Budgeted amounts payable from the state highway fund
- 7 during the period;
- 8 (4) Revenues anticipated to be received by and
- 9 expenditures to be made from the state highway fund
- 10 during the period based on existing agreements and
- 11 other information for the ensuing twelve months; and
- 12 (5) Any other factors as the director of transportation
- 13 shall deem appropriate.

14 (c) The department of transportation shall establish

15 county subaccounts within the state highway fund.

16 Notwithstanding subsections (a) and (b), funds in each county

17 subaccount shall be expended for state highway road capacity

18 projects in the respective county.

19 For purposes of this subsection, "state highway road

20 capacity project" means construction:

- 21 (1) Of a new road;



- 1       (2) To widen or add additional lanes to an existing road;
- 2           or
- 3       (3) That increases the number of vehicles that may be
- 4           driven on an island and alleviates the level of
- 5           traffic congestion on existing roads of that island,
- 6 and any planning, design, or right-of-way acquisition related to
- 7 the construction."

8           SECTION 3. Section 251-2, Hawaii Revised Statutes, is  
9 amended to read as follows:

10       "§251-2 Rental motor vehicle and tour vehicle surcharge  
11 tax. (a) There is levied and shall be assessed and collected  
12 each month a rental motor vehicle surcharge tax of [~~\$7.50 a day,~~  
13 ~~except that after June 30, 2012, the tax shall be~~] \$3 a day, or  
14 any portion of a day that a rental motor vehicle is rented or  
15 leased[-]; provided that lessees without a valid Hawaii driver's  
16 license shall be assessed an additional \$2 a day, or any portion  
17 of a day that a rental motor vehicle is rented or leased. The  
18 rental motor vehicle surcharge tax shall be levied upon the  
19 lessor; provided that the tax shall not be levied on the lessor  
20 if:



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

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

7 In addition to the requirements imposed by section 251-4, a  
8 lessor shall disclose, to the department, the portion of the  
9 remittance attributed to the county in which the motor vehicle  
10 was operated under rental or lease.

11 Of the remittances collected pursuant to this subsection,  
12 \$2 per day or portion of a day from each lessee without a valid  
13 Hawaii driver's license shall be deposited into the state  
14 treasury to the credit of the respective county subaccount of  
15 the state highway fund, established pursuant to section 248-  
16 9(c), that corresponds to the county in which the rental motor  
17 vehicle was driven under rental or lease.

18 (b) There is levied and shall be assessed and collected  
19 each month a tour vehicle surcharge tax of:





1 (1) [~~\$65~~] \$66 for each tour vehicle used or partially used  
2 during the month that falls into the over twenty-five  
3 passenger seat category; and

4 (2) [~~\$15~~] \$16 for each tour vehicle used or partially used  
5 during the month that falls into the eight to twenty-  
6 five passenger seat category.

7 The tour vehicle surcharge tax shall be levied upon the  
8 tour vehicle operator."

9 SECTION 4. Section 251-5, Hawaii Revised Statutes, is  
10 amended to read as follows:

11 "§251-5 Remittances. All remittances of surcharge taxes  
12 imposed under this chapter shall be made by cash, bank draft,  
13 cashier's check, money order, or certificate of deposit to the  
14 office of the taxation district to which the return was  
15 transmitted. The department shall deposit the moneys into the  
16 state treasury to the credit of the state highway fund[-];  
17 provided that user fee revenues that are levied, assessed, and  
18 collected pursuant to section 251-2(a) from lessees without a  
19 valid Hawaii drivers license shall be deposited in accordance  
20 with section 248-9(c)."





HB No. 2601, HD 1, SD 2, CD 2

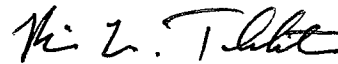
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 3, 2018  
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Twenty-Ninth Legislature of the State of Hawaii, Regular Session of 2018.



Scott K. Saiki  
Speaker  
House of Representatives



Brian L. Takeshita  
Chief Clerk  
House of Representatives

H.B. No. 2601, H.D. 1, S.D. 2, C.D. 2


**THE SENATE OF THE STATE OF HAWAI'I**

Date: May 3, 2018  
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the  
Senate of the Twenty-ninth Legislature of the State of Hawai'i, Regular Session of 2018.



President of the Senate



Clerk of the Senate