



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.



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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,

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

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)."



1 SECTION 5. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.
3 SECTION 6. This Act shall take effect on January 1, 2019.

APPROVED this day of , 2018

GOVERNOR OF THE STATE OF HAWAII



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

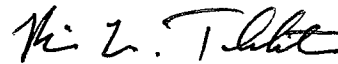
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

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