July 1, 2019  
GOV. MSG. NO. 1276

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Thirtieth State Legislature  
State Capitol, Room 409  
Honolulu, Hawai‘i 96813

The Honorable Scott K. Saiki,  
Speaker and Members of the  
House of Representatives  
Thirtieth State Legislature  
State Capitol, Room 431  
Honolulu, Hawai‘i 96813

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

This is to inform you that on July 1, 2019, the following bill was signed into law:

SB162 SD2 HD3 CD1  
RELATING TO TAXATION.  
ACT 174 (19)

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai‘i
A BILL FOR AN ACT

RELATING TO TAXATION.

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

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

The legislature further finds that rental vehicle lessees make up a large proportion of public highway users. Existing law exempts those lessees that have a valid Hawaii driver's license from paying an additional fee of the rental motor vehicle surcharge tax.

The legislature believes that it is reasonable to repeal the exemptions in order to raise revenue for capital improvements to Hawaii's highways, which will relieve congestion and improve the quality of life for both residents and visitors.

The purpose of this Act is to amend the rental motor vehicle surcharge tax to fund projects to increase highway capacity and relieve traffic congestion.
Specifically, this Act:

(1) Increases the amount of the rental motor vehicle surcharge tax for such lessees for each day, or portion of a day, that a rental motor vehicle is rented to $5;

(2) Repeals the additional surcharge tax of $2 for each day, or portion of a day, for lessees who do not possess a valid Hawaii driver's license; and

(3) Repeals the requirement that the $2 additional surcharge be deposited into a separate account for the county that collected the surcharge and instead deposits the money into the state highway fund.

SECTION 2. Section 251-2, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) There is levied and shall be assessed and collected each month a rental motor vehicle surcharge tax of [$2] $5 a day, or any portion of a day that a rental motor vehicle is rented or leased[; provided that lessees without a valid Hawaii driver's license shall be assessed an additional $2 a day, or any portion of a day that a rental motor vehicle is rented or leased]. The rental motor vehicle surcharge tax shall be levied
upon the lessor; provided that the tax shall not be levied on
the lessor if:

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

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

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

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

SECTION 3. Section 251-5, Hawaii Revised Statutes, is
amended to read as follows:
§251-5 Remittances. All remittances of surcharge taxes imposed under this chapter shall be made by cash, bank draft, cashier's check, money order, or certificate of deposit to the office of the taxation district to which the return was transmitted. The department shall deposit the moneys into the state treasury to the credit of the state highway fund[; provided that user fee revenues that are levied, assessed, and collected pursuant to section 251-2(a) from lessees without a valid Hawaii drivers license shall be deposited in accordance with section 248-9(c)]."

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

SECTION 5. This Act shall take effect upon its approval.
THE SENATE OF THE STATE OF HAWAI'I

Date: April 30, 2019
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirtieth Legislature of the State of Hawai‘i, Regular Session of 2019.

[Signature]
President of the Senate

[Signature]
Clerk of the Senate
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 30, 2019
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirtieth Legislature of the State of Hawaii, Regular Session of 2019.

Scott K. Saiki
Speaker
House of Representatives

Brian L. Takeshita
Chief Clerk
House of Representatives