



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

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:

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. Traffic congestion on the
 4 State's roadways continues to increase, forcing people to spend
 5 more time sitting in vehicles and less time being productive at
 6 work or with families and friends.

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

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

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



1 Specifically, this Act:

- 2 (1) Increases the amount of the rental motor vehicle
- 3 surcharge tax for such lessees for each day, or
- 4 portion of a day, that a rental motor vehicle is
- 5 rented to \$5;
- 6 (2) Repeals the additional surcharge tax of \$2 for each
- 7 day, or portion of a day, for lessees who do not
- 8 possess a valid Hawaii driver's license; and
- 9 (3) Repeals the requirement that the \$2 additional
- 10 surcharge be deposited into a separate account for the
- 11 county that collected the surcharge and instead
- 12 deposits the money into the state highway fund.

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

15 "(a) There is levied and shall be assessed and collected
16 each month a rental motor vehicle surcharge tax of [~~\$2~~] \$5 a
17 day, or any portion of a day that a rental motor vehicle is
18 rented or leased [~~; provided that lessees without a valid Hawaii~~
19 ~~driver's license shall be assessed an additional \$2 a day, or~~
20 ~~any portion of a day that a rental motor vehicle is rented or~~
21 ~~leased]~~. The rental motor vehicle surcharge tax shall be levied



1 upon the lessor; provided that the tax shall not be levied on
2 the lessor if:

- 3 (1) The lessor is renting the vehicle to replace a vehicle
- 4 of the lessee that is being repaired; and
- 5 (2) A record of the repair order for the vehicle is
- 6 retained either by the lessor for two years for
- 7 verification purposes or by a motor vehicle repair
- 8 dealer for two years as provided in section 437B-16.

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

13 ~~[Of the remittances collected pursuant to this subsection,~~
14 ~~\$2 per day or portion of a day from each lessee without a valid~~
15 ~~Hawaii driver's license shall be deposited into the state~~
16 ~~treasury to the credit of the respective county subaccount of~~
17 ~~the state highway fund, established pursuant to section 248-~~
18 ~~9(c), that corresponds to the county in which the rental motor~~
19 ~~vehicle was driven under rental or lease.]"~~

20 SECTION 3. Section 251-5, Hawaii Revised Statutes, is
21 amended to read as follows:



1 "§251-5 Remittances. All remittances of surcharge taxes
2 imposed under this chapter shall be made by cash, bank draft,
3 cashier's check, money order, or certificate of deposit to the
4 office of the taxation district to which the return was
5 transmitted. The department shall deposit the moneys into the
6 state treasury to the credit of the state highway fund[
7 ~~provided that user fee revenues that are levied, assessed, and~~
8 ~~collected pursuant to section 251-2(a) from lessees without a~~
9 ~~valid Hawaii drivers license shall be deposited in accordance~~
10 ~~with section 248-9(c)]."~~

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

13 SECTION 5. This Act shall take effect upon its approval.
14

APPROVED this **01** day of **JUL**, 2019



GOVERNOR OF THE STATE OF HAWAII

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.



President of the Senate



Clerk of the Senate

SB No. 162, SD 2, HD 3, CD 1

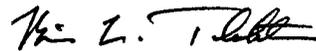
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

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