
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.



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

4 Specifically, this Act:

5 (1) Changes the amount of the rental motor vehicle
6 surcharge tax for such lessees for each day, or
7 portion of a day, that a rental motor vehicle is
8 rented;

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

12 (3) Deposits part of the rental motor vehicle surcharge
13 tax into the state highway fund for statewide use; and

14 (4) Deposits part of the rental motor vehicle surcharge
15 tax into the respective county subaccount of the state
16 highway fund for highway road capacity projects in the
17 county that generated the surcharge tax.

18 SECTION 2. Section 251-2, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "**§251-2 Rental motor vehicle and tour vehicle surcharge**
21 **tax.** (a) There is levied and shall be assessed and collected



1 each month a rental motor vehicle surcharge tax of [~~\$3~~]
2 \$ _____ a day, or any portion of a day that a rental motor
3 vehicle is rented or leased [~~; provided that lessees without a~~
4 ~~valid Hawaii driver's license shall be assessed an additional \$2~~
5 ~~a day, or any portion of a day that a rental motor vehicle is~~
6 ~~rented or leased]~~. The rental motor vehicle surcharge tax shall
7 be levied upon the lessor; provided that the tax shall not be
8 levied on the lessor if:

- 9 (1) The lessor is renting the vehicle to replace a vehicle
10 of the lessee that is being repaired; and
11 (2) A record of the repair order for the vehicle is
12 retained either by the lessor for two years for
13 verification purposes or by a motor vehicle repair
14 dealer for two years as provided in section 437B-16.

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

19 (b) Of the remittances collected pursuant to this
20 subsection [~~, \$2~~]:



1 (1) \$ _____ per day or portion of a day from each lessee
2 shall be deposited into the state treasury to the
3 credit of the state highway fund for statewide use;
4 and

5 (2) \$ _____ per day or portion of a day from each lessee
6 ~~[without a valid Hawaii driver's license]~~ shall be
7 deposited into the state treasury to the credit of the
8 respective county subaccount of the state highway
9 fund, established pursuant to section 248-9(c), that
10 corresponds to the county in which the rental motor
11 vehicle was driven under rental or lease~~[-]~~, for
12 highway road capacity projects in that county.

13 ~~[-(b)-]~~ (c) There is levied and shall be assessed and
14 collected each month a tour vehicle surcharge tax of:

15 (1) \$66 for each tour vehicle used or partially used
16 during the month that falls into the over twenty-five
17 passenger seat category; and

18 (2) \$16 for each tour vehicle used or partially used
19 during the month that falls into the eight to twenty-
20 five passenger seat category.



1 The tour vehicle surcharge tax shall be levied upon the
2 tour vehicle operator."

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

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

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

17 SECTION 5. This Act shall take effect on July 1, 2050.



Report Title:

Rental Motor Vehicle Surcharge Tax; Increase; Hawaii Lessees

Description:

Amends the amount of the rental motor vehicle surcharge tax. Repeals the additional surcharge tax for lessees who do not possess a valid Hawaii driver's license. Deposits the surcharge tax revenues into the state highway fund, for statewide use, and the county subaccounts in the state highway fund for highway road capacity projects in the county that generated the surcharge tax. (SB162 HD2)

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