
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 increase 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) Increases the rental motor vehicle surcharge tax for
6 such lessees from \$3 to \$5 for each day, or portion of
7 a day, that a rental motor vehicle is rented;
- 8 (2) Repeals the additional surcharge tax of \$2 for each
9 day, or portion of a day, for lessees who do not
10 possess a valid Hawaii driver's license;
- 11 (3) Deposits \$2 of the \$5 into respective county
12 subaccount of the state highway fund for highway road
13 capacity projects in the county that generated the
14 surcharge tax; and
- 15 (4) Deposits \$3 of the \$5 into the state highway fund for
16 statewide use.

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

19 "(a) There is levied and shall be assessed and collected
20 each month a rental motor vehicle surcharge tax of [~~\$3~~] \$5 a
21 day, or any portion of a day that a rental motor vehicle is



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

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

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

17 Of the remittances collected pursuant to this subsection,
 18 [~~\$2~~]:

- 19 (1) \$3 per day or portion of a day from each lessee shall
- 20 be deposited into the state treasury to the credit of
- 21 the state highway fund for statewide use; and



1 (2) \$2 per day or portion of a day from each lessee
2 [~~without a valid Hawaii driver's license~~] shall be
3 deposited into the state treasury to the credit of the
4 respective county subaccount of the state highway
5 fund, established pursuant to section 248-9(c), that
6 corresponds to the county in which the rental motor
7 vehicle was driven under rental or lease~~[-]~~, for
8 highway road capacity projects in that county."

9 SECTION 3. 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; provided
17 that user fee revenues that are levied, assessed, and collected
18 pursuant to section 251-2(a) from lessees [~~without a valid~~
19 ~~Hawaii drivers license~~] shall be deposited in accordance with
20 section [~~248-9(e)-.~~] 251-2(a)."



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

3 SECTION 5. This Act shall take effect on July 1, 2019.



Report Title:

Rental Motor Vehicle Surcharge Tax; Increase; Driver's License

Description:

Increases 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. (SD2)

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