

JAN 17 2020

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# A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE RENTAL INDUSTRY.

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

1           SECTION 1. Act 137, Session Laws of Hawaii 2017 (Act 137),  
2 allows lessors of rental vehicles to pass vehicle license  
3 recovery fees on to lessees. In effect, Act 137 imposes an  
4 additional fee upon lessees by passing on motor vehicle weight  
5 taxes; fees connected with the registration of specially  
6 constructed, reconstructed, or rebuilt vehicles; special  
7 interest vehicles, or imported vehicles, license plate and  
8 emblem fees; inspection fees; highway beautification fees; and  
9 any use tax.

10           The vehicle license recovery fees are in addition to  
11 already existing law that allows for visibly passing on to  
12 lessees general excise taxes attributable to the transaction:  
13 rental motor vehicle, tour vehicle, and car-sharing vehicle  
14 surcharge taxes; county surcharge on state tax; and rents or  
15 fees paid to the department of transportation.

16           Allowing the passing on of fixed one-time costs of doing  
17 business, such as license plate fees and use taxes, is a



1 departure from statutory policy favoring the visible pass on of  
2 only recurring government fees and taxes.

3 In addition, Act 137 creates a new unfair method for  
4 calculating the pass on costs. Previously, the law authorized  
5 the pass on of fees and taxes prorated at 1/365th of the annual  
6 fees and taxes actually paid on the particular motor vehicle  
7 being rented. That meant the lessee was charged only the amount  
8 of fees and taxes directly attributable to their use of the  
9 vehicle. Act 137 increases the prorated rate to 1/292nd, thus  
10 resulting in overpayment by individual lessees.

11 The legislature finds that Act 137 is an attempt by rental  
12 car companies to advertise low base rates but subtly increase  
13 the actual per day rental rate by greatly increasing the  
14 applicable taxes and fees passed on to lessees, which may be  
15 detrimental to Hawaii's tourism industry.

16 The purpose of this Act is to repeal Act 137, Session Laws  
17 of Hawaii 2017.

18 SECTION 2. Act 137, Session Laws of Hawaii 2017, is  
19 repealed.

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1 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY:   
Breene Hunt

  
Samuel



# S.B. NO. 2208

**Report Title:**

Motor Vehicle Rental Industry; License Recovery Fees; Repeal

**Description:**

Repeals Act 137, SLH 2017, relating to the pass on of vehicle license recovery fees to lessees of motor vehicle rentals.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

