

JAN 17 2020

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# 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. Rental vehicle lessees  
4 make up a large proportion of public highway users and  
5 contribute to the wear and tear on Hawaii's roadways. Traffic  
6 congestion on the State's roadways continues to increase,  
7 forcing people to spend more time sitting in vehicles and less  
8 time being productive at work or with families and friends.

9           The legislature believes that it is reasonable to increase  
10 the rental motor vehicle surcharge tax in order to raise revenue  
11 for capital improvements to Hawaii's highways, which will  
12 relieve congestion and improve the quality of life for both  
13 residents and visitors.

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

17           Specifically, this Act:



1           (1) Increases the amount of the rental motor vehicle  
2           surcharge tax for such lessees for each day, or  
3           portion of a day, that a rental motor vehicle is  
4           rented to \$6; and

5           (2) Requires that no less than one-third of remittances  
6           from each lessee shall be used for state highways with  
7           less than two lanes of travel in each direction.

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

10           "(a) There is levied and shall be assessed and collected  
11           each month a rental motor vehicle surcharge tax of [~~\$5~~] \$6 a  
12           day, or any portion of a day that a rental motor vehicle is  
13           rented or leased. The rental motor vehicle surcharge tax shall  
14           be levied upon the lessor; provided that the tax shall not be  
15           levied on the lessor if:

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

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



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

5           Of the remittances collected pursuant to this subsection,  
6 no less than one-third shall be used for state highways with  
7 less than two lanes of travel in each direction."

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

10           "**§251-5 Remittances.** All remittances of surcharge taxes  
11 imposed under this chapter shall be made by cash, bank draft,  
12 cashier's check, money order, or certificate of deposit to the  
13 office of the taxation district to which the return was  
14 transmitted. The department shall deposit the moneys into the  
15 state treasury to the credit of the state highway fund[-];  
16 provided that no less than one-third of each remittance under  
17 section 251-2 shall be used for state highways with less than  
18 two lanes of travel in each direction."

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

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# S.B. NO. 2593

1 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:

*Pil Riviere*  
*Kurt Favelle*  
*[Signature]*



# S.B. NO. 2593

**Report Title:**

Rental Motor Vehicle Surcharge Tax; Increase; Counties; State Highway Fund

**Description:**

Increases the amount of the rental motor vehicle surcharge tax to \$6. Requires that a minimum of one-third of remittances be used for state highways with less than two lanes of travel in each direction.

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

