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

7           The legislature also finds that visitors make up a large  
8 proportion of public highway users and that counties have been  
9 impacted differently by the level of visitors. For example,  
10 Maui county has the highest number of motor vehicle rentals on a  
11 per capita basis. This places a greater strain on Maui roads  
12 and further increases roadway congestion.

13           The legislature believes that it is prudent to target a  
14 specific group of highway users to raise revenue for necessary  
15 capital improvements to some of Hawaii's highways, which will  
16 relieve congestion and improve the quality of life for both  
17 residents and visitors.



1           The purpose of this Act is to increase the rental motor  
2 vehicle surcharge tax in counties experiencing a high number of  
3 motor vehicle rentals and to use that revenue to fund projects  
4 in those counties to increase highway capacity and relieve  
5 traffic congestion.

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

8           "(a) There is levied and shall be assessed and collected  
9 each month a rental motor vehicle surcharge tax of \$5 a day, or  
10 any portion of a day that a rental motor vehicle is rented or  
11 leased[-]; provided that, in any county having a resident  
12 population of more than 125,000, but less than 195,000, the  
13 rental motor vehicle surcharge tax shall be \$8 a day, or any  
14 portion of a day that a rental motor vehicle is rented or  
15 leased. The rental motor vehicle surcharge tax shall be levied  
16 upon the lessor; provided that the tax shall not be levied on  
17 the lessor if:

- 18           (1) The lessor is renting the vehicle to replace a vehicle  
19               of the lessee that is being repaired; and
- 20           (2) A record of the repair order for the vehicle is  
21               retained either by the lessor for two years for



1 verification purposes or by a motor vehicle repair  
2 dealer for two years as provided in section 437B-16.

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

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

9 "**§251-5 Remittances.** (a) All remittances of surcharge  
10 taxes imposed under this chapter shall be made by cash, bank  
11 draft, cashier's check, money order, or certificate of deposit  
12 to the office of the taxation district to which the return was  
13 transmitted. ~~[The]~~ Except as provided in subsection (b), the  
14 department shall deposit the moneys into the state treasury to  
15 the credit of the state highway fund.

16 (b) For a county having a resident population of more than  
17 125,000, but less than 195,000, \$3 out of every \$8 collected  
18 pursuant to section 251-2(a) for the use of any rental motor  
19 vehicle in that county shall be deposited into that county's  
20 subaccount within the state highway fund established pursuant to  
21 section 248-9(c)."



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 January 1, 2050.



**Report Title:**

Rental Motor Vehicle Surcharge Tax; Increase

**Description:**

Increases the amount of the rental motor vehicle surcharge tax from \$5 to \$8 for any county with a resident population of more than 125,000, but less than 195,000. Allocates the increase in surcharge tax revenues to the county's subaccount within the state highway fund. Effective 1/1/2050. (SD2)

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

