



**GOV. MSG. NO. 1029**

EXECUTIVE CHAMBERS  
HONOLULU

LINDA LINGLE  
GOVERNOR

July 5, 2007

The Honorable Colleen Hanabusa, President  
and Members of the Senate  
Twenty-Fourth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on July 5, 2007, the following bill was signed into law:

SB1133 SD3 HD1 CD1

A BILL FOR AN ACT RELATING TO TAXATION.  
(ACT 258)

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

Approved by the Governor

on JUL 5 2007

THE SENATE  
TWENTY-FOURTH LEGISLATURE, 2007  
STATE OF HAWAII

**ACT 258**  
**S.B. NO.** 1133  
S.D. 3  
H.D. 1  
C.D. 1

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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. While section 251-2, Hawaii Revised Statutes,  
2           pertains to surcharge taxes for rental motor vehicles and tour  
3           vehicles, the legislature finds that in 1999, it temporarily  
4           increased the daily surcharge tax on rental motor vehicles and  
5           not tour vehicles. This temporary tax increase of \$1 generates  
6           about \$14,000,000 a year for the highway fund and this increase  
7           is scheduled to sunset on August 31, 2007. The highway fund is  
8           in need of revenues and would suffer from the loss of revenues  
9           if this sunset provision took place.

10           The purpose of this Act is to avoid the loss of revenues by  
11           extending the sunset provision deadline by one year while a  
12           study is being conducted. In calling for a study the  
13           legislature finds that when these surcharge taxes were first  
14           established in 1991, there appeared to be no clearly stated  
15           basis or rationale for the establishment of the taxes and in  
16           particular the relationship or the amount of the taxes between  
17           rental motor vehicles and tour vehicles. In addition, the study



1 shall include and not be limited to exploring the present and  
2 future needs of the highway fund and alternative means of  
3 increasing revenues from vehicles other than just rental and  
4 tour vehicles.

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

7 "(a) There is levied and shall be assessed and collected  
8 each month a rental motor vehicle surcharge tax of \$2 a day,  
9 except that for the period of September 1, 1999, to August 31,  
10 [~~2007,~~] 2008, the tax shall be \$3 a day, or any portion of a day  
11 that a rental motor vehicle is rented or leased. The rental  
12 motor vehicle surcharge tax shall be levied upon the lessor;  
13 provided that the tax shall not be levied on the lessor if:

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

20 SECTION 3. (a) There shall be a joint senate and house of  
21 representatives task force, appointed by the president of the  
22 senate and the speaker of the house of representatives, to



1 conduct a review of the financial requirements of the state  
2 highway fund, with an emphasis on the adequacy and equity of  
3 revenues generated by one or more revenues sources pursuant to  
4 section 251-2, Hawaii Revised Statutes, compared with other  
5 revenue sources contributing to or that could be contributing to  
6 the highway fund.

7 (b) The review may include but shall not be limited to  
8 discussions and meetings with representatives of different  
9 interest groups and present contributors of revenues to the  
10 highway fund and may also include:

- 11 (1) Past, present, and projected revenues of the state  
12 highway fund;
- 13 (2) The ability of the department of transportation to  
14 plan, implement, and expend funds on a timely basis;
- 15 (3) An analysis of the actual revenue needs of the  
16 department of transportation;
- 17 (4) Other revenue sources of the state highway fund and  
18 their nexus to the fund; and
- 19 (5) Other governmental matching funds.

20 (c) The review shall include but not limited to data from  
21 the 2000-2001 fiscal year to present and may include any data,  
22 information, or conclusions reported by task forces or groups



1 that have discussed or met in the past to evaluate at least in  
2 part the fiscal needs or viability of the state highway fund.

3 (d) The joint task force shall submit a report of its  
4 findings to the legislature twenty days prior to the convening  
5 of the regular session of 2008.

6 SECTION 4. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

8 SECTION 5. This Act shall take effect upon approval.



GOVERNOR OF THE STATE OF HAWAII

Approved this day: JUL 5 2007

