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

3           "(a) There is levied and shall be assessed and collected  
4 each month a rental motor vehicle surcharge tax of [~~\$2 a day,~~  
5 ~~except that for the period of September 1, 1999, to August 31,~~  
6 ~~2007, the tax shall be~~] \$3 a day, or any portion of a day that a  
7 rental motor vehicle is rented or leased. The rental motor  
8 vehicle surcharge tax shall be levied upon the lessor; provided  
9 that the tax shall not be levied on the lessor if:

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

12           (2) A record of the repair order for the vehicle is  
13           retained either by the lessor for two years for  
14           verification purposes or by a motor vehicle repair  
15           dealer for two years as provided in section 437B-16."

16           SECTION 2. (a) The legislative reference bureau shall  
17 conduct a review of the financial requirements of the state



1 highway fund, with an emphasis on the adequacy and equity of  
2 revenues generated by the rental vehicle surcharge as proposed  
3 and debated in various drafts of this measure.

4 (b) The review may include, but shall not be limited to:

5 (1) Past, present, and projected expenditures of the state  
6 highway fund;

7 (2) The ability of the department of transportation to  
8 plan, implement, and expend funds on a timely basis;

9 (3) An analysis of the actual revenue needs of the  
10 department of transportation;

11 (4) Other revenue sources of the state highway fund and  
12 their nexus to the fund; and

13 (5) Other governmental matching funds.

14 (c) The review shall include data from the 2000-2001  
15 fiscal year to the present and may include any data,  
16 information, or conclusions reported by task forces that have  
17 convened in the past to evaluate the fiscal viability of the  
18 state highway fund.

19 (d) The legislative reference bureau shall submit a report  
20 of its findings to the legislature thirty days prior to the  
21 convening of the regular session of 2008.



1 SECTION 3. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 4. This Act shall take effect on July 1, 2020.



**Report Title:**

Taxes; Rental Motor Vehicle and Tour Vehicle Surcharge

**Description:**

Increases the rental motor vehicle surcharge tax by \$1.  
Requires the Legislative Reference Bureau to conduct a review of  
the State Highway Fund. Effective July 1, 2020. (SB1133 HD1)

