STAND. COM. REP. NO. 712

Honolulu, Hawaii

Monh 6, 2009

RE: H.B. No. 1696 H.D. 2

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2009 State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and Judiciary, to which was referred H.B. No. 1696, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MOTOR VEHICLE RENTAL INDUSTRY,"

beg leave to report as follows:

The purpose of this bill is to improve the operations of the motor vehicle rental industry by:

- (1) Replacing statutory references to "collision damage waiver" with "damage waiver" to clarify that the waiver, under which the motor vehicle lessor agrees for a charge to waive any claim against the lessee for damages to the rental vehicle during the term of the rental agreement, is not restricted to damage from a collision;
- (2) Allowing lessors to meet damage waiver option disclosure requirements by placing the information in wall holders;
- (3) Repealing the requirement that lessors place notices of vehicle laws in each rental vehicle;
- (4) Repealing the authority of the Department of Commerce and Consumer Affairs (DCCA) to prescribe the form of notices and signs required of lessors;

- (5) Modifying the charges that may be assessed against a lessee for damage to a rental vehicle that is neither repaired nor declared a total loss, to allow the lessor to charge up to the costs of the parts and labor necessary to repair the vehicle; and
- (6) Repealing the requirement that lessors submit information to DCCA regarding their sale of damage waivers in a given year and amounts expended to repair damage to rental vehicles caused while the vehicles are subject to the damage waiver.

Enterprise Rent-A-Car Company of Hawaii, Vanguard Car Rental USA, Inc., and Catrala-Hawaii testified in support of this bill. DCCA opposed this measure.

DCCA expressed concerns regarding the provision of this bill allowing a lessor to charge lessees the cost of repairing a rental vehicle, even if the vehicle is not actually repaired. Current law provides that for damaged rental vehicles that are neither repaired nor declared a total loss, the lessor may charge no more than the diminution in value of the vehicle, which is the difference between the value of the vehicle before damage and the value after damage.

Accordingly, your Committees have amended this bill by restoring the current law using diminution in value as the measure for charges that may be assessed against a lessee for damage to a rental vehicle that is neither repaired nor declared a total loss. Technical, nonsubstantive amendments were also made for clarity and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1696, H.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 1696, H.D. 2.

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Respectfully submitted on behalf of the members of the Committees on Consumer Protection & Commerce and Judiciary,

JON RKI KARAMATSU, Chair

ROBERT N. HERKES, Chair

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### **Record of Votes of the Committee on Consumer Protection & Commerce**

The recommendation is to: ☐ Pass, unamended ☐ Pass short form	ed (as is) Pas bill with HD to recor	s, with amendments mmit for future publi		
CPC Members	Ayes	Ayes (WR)	Nays	Excused
I. HERKES, Robert N. (C)				V
2. WAKAI, Glenn (VC)				
3. BELATTI, Della Au	What			V
4. CABANILLA, Rida	V			
5. CARROLL, Mele	war ct			V
6. ITO, Ken			NOTE OF THE PARTY	
7. KARAMATSU, Jon Riki	V			
B. LUKE, Sylvia				
O. McKELVEY, Angus L.K.				V
10. MIZUNO, John M.	<b>/</b>			
11. MORITA, Hermina M.		A SHEET OF SHEET		<i>'</i>
12. SOUKI, Joseph M.				
13. TSUJI, Clift				
14. MARUMOTO, Barbara C.	$\parallel \vee \downarrow$			
15. THIELEN, Cynthia				
TOTAL (15)	9	0	0	6
The recommendation is: Adopted If joint referral, _	□ Not Adopt	did not suppo	ort recommendation	1.

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## **Record of Votes of the Committee on Judiciary**

	ee Referral:	Date Date		109			
☐ The committee is reconsidering its previous decision on the measure.							
The recommendation is to:  Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)							
JUD Members	Ayes	Ayes (WR)	Nays	Excused			
1. KARAMATSU, Jon Riki (C)							
2. ITO, Ken (VC)							
3. BELATTI, Della Au				V			
4. CABANILLA, Rida							
5. CARROLL, Mele				V			
6. HERKES, Robert N.							
7. LUKE, Sylvia	<i>V</i>						
8. McKELVEY, Angus L.K.							
9. MIZUNO, John M.	<i>\</i>						
10. MORITA, Hermina M. 11. OSHIRO, Blake K.				V			
12. SOUKI, Joseph M.			Angulary mark in				
13. TSUJI, Clift	<b>\</b>						
14. WAKAI, Glenn							
15. MARUMOTO, Barbara C.							
16. THIELEN, Cynthia							
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TOTAL (16)	10	0	0	6			
The recommendation is:  Adopted  If joint referral, did not support recommendation.  Committee acronym(s)							
Vice Chair's or designee's signature:							
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO							