

SB 1611



STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

March 3, 2009

BRENNON T. MORIOKA  
DIRECTOR

Deputy Directors  
MICHAEL D. FORMBY  
FRANCIS PAUL KEENO  
BRIAN H. SEKIGUCHI  
JIRO A. SUMADA

IN REPLY REFER TO:

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

SENATE BILL NO. 1611, SD 1

COMMITTEE ON WAYS AND MEANS

**We support Senate Bill 1611 SD 1**, which provides the Department of Transportation (DOT) additional resources to accomplish our primary mission and goals by increasing the state liquid fuel tax, state vehicle registration fee, and state vehicle weight tax effective on July 1, 2012.

A sound transportation infrastructure system provides for the safe and efficient movement of people, services, and goods. It is the backbone of the economy and is essential to preserving our unique and precious quality of life.

This proposed infusion of funds will aid the Department in reducing the number of fatal accidents on our statewide highway system, preserving our existing infrastructure system, and reducing unacceptable congestion that detrimentally impacts the people of Hawaii and our economy. Without these tax and user fee increases, we make the untenable decision to accept business as usual, to accept our current safety records, to allow our transportation system to continue to deteriorate, and to accept ever greater and more widespread congestion all leading to increased cost of doing business and a diminished quality of life.

The deletion of the two dollar per day increase in the rental car surcharge from the original bill, however, reduces projected revenue generation by an estimated \$32 million annually with a corresponding reduction in additional bonding capacity of \$372 million. Some of the projects and programs identified in this bill as part of this overall modernization program would have to be scaled back and/or eliminated to account for such a \$372 million reduction in resources. The DOT feels that all the projects and programs identified in this bill are critical and essential. It is for this reason reinstatement of the two dollar per day increase in the rental car surcharge is respectfully requested in this bill or by amendment and passage of SB 698, SD 1.

We also request technical amendments to this bill as noted on the attachment to this testimony.

## PROPOSED DOT AMENDMENTS TO SB 1611, SD 1

Proposed amendments to Section 12 would remove references to DOTAX, authorize DOT to compensate participants in pilot programs to test alternatives to fuel taxes, and authorize DOT to adopt necessary rules. Proposed amendments to Sections 14 and 15 would clarify wording and correct references to other sections of the bill.

SECTION 12. The department of [~~taxation~~] transportation may refund motor vehicle fuel taxes paid by participants in pilot programs under section 3 of this Act. The department of [~~taxation~~] transportation may otherwise compensate participants in pilot programs under section 3 of this Act. Any compensation to participants in such pilot programs [~~under this Act~~] may be administered uniformly or may be administered as a sweepstakes. The department of [~~taxation~~] transportation may terminate a pilot program at any time and may terminate participation by any person at any time. Termination from a pilot program under this Act shall not entitle any person to additional compensation.

The department of transportation may adopt rules under Chapter 91 as necessary to administer section 3 and this section.

SECTION 14. In addition to other moneys appropriated by the General Appropriations Act of 2009 in fiscal year 2009-2010 for highway administration (TRN 595), highway planning, statewide, item no. C- , there is appropriated an additional sum of \$20,000,000 of highway revenue bonds, and the sum of \$1 of federal funds, of which \$6,000,000 may be [~~designated~~] used for the execution of a master agreement with a consultant under section 13, and [~~the~~] there is appropriated an additional sum of \$2,500,000 of highway revenue bonds, and the sum of \$1 of federal funds, which may be used for the [~~vehicle miles tax~~] pilot programs under [~~section 2 and 3~~] sections 3 and 12 of this Act, or so much thereof as may be necessary to carry out the purposes of this Act, including any necessary expenditures for expenses, staff, or consultants.

The sums appropriated shall be expended by the department of transportation. This project is deemed necessary to qualify for federal aid financing and reimbursement.

SECTION 15. If additional federal funds become available for land transportation infrastructure improvements, programs, or projects under the economic stimulus plan or similar program, the department of transportation is authorized to pursue, apply, and expend federal funds on any of the programs or projects identified in [~~section 12~~] this Act notwithstanding any other law to the contrary.

Honorable Donna Mercado Kim, Chair  
Committee on Ways and Means  
Hawaii State Senate

Hearing: March 3, 2009

**Re: SB 1611, SD1 RELATING TO HIGHWAYS**

Chair Kim and Honorable Committee Members:

My name is Martin Mylott and I am the Hawaii Regional Manager of Avis Rent A Car and Budget Rent A Car Hawaii.

We support CATRALA-Hawaii's concerns regarding this bill.

Our concerns are as follows: 1) this is a very expensive project with questionable future funding. Will the next Administration and Legislature be saddled with it? Can we afford this? What are we getting ourselves into? 2) this appears to create a new program separate and apart from the existing highway program, why are we doing so? There are sufficient projects in the current highway program with priorities that can simply be expedited (shovel ready per President Obama) with more funding depending on what is affordable now and in the future. Who knows what is truly affordable years from now; 3) this bill sets forth priorities which could likely change over time and perhaps conflict with priorities in future highway programs. Why are creating such potential conflicts; 4) Why are creating confusion in having the general public understand the clear priorities of the State Highway program which over time may conflict with the priorities of the proposed modernization program which different segments of our community may disagree with now and in the future; 5) the Department to date has not conducted a fair and reasonable study involving all stockholders being asked to fund this program although the legislature as asked them to conduct such a study. Where is the credible study that fairly shares the burden among all highway users? Further, the proposed funding targets the car rental industry and tourism which is our major economic engine. The repercussions of such targeting will be left to the future Administration and Legislature. Is this prudent? Why not pay as we go and what we truly need and can afford with possible federal assistance now and in the future? Do we know what the federal support will be in the future along with federal requirements; 5) If the daily surcharge tax of \$5 daily (estimate additional revenues of \$32 million annually) is truly being deleted from this bill and support of the programs in this bill then what projects proposed in this bill are being deleted?

Raising the "daily" surcharge tax to \$5 daily as proposed as a funding source for this program (whether originally in this bill or now separately in SB 698) will result in Hawaii being the highest such tax in the United States for similar competing tourist destinations. Is this what we want? Why are we doing this especially during these times? There are no credible studies that say this is not so even based on our review of DOT's information which is misleading and not credible as well as any other information provided to us to date. If you have such information please provide it to CATRALA. This makes no sense. You would not raise Hawaii's TAT tax to the highest in the United States so why for car rental vehicles? Florida's daily surcharge tax for car rentals is \$2 daily. Will competitors point to the daily surcharge tax and identify Hawaii as a tax and fee hell for tourists? Is this what we want? Don't you expect our competitors to say that? Hawaii should be at the same \$2 rate as Florida (most travelers don't need to travel a minimum 2,500 miles to get to Florida like Hawaii) but Hawaii is temporarily already 50% higher at the temporary rate of \$3 daily. This is a 50% tax increase that the Legislature imposed in the past (and which temporarily continues) without raising other surcharge taxes or other fees and taxes.

At the temporary \$3 daily tax the car rental industry has been contributing \$40 million dollars a year into the highway fund over and above other fees and taxes being paid on car rental vehicles like all other owners of vehicles. Isn't this enough? Why isn't an extra \$40 million a year from tourists (and local residents using car rental vehicles) enough? Where is the study that says it is not enough?

In addition , the car rental industry in the past has been paying in excess of \$30 million dollars a year to the airport special fund and monies have been used to help keep landing fees low and provide various airport improvements but not major improvements for car rental operators. Thus the CFC bill was passed by the legislature last year at the request of the industry since that was the only way to get necessary airport improvements like other competing destinations. While the CFC fee is at \$1 daily, this fee is likely to rise to \$4 or more "daily" to pay for car rental projects at our public airports. Such projects now in the works will seek to stimulate our economy and provide jobs while providing long overdue improvements requested by the car rental industry so Hawaii has facilities similar to other airports.

As you can see with the proposed \$5 increase in surcharge tax and future CFC increase to fund government projects of \$4 daily and existing fee and charges, CATRALA estimates that about one-third of the average daily cost of rental a vehicle will go to such fees and charges. With the reported average stay of 10 days for tourists this will be a significant increase in their costs of their visit to Hawaii. So why come to Hawaii if it so expensive to rent a vehicle and visit all of the wonderful advertised sites

at your leisure and own schedule. Why advertise such sites if it is too costly to see them?

Recent studies show that Hawaii's tourist satisfaction has been dwindling in recent years. These increased costs and charges for car rental vehicles will obviously not help matters.

Finally, the estimated costs for Hawaii's driver is estimated at only \$170 a year since politically the Administration is targeting car rental vehicles as a major source of funds. In addition such costs are likely to increase in future years. Such added costs will be affect car rental companies and this will obviously increase the cost of doing business and likely result in increased rental fees and charges. In Hawaii it is estimated by CATRALA that there are 40,000 to 70,000 car rental vehicles service the needs of Hawaii's visitors and residents. At a minimum of \$170 per vehicle plus suggested \$5 daily surcharge tax plus future CFC fee of \$4 daily in the near future the burdens being place on our industry are staggering especially during these dire economic times.

As reported and should be understood by all, our industry is struggling. Our business levels are down similar to the hotels and companies have reported lay off of workers and cut backs on expenses and inventory.

Given the foregoing and while the bill's programs are admirable, we do have concerns about its approach, present form and proposed funding which burdens the future legislature and administration and unfairly targets the car rental industry and tourism. Thank you for considering our testimony.

DEPARTMENT OF CUSTOMER SERVICES  
**CITY & COUNTY OF HONOLULU**  
DIVISION OF MOTOR VEHICLE, LICENSING AND PERMITS  
ADMINISTRATION  
P.O. BOX 30300  
HONOLULU, HAWAII 96820-0300

MUFI HANNEMANN  
MAYOR



DANA TAKAHARA-DIAS  
DIRECTOR

DENNIS A. KAMIMURA  
LICENSING ADMINISTRATOR

March 2, 2009

The Honorable, Donna Mercado Kim, Chair  
and Committee Members  
Committee on Ways and Means  
The Senate  
State Capitol, Room 210  
Honolulu, Hawaii 96813

Dear Chair Kim and Committee Members:

Subject: S.B. No. 1611 S.D.1, Relating to Highways

The City and County of Honolulu takes no position on S.B. No. 1611 S.D.1 but has concerns relating to implementation of the recommended increases to the state motor vehicle weight taxes and registration fees.

Sections 8 and 9 on pages 36 and 38 of the bill allows for a different state registration fee and state motor vehicle weight tax based on an island's population. Since the county motor vehicle weight tax is determined by each county and not island, the computer file will not be able to determine what island a vehicle is located without extensive reprogramming, if at all possible with our 40+ year old motor vehicle registration computer program.

The City and County of Honolulu recommends that S.B. No. 1611 S.D.1 be amended to delete the weight tax and registration fee increases based on an island's population.

Sincerely,

  
DENNIS A. KAMIMURA  
Licensing Administrator

**Dollar Thrifty  
Automotive Group, Inc.**

Honorable Donna Mercado Kim, Chair  
Committee on Ways and Means  
Hawaii State Senate



Hearing: March 3, 2009

Re: SB 1611,SD1 RELATING TO HIGHWAYS

Chair Kim and Honorable Committee Members:

My name is Garrick Higuchi and I am the Area Director of Dollar Rent A Car and Thrifty Car Rental in Hawaii. We support Catrala-Hawaii's concerns regarding this bill and the proposed increase in the daily rental surcharge from \$3 to \$5.

Our concerns are as follows: 1) this is a very expensive project with questionable future funding; 2) this appears to create a new program separate and apart from the existing highway program and it is not clear why this is necessary; 3) this bill sets forth priorities which could likely change over time and perhaps conflict with priorities in future highway programs; 4) the Department to date has not conducted a fair and reasonable study involving all stakeholders being asked to fund this program, although the legislature has asked them to conduct such a study; 5) The proposed funding unfairly targets and will damage the u-drive industry and tourism, which is our major economic engine.

Raising the "daily" surcharge tax to \$5 daily as proposed as a funding source for this program (whether originally in this bill or now separately in SB 698) will result in Hawaii having the highest such tax in the United States for similar competing tourist destinations. Florida's daily surcharge tax for u-drives is \$2 daily. Hawaii should be at the same \$2 rate as Florida (most travelers don't need to travel a minimum 2,500 miles to get to Florida like Hawaii), but Hawaii is temporarily already 50% higher at the temporary rate of \$3 daily. At the temporary \$3 daily tax rate, the u-drive industry already contributes \$40 million dollars a year into the highway fund over and above other fees and taxes paid by u-drives.

In addition, the u-drive industry in the past has been paying in excess of \$30 million dollars a year to the airport special fund and monies have been used to help keep landing fees low and provide various airport improvements but not major improvements for u-drive operators. Thus the CFC bill was passed by the legislature last year at the request of the industry since that was the only way to get necessary airport improvements like other competing destinations. While the CFC fee is at \$1 daily, this fee is likely to rise to \$4 or more "daily" to pay for u-drive projects at our public airports. Such projects now in the works will seek to stimulate our economy and provide jobs while providing long overdue improvements requested by the u-drive industry so Hawaii has facilities similar to other airports.

With the proposed tax increase to \$5 per day and future CFC increase to fund government projects of \$4 daily and existing fee and charges, Catrala estimates that about one-third of the average daily cost of rental a vehicle will go to fees and surcharges. With the reported average stay of 10 days for tourists this will be a significant increase in the costs of their visit to Hawaii. Recent studies show that Hawaii's tourist satisfaction has been dwindling in recent years already, and increased costs and charges for u-drive vehicles will continue that trend.

It is undisputed and well known that the car rental industry and travel industry in general are struggling as a result of the deep economic recession. Accordingly, we object to the proposed funding which continues to unfairly targets the u-drive industry and tourism. Thank you for considering our testimony.

DTG Operations, Inc.  
1600 Kapiolani Blvd.  
Ste. 825  
Honolulu, HI 96814  
808-952-4242  
Fax 808-952-4255

The Alamo logo consists of the word "Alamo" in a bold, white, sans-serif font, centered within a black rectangular border.3103 North Nimitz Highway  
Honolulu, HI 96819

Honorable Donna Mercado Kim, Chair  
Committee on Ways and Means  
Hawaii State Senate

Hearing: March 3, 2009

Re: SB 1611,SD1 RELATING TO HIGHWAYS

Chair Kim and Honorable Committee Members:

My name is Dave Wilson and I am the Regional Fleet Manager with Alamo Rent A Car.

We support Catrala-Hawaii's concerns regarding this bill. Our concerns are as follows:

- 1) This is a very expensive project with questionable future funding. Will the next Administration and Legislature be saddled with it? Can we afford this? What are we getting ourselves into?
- 2) This appears to create a new program separate and apart from the existing highway program – it is not clear to us why this is occurring. There are sufficient projects in the current highway program with priorities that can simply be expedited (shovel ready per President Obama) with more funding depending on what is affordable now and in the future. It is impossible to determine what will be truly affordable years from now.
- 3) This bill sets forth priorities which could likely change over time and perhaps conflict with priorities in future highway programs. Why are we creating such potential conflicts?
- 4) The proposed modernization program may create disagreement amongst various segments of our community, now and in the future. We may be creating confusion in having the general public understand the clear priorities of the State Highway program which, over time, may conflict with the priorities of the proposed modernization program.
- 5) We do not believe that the Department, to date, has conducted a fair and reasonable study involving all stakeholders who are being asked to fund this program. A credible, comprehensive study is needed, to establish that all proposed funding mechanisms are being fairly shared amongst all highway users.
- 6) Further, we believe that the proposed funding targets the u-drive industry and tourism, the latter being Hawaii's major economic engine. The repercussions of such targeting will be left to the future Administration and Legislature. We do not believe that this is prudent. Raising the "daily" surcharge tax to \$5 daily as a proposed funding source for this program (whether originally in this bill or now separately in S.B. 698) will result in Hawaii being the highest such tax in the United States for similar competing tourist

destinations. We doubt that the Legislature would raise Hawaii's transient accommodations tax to the highest in the United States, we do not believe that this should be done to the u-drive industry. Florida's daily surcharge tax for u-drives is \$2 daily. Will competitors point to the daily surcharge tax and identify Hawaii as a tax and fee hell for tourists? We do not believe that this is the appropriate message to send, especially during these economic times.

At the temporary \$3 daily tax the u-drive industry has been contributing \$40 million dollars a year into the highway fund, over and above other fees and taxes being paid on u-drives vehicles like all other owners of vehicles. Enterprise believes that this is enough.

In addition , the u-drive industry in the past has been paying in excess of \$30 million dollars a year to the airport special fund, and monies have been used to help keep landing fees low and to provide various airport improvements, but not major improvements for u-drive operators. Thus, the CFC bill was passed by the Legislature last year at the request of the industry, because that was the only way to get necessary airport improvements like other competing destinations. While the CFC fee is at \$1 daily, this fee is likely to rise to \$4 or more "daily" to pay for u-drive projects at our public airports. Such projects now in the works will seek to stimulate our economy and provide jobs, while providing long overdue improvements requested by the u-drive industry so that Hawaii will have facilities similar to other airports.

As you can see, with the proposed increase in the surcharge tax (the subject of S.B. 698, SD1) and the future CFC increase to fund government projects of \$4 daily and existing fee and charges, Catrala estimates that about one-third of the average daily cost of rental a vehicle will go to such fees and charges. With the reported average stay of 10 days for tourists, this will be a significant increase in their costs of their visit to Hawaii.

Recent studies show that Hawaii's tourist satisfaction has been dwindling in recent years. These increased costs and charges for u-drive vehicles will obviously not help matters.

Finally, the estimated costs for Hawaii's driver is estimated at \$170 a year. It is anticipated that such costs are likely to increase in future years. Such added costs will be affect u-drive companies – this will obviously increase the cost of doing business and likely result in increased rental fees and charges. In Hawaii, it is estimated by Catrala that there are 40,000 to 70,000 u-drive vehicles servicing the needs of Hawaii's visitors and residents. At a minimum of \$170 per vehicle plus a suggested \$5 daily surcharge tax plus a CFC fee of \$4 daily in the near future, the burdens being place on our industry are staggering, especially during these dire economic times.

As reported and should be understood by all, our industry is struggling. Our business levels are down similar to the hotels, and companies have reported that they are laying off workers and cutting back on expenses and inventory.

The programs proposed by S.B. 1611, SD1 are admirable. Nevertheless, in light of our concerns raised above and in our testimony in opposition to S.B. 698, SD1, we do have

significant concerns about S.B. 1611's approach, present form and proposed funding, which are burdens to the future Legislature and Administration, and unfairly targets the u-drive industry and tourism. Thank you for considering our comments on this measure.

A handwritten signature in black ink, appearing to read "Dave Wilson". The signature is stylized with a large, sweeping initial "D" and a horizontal line extending to the right.

Dave Wilson  
Regional Fleet Manager



March 3, 2009

**TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS & MEANS  
ON SB 1611 SD1 RELATING TO HIGHWAYS**

Thank you Chair Mercado Kim, and committee members. I am Gareth Sakakida, Managing Director of the Hawaii Transportation Association (HTA) which has 380 transportation related members throughout the state of Hawaii.

HTA has grave concerns about this bill.

We support having an adequate highway revenue fund, but cannot support a healthy one while the industry's, and the rest of the state's, economy is far from healthy. We appreciate the need for maintenance: this work must be continued. Highway modification and construction projects just need to wait for better times.

The impact of this package of tax increases is huge. Please note that the federal government is also looking at fuel tax increases: 15 cents a gallon for diesel and 10 cents a gallon for gasoline. Who knows what our counties might now be planning for fuel tax increases.

While it is true that implementing the package now is disastrous, perhaps certain elements can be phased in over the coming years. Recent reductions in prices of some fuels may facilitate a more manageable phased in tax increase.

**However**, there are elements that need to be delayed. For example, any increase in the diesel tax is disastrous in the near future. The diesel pricing profile has been an onerous one. Three years ago diesel was almost \$2 a gallon cheaper than gasoline. Today, it is \$2 a gallon MORE!

Although there are many light commercial transportation applications that use gasoline (e.g. delivery vans, household goods) the majority of commercial applications are heavy, requiring diesel. Gasoline engines just are not capable of producing the power necessary for heavy applications (e.g. delivery trucks, dump truck and container movements, etc.), so we must use diesel.

Finally, tripling the vehicle weight tax is another disaster for the near future.

Thank you.



3103 N. Nimitz Highway, Ste A

Honolulu, HI 96819

Honorable Donna Mercado Kim, Chair  
Committee on Ways and Means  
Hawaii State Senate

Hearing: March 3, 2009

Re: SB 1611,SD1 RELATING TO HIGHWAYS

Chair Kim and Honorable Committee Members:

My name is Chris Sbarbaro and I am the V.P. of Rental with National Car Rental.

We support Catrala-Hawaii's concerns regarding this bill. Our concerns are as follows:

- 1) This is a very expensive project with questionable future funding. Will the next Administration and Legislature be saddled with it? Can we afford this? What are we getting ourselves into?
- 2) This appears to create a new program separate and apart from the existing highway program – it is not clear to us why this is occurring. There are sufficient projects in the current highway program with priorities that can simply be expedited (shovel ready per President Obama) with more funding depending on what is affordable now and in the future. It is impossible to determine what will be truly affordable years from now.
- 3) This bill sets forth priorities which could likely change over time and perhaps conflict with priorities in future highway programs. Why are we creating such potential conflicts?
- 4) The proposed modernization program may create disagreement amongst various segments of our community, now and in the future. We may be creating confusion in having the general public understand the clear priorities of the State Highway program which, over time, may conflict with the priorities of the proposed modernization program.
- 5) We do not believe that the Department, to date, has conducted a fair and reasonable study involving all stakeholders who are being asked to fund this program. A credible, comprehensive study is needed, to establish that all proposed funding mechanisms are being fairly shared amongst all highway users.
- 6) Further, we believe that the proposed funding targets the u-drive industry and tourism, the latter being Hawaii's major economic engine. The repercussions of such targeting will be left to the future Administration and Legislature. We do not believe that this is prudent. Raising the "daily" surcharge tax to \$5 daily as a proposed funding source for this program (whether originally in this bill or now separately in S.B. 698) will result in Hawaii being the highest such tax in the United States for similar competing tourist

destinations. We doubt that the Legislature would raise Hawaii's transient accommodations tax to the highest in the United States, we do not believe that this should be done to the u-drive industry. Florida's daily surcharge tax for u-drives is \$2 daily. Will competitors point to the daily surcharge tax and identify Hawaii as a tax and fee hell for tourists? We do not believe that this is the appropriate message to send, especially during these economic times.

At the temporary \$3 daily tax the u-drive industry has been contributing \$40 million dollars a year into the highway fund, over and above other fees and taxes being paid on u-drive vehicles like all other owners of vehicles. Enterprise believes that this is enough.

In addition, the u-drive industry in the past has been paying in excess of \$30 million dollars a year to the airport special fund, and monies have been used to help keep landing fees low and to provide various airport improvements, but not major improvements for u-drive operators. Thus, the CFC bill was passed by the Legislature last year at the request of the industry, because that was the only way to get necessary airport improvements like other competing destinations. While the CFC fee is at \$1 daily, this fee is likely to rise to \$4 or more "daily" to pay for u-drive projects at our public airports. Such projects now in the works will seek to stimulate our economy and provide jobs, while providing long overdue improvements requested by the u-drive industry so that Hawaii will have facilities similar to other airports.

As you can see, with the proposed increase in the surcharge tax (the subject of S.B. 698, SD1) and the future CFC increase to fund government projects of \$4 daily and existing fee and charges, Catrala estimates that about one-third of the average daily cost of rental a vehicle will go to such fees and charges. With the reported average stay of 10 days for tourists, this will be a significant increase in their costs of their visit to Hawaii.

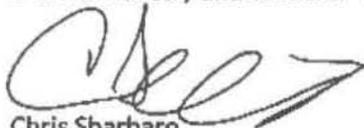
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Finally, the estimated costs for Hawaii's driver is estimated at \$170 a year. It is anticipated that such costs are likely to increase in future years. Such added costs will be affect u-drive companies – this will obviously increase the cost of doing business and likely result in increased rental fees and charges. In Hawaii, it is estimated by Catrala that there are 40,000 to 70,000 u-drive vehicles servicing the needs of Hawaii's visitors and residents. At a minimum of \$170 per vehicle plus a suggested \$5 daily surcharge tax plus a CFC fee of \$4 daily in the near future, the burdens being place on our industry are staggering, especially during these dire economic times.

As reported and should be understood by all, our industry is struggling. Our business levels are down similar to the hotels, and companies have reported that they are laying off workers and cutting back on expenses and inventory.

The programs proposed by S.B. 1611, SD1 are admirable. Nevertheless, in light of our concerns raised above and in our testimony in opposition to S.B. 698, SD1, we do have

significant concerns about S.B. 1611's approach, present form and proposed funding, which are burdens to the future Legislature and Administration, and unfairly targets the u-drive industry and tourism. Thank you for considering our comments on this measure.



Chris Sbarbaro  
V.P. of Rental



544 Ohia Street  
Honolulu, HI 96819  
808-835-0130  
enterprise.com

Honorable Donna Mercado Kim, Chair  
Committee on Ways and Means  
Hawaii State Senate

Hearing: March 3, 2009

Re: SB 1611,SD1 RELATING TO HIGHWAYS

Chair Kim and Honorable Committee Members:

My name is Paul Kopel and I am the V.P./General Manager with Enterprise Rent A Car

We support Catrala-Hawaii's concerns regarding this bill. Our concerns are as follows:

- 1) This is a very expensive project with questionable future funding. Will the next Administration and Legislature be saddled with it? Can we afford this? What are we getting ourselves into?
- 2) This appears to create a new program separate and apart from the existing highway program – it is not clear to us why this is occurring. There are sufficient projects in the current highway program with priorities that can simply be expedited (shovel ready per President Obama) with more funding depending on what is affordable now and in the future. It is impossible to determine what will be truly affordable years from now.
- 3) This bill sets forth priorities which could likely change over time and perhaps conflict with priorities in future highway programs. Why are we creating such potential conflicts?
- 4) The proposed modernization program may create disagreement amongst various segments of our community, now and in the future. We may be creating confusion in having the general public understand the clear priorities of the State Highway program which, over time, may conflict with the priorities of the proposed modernization program.
- 5) We do not believe that the Department, to date, has conducted a fair and reasonable study involving all stakeholders who are being asked to fund this program. A credible, comprehensive study is needed, to establish that all proposed funding mechanisms are being fairly shared amongst all highway users.
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In addition , the u-drive industry in the past has been paying in excess of \$30 million dollars a year to the airport special fund, and monies have been used to help keep landing fees low and to provide various airport improvements, but not major improvements for u-drive operators. Thus, the CFC bill was passed by the Legislature last year at the request of the industry, because that was the only way to get necessary airport improvements like other competing destinations. While the CFC fee is at \$1 daily, this fee is likely to rise to \$4 or more "daily" to pay for u-drive projects at our public airports. Such projects now in the works will seek to stimulate our economy and provide jobs, while providing long overdue improvements requested by the u-drive industry so that Hawaii will have facilities similar to other airports.

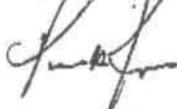
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Recent studies show that Hawaii's tourist satisfaction has been dwindling in recent years. These increased costs and charges for u-drive vehicles will obviously not help matters.

Finally, the estimated costs for Hawaii's driver is estimated at \$170 a year. It is anticipated that such costs are likely to increase in future years. Such added costs will be affect u-drive companies – this will obviously increase the cost of doing business and likely result in increased rental fees and charges. In Hawaii, it is estimated by Catrala that there are 40,000 to 70,000 u-drive vehicles servicing the needs of Hawaii's visitors and residents. At a minimum of \$170 per vehicle plus a suggested \$5 daily surcharge tax plus a CFC fee of \$4 daily in the near future, the burdens being place on our industry are staggering, especially during these dire economic times.

As reported and should be understood by all, our industry is struggling. Our business levels are down similar to the hotels, and companies have reported that they are laying off workers and cutting back on expenses and inventory.

The programs proposed by S.B. 1611, SD1 are admirable. Nevertheless, in light of our concerns raised above and in our testimony in opposition to S.B. 698, SD1, we do have significant concerns about S.B. 1611's approach, present form and proposed funding, which are burdens to the future Legislature and Administration, and unfairly targets the u-drive industry and tourism. Thank you for considering our comments on this measure.



Paul Kopel  
V.P./General Manager