



EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

June 20, 2014

**GOV. MSG. NO. 1211**

The Honorable Donna Mercado Kim,  
President  
and Members of the Senate  
Twenty-Seventh State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

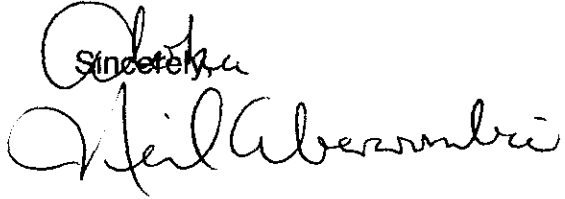
The Honorable Joseph M. Souki,  
Speaker and Members of the  
House of Representatives  
Twenty-Seventh State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

This is to inform you that on June 20, 2014, the following bill was signed into law:

SB2731 SD2 HD2

RELATING TO A CAR-SHARING VEHICLE  
SURCHARGE TAX  
**ACT 110 (14)**

*Sincerely,*  


NEIL ABERCROMBIE  
Governor, State of Hawaii

## A BILL FOR AN ACT

RELATING TO A CAR-SHARING VEHICLE SURCHARGE TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to create a car-  
2 sharing vehicle surcharge tax.

3 SECTION 2. Chapter 251, Hawaii Revised Statutes, is  
4 amended by adding a new section to be appropriately designated  
5 and to read as follows:

6 "§251- Car-sharing vehicle surcharge tax. (a) There is  
7 levied and shall be assessed and collected a car-sharing vehicle  
8 surcharge tax of 25 cents per half-hour, or any portion of a  
9 half-hour, that a rental motor vehicle is rented or leased by a  
10 car-sharing organization; provided that for each rental of six  
11 hours or more, the tax shall be assessed in a manner provided in  
12 section 251-2. The car-sharing vehicle surcharge tax shall be  
13 levied upon the car-sharing organization.

14 (b) An organization that qualifies as a car-sharing  
15 organization as defined in section 251-1, that is registered  
16 with the department pursuant to section 251-3, and that is  
17 subject to the surcharges imposed by this section shall not be  
18 subject to the surcharges imposed by section 251-2; provided



1 that any organization registered with the department pursuant to  
2 section 251-3 shall be subject to at least one surcharge imposed  
3 by this chapter."

4 SECTION 3. Section 251-1, Hawaii Revised Statutes, is  
5 amended by adding a new definition to be appropriately inserted  
6 and to read as follows:

7 "Car-sharing organization" means a rental motor vehicle  
8 lessor that operates a membership program in which:

- 9 (1) Self-service access to a fleet of vehicles is  
10 provided, with or without requiring a reservation,  
11 exclusively to members of the organization who have  
12 paid a membership fee;
- 13 (2) Members are charged a usage rate, either hourly or by  
14 the minute, for each use of a vehicle;
- 15 (3) Members are not required to enter into a separate  
16 written agreement with the organization each time the  
17 member reserves and uses a vehicle; and
- 18 (4) The average paid use period for all vehicles provided  
19 by the organization during any taxable period is six  
20 hours or less."

21 SECTION 4. Chapter 251, Hawaii Revised Statutes, is  
22 amended by amending its title to read as follows:



## 1 "[-]CHAPTER 251[+]

2 RENTAL MOTOR VEHICLE ~~[AND]~~, TOUR VEHICLE, AND CAR-SHARING  
3 VEHICLE SURCHARGE TAX"4 SECTION 5. Section 251-3, Hawaii Revised Statutes, is  
5 amended by amending subsection (a) to read as follows:6 "(a) Each person as a condition precedent to engaging or  
7 continuing in the business of providing rental motor vehicles to  
8 the public ~~[or]~~, engaging or continuing in the tour vehicle  
9 operator business, or engaging or continuing in a car-sharing  
10 organization business shall register with the director. A  
11 person required to so register shall make a one-time payment of  
12 \$20, upon receipt of which the director shall issue a  
13 certificate of registration in such form as the director  
14 determines, attesting that the registration has been made. The  
15 registration shall not be transferable and shall be valid only  
16 for the person in whose name it is issued and for the  
17 transaction of business at the place designated therein. The  
18 registration, or in lieu thereof a notice stating where the  
19 registration may be inspected and examined, shall at all times  
20 be conspicuously displayed at the place for which it is issued."21 SECTION 6. Section 437D-8.4, Hawaii Revised Statutes, is  
22 amended by amending subsection (a) to read as follows:

1       "(a) Notwithstanding any law to the contrary, a lessor may  
2 visibly pass on to a lessee:

3       (1) The general excise tax attributable to the  
4 transaction;

5       (2) The vehicle license and registration fee and weight  
6 taxes, prorated at 1/365th of the annual vehicle  
7 license and registration fee and weight taxes actually  
8 paid on the particular vehicle being rented for each  
9 full or partial twenty-four-hour rental day that the  
10 vehicle is rented; provided the total of all vehicle  
11 license and registration fees charged to all lessees  
12 shall not exceed the annual vehicle license and  
13 registration fee actually paid for the particular  
14 vehicle rented;

15       (3) The [~~rental motor vehicle~~] surcharge [~~tax as provided~~  
16 ~~in section 251-2~~] taxes imposed in chapter 251  
17 attributable to the transaction;

18       (4) The county surcharge on state tax under section 46-  
19 16.8; provided that the lessor itemizes the tax for  
20 the lessee; and

21       (5) The rents or fees paid to the department of  
22 transportation under concession contracts negotiated



1       pursuant to chapter 102, service permits granted  
2       pursuant to title 19, Hawaii Administrative Rules, or  
3       rental motor vehicle customer facility charges  
4       established pursuant to section 261-7; provided that:

5       (A)   The rents or fees are limited to amounts that can  
6             be attributed to the proceeds of the particular  
7             transaction;

8       (B)   The rents or fees shall not exceed the lessor's  
9             net payments to the department of transportation  
10            made under concession contract or service permit;

11       (C)   The lessor submits to the department of  
12             transportation and the department of commerce and  
13             consumer affairs a statement, verified by a  
14             certified public accountant as correct, that  
15             reports the amounts of the rents or fees paid to  
16             the department of transportation pursuant to the  
17             applicable concession contract or service permit:

18            (i)   For all airport locations; and

19            (ii)  For each airport location;

20       (D)   The lessor submits to the department of  
21             transportation and the department of commerce and  
22             consumer affairs a statement, verified by a



1 certified public accountant as correct, that  
2 reports the amounts charged to lessees:

- 3 (i) For all airport locations;  
4 (ii) For each airport location; and  
5 (iii) For each lessee;

6 (E) The lessor includes in these reports the  
7 methodology used to determine the amount of fees  
8 charged to each lessee; and

9 (F) The lessor submits the above information to the  
10 department of transportation and the department  
11 of commerce and consumer affairs within three  
12 months of the end of the preceding annual  
13 accounting period or contract year as determined  
14 by the applicable concession agreement or service  
15 permit.

16 The respective departments, in their sole discretion,  
17 may extend the time to submit the statement required  
18 in this subsection. If the director determines that  
19 an examination of the lessor's information is  
20 inappropriate under this subsection and the lessor  
21 fails to correct the matter within ninety days, the  
22 director may conduct an examination and charge a



1 lessor an examination fee based upon the cost per hour  
2 per examiner for evaluating, investigating, and  
3 verifying compliance with this subsection, as well as  
4 additional amounts for travel, per diem, mileage, and  
5 other reasonable expenses incurred in connection with  
6 the examination, which shall relate solely to the  
7 requirements of this subsection, and which shall be  
8 billed by the departments as soon as feasible after  
9 the close of the examination. The cost per hour shall  
10 be \$40 or as may be established by rules adopted by  
11 the director. The lessor shall pay the amounts billed  
12 within thirty days following the billing. All moneys  
13 collected by the director shall be credited to the  
14 compliance resolution fund."

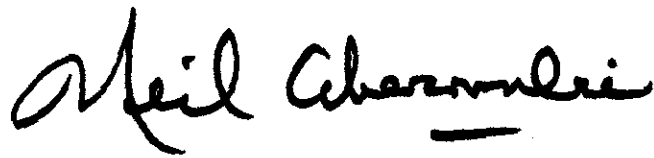
15 SECTION 7. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17 SECTION 8. This Act shall take effect on January 1, 2015;  
18 provided that the amendments made by section 6 of this Act to  
19 section 437D-8.4(a), Hawaii Revised Statutes, shall not be  
20 repealed when section 437D-8.4, Hawaii Revised Statutes, is  
21 reenacted on December 31, 2022, pursuant to section 9(3) of Act  
22 247, Session Laws of Hawaii 2005.



S.B. NO. 2731  
S.D. 2  
H.D. 2

APPROVED this 20 day of JUN, 2014

A handwritten signature in black ink, reading "Neil Abernethy". The signature is fluid and cursive, with a horizontal line underlining the name "Abernethy".

GOVERNOR OF THE STATE OF HAWAII