H.B. NO. 2522

A BILL FOR AN ACT

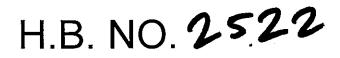
RELATING TO MOTOR VEHICLE RENTALS.

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

1 SECTION 1. The legislature finds that rental car companies 2 are permitted by Hawaii law to recover certain mandatory 3 government fees from rental car customers for the purpose of making a vehicle road-ready. However, the present law 4 establishes a formula for the recovery of these fees that 5 results in a significant portion of the fees going 6 unrecovered. This is partially because rental cars are rented 7 significantly less than one hundred per cent of the time, and 8 because the present formula in the law allows only 1/365th of 9 10 certain types of fees to be recovered.

11 The legislature finds that this result is not consistent 12 with the original intent of the law. Other states, including 13 California, have adopted laws that allow rental car companies 14 to pass on to consumers an amount closer to the full recovery 15 of mandatory government fees, while still preserving 16 transparency for the consumer. The legislature finds that it 17 is appropriate for Hawaii to follow this model.





1	The purpose of this Act is to change the methodology for			
2	the collection of vehicle license recovery fees by expanding the			
3	categories of fees that can be recovered, and requiring that the			
4	total fees charged do not exceed the annual fees actually paid			
5	by a rental car company in a particular year.			
6	SECTION 2. Section 437D-8.4, Hawaii Revised Statutes, is			
7	amended by amending subsection (a) to read as follows:			
8	"(a) Notwithstanding any law to the contrary, a lessor may			
9	visibly pass on to a lessee:			
10	(1) The general excise tax attributable to the			
11	transaction;			
12	(2) [The vehicle license and registration fee and weight			
13	taxes, prorated at 1/365th of the annual vehicle			
14	license and registration fee and weight taxes actually			
15	paid on the particular vehicle being-rented for-each			
16	full or partial twenty four hour rental day that the			
17	vehicle is rented; provided the total of all vehicle			
18	license-and-registration fees-charged to all lessees			
19	shall not exceed the annual vehicle license and			
20	registration fee actually paid for the particular			
21	vehicle rented;] A vehicle license recovery fee, which			



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1	<u>i</u>	ncludes vehicle license fees, beautification fees,
2	. <u>i</u>	nitial plate fees, registration fees, weight taxes
3	a	and use taxes; provided that the total vehicle license
4	r	recovery fee charged to all lessees shall not exceed
5	<u>t</u>	the annual vehicle license fees, beautification fees,
6	<u>i</u>	nitial plate fees, registration fees, weight taxes,
7	<u>a</u>	and use taxes actually paid by the lessor in a
8	p	particular year; and provided further that:
9	<u>(</u>	(A) If the total amount of the vehicle license
10		recovery fees paid by lessees under this section
11		in a particular year exceeds the total amount of
12		the annual vehicle license fees, beautification
13		fees, initial plate fees, registration fees,
14		weight taxes, and use taxes actually paid by the
15		lessor in a particular year, the lessor shall
16		retain the excess amount and reduce the amount of
17		vehicle license recovery fees charged to lessees
18		for the following year by the corresponding
19		amount; and
20	_((B) The lessor submits to the office of consumer
21		protection of the department of commerce and



1		consumer affairs a statement, verified by a
2		certified public accountant as correct, that
3		reports the total amount of the annual vehicle
4		license fees, beautification fees, initial plate
5		fees, registration fees, weight taxes, and use
6		taxes actually paid by the lessor in a particular
7		year, and the total amount of vehicle license
8		recovery fees charged to lessees;
9	(3)	The surcharge taxes imposed in chapter 251
10		attributable to the transaction;
11	(4)	The county surcharge on state tax under section 46-
12		16.8; provided that the lessor itemizes the tax for
13		the lessee; and
14	(5)	The rents or fees paid to the department of
15		transportation under concession contracts negotiated
16		pursuant to chapter 102, service permits granted
17		pursuant to title 19, Hawaii Administrative Rules, or
18		rental motor vehicle customer facility charges
19		established pursuant to section 261-7; provided that:



1	(A)	The rents or fees are limited to amounts that can
2		be attributed to the proceeds of the particular
3		transaction;
4	(B)	The rents or fees shall not exceed the lessor's
5		net payments to the department of transportation
6		made under concession contract or service permit;
7	(C)	The lessor submits to the department of
8		transportation and the department of commerce and
9		consumer affairs a statement, verified by a
10		certified public accountant as correct, that
11		reports the amounts of the rents or fees paid to
12		the department of transportation pursuant to the
13		applicable concession contract or service permit:
14		(i) For all airport locations; and
15		(ii) For each airport location;
16	(D)	The lessor submits to the department of
17		transportation and the department of commerce and
18		consumer affairs a statement, verified by a
19		certified public accountant as correct, that
20		reports the amounts charged to lessees:
21		(i) For all airport locations;



1	(ii) For each airport location; and
2	(iii) For each lessee;
3	(E) The lessor includes in these reports the
4	methodology used to determine the amount of fees
5	charged to each lessee; and
6	(F) The lessor submits the above information to the
7	department of transportation and the department
8	of commerce and consumer affairs within three
9	months of the end of the preceding annual
10	accounting period or contract year as determined
11	by the applicable concession agreement or service
12	permit.
13	The respective departments, in their sole discretion,
14	may extend the time to submit the statement required
15	in this subsection. If the director determines that
16	an examination of the lessor's information is
17	inappropriate under this subsection and the lessor
18	fails to correct the matter within ninety days, the
19	director may conduct an examination and charge a
20	lessor an examination fee based upon the cost per hour
21	per examiner for evaluating, investigating, and



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

SECTION 3. Statutory material to be repealed is bracketed 13 and stricken. New statutory material is underscored. 14

This Act shall take effect on January 1, 2018. 15 SECTION 4.

INTRODUCED BY:

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JAN 2 6 2016



Report Title: Motor Vehicle Rentals; Pass On Fees

Description: Expands the base of the vehicle-related fees and taxes that motor vehicle lessors may pass on to lessees.

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