

JAN 22 2016

A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE RENTAL INDUSTRY.

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

1 SECTION 1. The legislature finds that current law permits
2 rental car companies to recover certain mandatory government
3 fees, for the purpose of making a vehicle road-ready, from
4 rental car customers. However, the prorated formula is
5 calculated over a period of three hundred sixty-five days, which
6 results in a significant portion of the fees going unrecovered.
7 This is partially because rental cars are rented significantly
8 less than one hundred per cent of the time.

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

16 The purpose of this Act is expand the categories of fees
17 that can be recovered if the total fees charged do not exceed



1 the annual fees actually paid by a rental car company in a
2 particular year.

3 SECTION 2. Section 437D-3, Hawaii Revised Statutes, is
4 amended by adding a new definition to be appropriately inserted
5 and to read as follows:

6 "Vehicle license recovery fee" includes motor vehicle
7 weight taxes under section 249-2; fees connected with
8 registration of specially constructed, reconstructed, or rebuilt
9 vehicles as referenced under section 286-41(c); fees connected
10 with the registration of special interest vehicles as defined in
11 section 286-2; fees connected with the registration of imported
12 vehicles as referenced in section 286-41(c); license plate fees
13 under section 249-7(b); and any use tax under chapter 238."

14 SECTION 3. Section 437D-8.4, Hawaii Revised Statutes, is
15 amended by amending subsection (a) to read as follows:

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

18 (1) The general excise tax attributable to the
19 transaction;

20 (2) ~~[The vehicle license and registration fee and weight~~
21 ~~taxes, prorated at 1/365th of the annual vehicle~~



~~license and registration fee and weight taxes actually paid on the particular vehicle being rented for each full or partial twenty four hour rental day that the vehicle is rented; provided the total of all vehicle license and registration fees charged to all lessees shall not exceed the annual vehicle license and registration fee actually paid for the particular vehicle rented;]~~ The vehicle license recovery fee; provided that the fee charged to all lessees of the particular vehicle shall not exceed the annual total of all such fees actually paid by the lessor for the particular vehicle rented;

- (3) The surcharge taxes imposed in chapter 251 attributable to the transaction;
- (4) The county surcharge on state tax under section 46-16.8; provided that the lessor itemizes the tax for the lessee; and
- (5) The rents or fees paid to the department of transportation under concession contracts negotiated pursuant to chapter 102, service permits granted pursuant to title 19, Hawaii Administrative Rules, or



rental motor vehicle customer facility charges
established pursuant to section 261-7; provided that:

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

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

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

(i) For all airport locations; and

(ii) For each airport location;

(D) The lessor submits to the department of
transportation and the department of commerce and
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



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

16 SECTION 4. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 5. This Act shall take effect on July 1, 2016;
19 provided that the amendments made to section 437D-8.4(a), Hawaii
20 Revised Statutes, by section 3 of this Act shall not be repealed
21 when section 437D-8.4, Hawaii Revised Statutes, is reenacted on



S.B. NO. 2683

1 December 31, 2027, pursuant to section 9 of Act 247, Session
2 Laws of Hawaii 2005, as amended by Act 226, Session Laws of
3 Hawaii 2008, Act 11, Session Laws of Hawaii 2009, Act 110,
4 Session Laws of Hawaii 2014, and Act 240, Session Laws of Hawaii
5 2015.

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INTRODUCED BY:

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S.B. NO. 2683

Report Title:

Motor Vehicle Rental Industry; Fees

Description:

Allows lessors of rental motor vehicles to pass on to lessees a vehicle license recovery fee. Defines vehicle license recovery fee.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

