

STAND. COM. REP. NO. 141

Honolulu, Hawaii

February 9, 2017

RE: H.B. No. 735

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred H.B. No. 735 entitled:

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

begs leave to report as follows:

The purpose of this measure is to assist rental car companies in fully collecting from customers mandated government fees and amend the formula upon which those fees are assessed.

Hilton Hawaii, Enterprise Holdings, LLC, Hertz Global, Avis Budget Group, and Chamber of Commerce Hawaii supported this measure. The Department of Transportation supported the intent of this measure. The Office of Consumer Protection of the Department of Commerce and Consumer Affairs opposed this measure.

Current law permits rental car companies to recover certain mandatory government fees, for the purpose of making a vehicle road-ready, from rental car customers. However, the prorated formula is calculated over a period of 365 days, which results in a significant portion of the fees going unrecovered. This is partially because rental cars are rented significantly less than 100 percent of the time.

Your Committee finds that this measure addresses this issue, while presenting transparency for consumers. However, your Committee notes concerns that this measure may be unfair to

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consumers because it may create a situation in which consumers may be charged an excessive amount for fees and taxes.

Your Committee has amended this measure by:

- (1) Defining "vehicle license recovery fee" as a charge that seeks to recover the amount of any government assessed vehicle fees paid by a rental company;
- (2) Clarifying that car rental companies can pass on the vehicle license recovery fee to customers, as long as the car rental company does not collect more fees from customers than the total fees paid; and
- (3) Changing its effective date to July 1, 2050, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 735, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 735, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Transportation,



HENRY J.C. AQUINO, Chair



