
A BILL FOR AN ACT

RELATING TO THE RENTAL MOTOR VEHICLE SURCHARGE TAX.

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

1 SECTION 1. The legislature finds that rental car use has
2 increased steadily in the State, adding to traffic congestion on
3 each island. The legislature also acknowledges that where state
4 and county roadways have not been improved, the increasing
5 number of rental cars and resident-owned vehicles adds to
6 traffic congestion.

7 The legislature further finds that additional highway
8 funding is needed due to highways that are congested and in need
9 of widening and improvements.

10 The legislature recognizes, however, that highway expansion
11 is not possible in certain areas of the State due to coastal
12 locations, lack of public right of way, or topographic,
13 environmental, cultural resource, or funding limitations. The
14 legislature also acknowledges that some counties would like to
15 promote the use of public transit and private shuttles to reduce
16 the number of single-occupancy vehicles on Hawaii's roadways.



1 The legislature finds that public transit and private
2 shuttles are not self-supporting and require ongoing public
3 subsidies to operate, yet dedicated sources of funding are
4 limited. Public transit and private shuttles benefit both
5 visitors and Hawaii's residents, reduce greenhouse gas emissions
6 and contribute to meeting Hawaii's clean energy goals, reduce
7 transportation costs for families with limited incomes,
8 eliminate the need for costly highway widening, and can help to
9 direct future land uses more efficiently around transit
10 stations.

11 Accordingly, the purpose of this Act is to provide a
12 dedicated source of revenue to the state highway fund and the
13 newly created state transit fund and to assist the counties to
14 operate public transit and private shuttles that help to relieve
15 roadway congestion.

16 SECTION 2. Chapter 248, Hawaii Revised Statutes, is
17 amended by adding two new sections to be appropriately
18 designated and to read as follows:

19 "§248- State transit fund. (a) There is created in
20 the treasury of the State a special fund to be known as the



1 state transit fund, to be administered by the director of
2 transportation.

3 (b) One-half of the surcharge tax collected under section
4 251-2(a) in each calendar year shall be deposited in the state
5 transit fund.

6 (c) Moneys in the state transit fund shall be distributed
7 to the counties in the following percentages:

8 (1) The city and county of Honolulu shall receive thirty
9 per cent;

10 (2) The county of Hawaii shall receive nineteen per cent;

11 (3) The county of Kauai shall receive sixteen per cent;
12 and

13 (4) The county of Maui shall receive thirty-five per cent.

14 (d) The counties shall expend the moneys received under
15 subsection (c) for new or expanded county public transit and
16 private shuttle programs.

17 (e) The mayor of each county shall submit an annual report
18 to the legislature not later than thirty days prior to the
19 convening of each regular session on the expenditures of the
20 moneys received under subsection (c).



1 §248- State highway fund; disposition of rental motor
2 vehicle surcharge tax revenues. (a) The department of
3 transportation shall distribute the moneys received under
4 section 251-5(b) to the counties in the following percentages:

5 (1) The city and county of Honolulu shall receive thirty
6 per cent;

7 (2) The county of Hawaii shall receive nineteen per cent;

8 (3) The county of Kauai shall receive sixteen per cent;

9 and

10 (4) The county of Maui shall receive thirty-five per cent.

11 (b) The counties shall expend the moneys received under
12 subsection (a) for new or expanded county public transit and
13 private shuttle programs.

14 (c) The mayor of each county shall submit an annual report
15 to the legislature not later than thirty days prior to the
16 convening of each regular session on the expenditures of the
17 moneys received under subsection (a)."

18 SECTION 3. Section 251-2, Hawaii Revised Statutes, is
19 amended by amending subsection (a) to read as follows:

20 "(a) There is levied and shall be assessed and collected
21 each month a rental motor vehicle surcharge tax of \$7.50 a day,



1 except that after June 30, 2012, the tax shall be \$3 a day, and
2 after June 30, 2018, the tax shall be \$ _____ a day, or any
3 portion of a day that a rental motor vehicle is rented or
4 leased. The rental motor vehicle surcharge tax shall be levied
5 upon the lessor; provided that the tax shall not be levied on
6 the lessor if:

7 (1) The lessor is renting the vehicle to replace a vehicle
8 of the lessee that is being repaired; and

9 (2) A record of the repair order for the vehicle is
10 retained either by the lessor for two years for
11 verification purposes or by a motor vehicle repair
12 dealer for two years as provided in section 437B-16."

13 SECTION 4. Section 251-5, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "**§251-5 Remittances.** (a) All remittances of surcharge
16 taxes imposed under this chapter shall be made by cash, bank
17 draft, cashier's check, money order, or certificate of deposit
18 to the office of the taxation district to which the return was
19 transmitted. [~~The~~] Except as provided in subsection (b), the
20 department shall deposit the moneys into the state treasury to
21 the credit of the state highway fund.



(b) Commencing July 1, 2018, the department shall deposit one-half of the surcharge tax levied and collected under section 251-2(a) into the state highway fund."

SECTION 5. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 6. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 7. This Act shall take effect on July 1, 2018.

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H.B. NO. 2457

Report Title:

Rental Motor Vehicle Surcharge Tax; State Highway Fund; State Transit Fund; Counties

Description:

Creates the state transit fund. Raises the rental motor vehicle surcharge tax to \$ per day, and deposits one-half of the revenues into the state transit fund and the other half into the state highway fund for distribution to the counties. Requires the counties to use the surcharge tax revenue for new or expanded county public transit and private shuttle programs. Requires annual reports from the counties.

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