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# A BILL FOR AN ACT

RELATING TO TRANSPORTATION.

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

1           SECTION 1. The legislature finds that traffic congestion  
2 is a serious problem that negatively affects the quality of life  
3 for residents and visitors in Hawaii. Congestion on the State's  
4 roadways continues to increase, forcing people to spend more  
5 time sitting in vehicles and less time being productive at work  
6 or with families and friends.

7           The legislature also finds that visitors make up a large  
8 proportion of public highway users.

9           The legislature believes that it is prudent to target this  
10 group of highway users to raise revenue for capital improvements  
11 to Hawaii's highways, which will relieve congestion and improve  
12 the quality of life for both residents and visitors.

13           The purpose of this Act is to use additional fees from the  
14 rental of motor vehicles leased at state airports to fund  
15 projects to increase highway capacity and relieve traffic  
16 congestion.

17           Specifically, this Act:



- 1           (1) Increases the rental motor vehicle surcharge tax for
- 2           lessees without a valid Hawaii driver's license to \$5
- 3           for each day, or portion of a day, that a rental motor
- 4           vehicle is rented from a rental motor vehicle
- 5           concession located in an airport;
- 6           (2) Requires that the revenues from the increase in motor
- 7           vehicle surcharge tax be expended for road capacity
- 8           projects in the county in which the rental motor
- 9           vehicle was operated under the rental or lease
- 10          agreement; and
- 11          (3) Increases the tour vehicle surcharge tax by \$1 for
- 12          each category of tour vehicle.

13          SECTION 2. Section 251-2, Hawaii Revised Statutes, is  
 14 amended to read as follows:

15          "**§251-2 Rental motor vehicle and tour vehicle surcharge**  
 16 **tax.** (a) There is levied and shall be assessed and collected  
 17 each month a rental motor vehicle surcharge tax of [~~\$7.50 a day,~~  
 18 ~~except that after June 30, 2012, the tax shall be~~] \$3 a day, or  
 19 any portion of a day that a rental motor vehicle is rented or  
 20 leased[-]; provided that lessees without a valid Hawaii driver's  
 21 license shall be assessed an additional \$2 a day, or any portion



1 of a day that a rental motor vehicle is rented or leased. The  
2 rental motor vehicle surcharge tax shall be levied upon the  
3 lessor; provided that the tax shall not be levied on the lessor  
4 if:

- 5 (1) The lessor is renting the vehicle to replace a vehicle  
6 of the lessee that is being repaired; and
- 7 (2) A record of the repair order for the vehicle is  
8 retained either by the lessor for two years for  
9 verification purposes or by a motor vehicle repair  
10 dealer for two years as provided in section 437B-16.

11 In addition to the requirements imposed by section 251-4, a  
12 lessor shall disclose, to the department, the portion of the  
13 remittance attributed to the county in which the motor vehicle  
14 was operated under rental or lease.

15 Of the remittances collected pursuant to this subsection,  
16 \$2 per day or portion of a day from each lessee without a valid  
17 Hawaii driver's license shall be deposited into the state  
18 treasury to the credit of the respective county subaccount of  
19 the state highway fund, established pursuant to section 248-  
20 9(c), that corresponds to the county in which the rental motor  
21 vehicle was driven under rental or lease.



1 (b) There is levied and shall be assessed and collected  
2 each month a tour vehicle surcharge tax of:

3 (1) [~~\$65~~] \$66 for each tour vehicle used or partially used  
4 during the month that falls into the over twenty-five  
5 passenger seat category; and

6 (2) [~~\$15~~] \$16 for each tour vehicle used or partially used  
7 during the month that falls into the eight to twenty-  
8 five passenger seat category.

9 The tour vehicle surcharge tax shall be levied upon the  
10 tour vehicle operator."

11 SECTION 3. Section 248-9, Hawaii Revised Statutes, is  
12 amended to read as follows:

13 "**§248-9 State highway fund.** (a) Moneys in the state  
14 highway fund may be expended for the following purposes:

15 (1) To pay the costs of operation, maintenance, and repair  
16 of the state highway system, including without  
17 limitation, the cost of equipment and general  
18 administrative overhead;

19 (2) To pay the costs of acquisition (including real  
20 property and interests therein), planning, designing,  
21 construction, and reconstruction of the state highway



1 system and bikeways, including, without limitation,  
2 the cost of equipment and general administrative  
3 overhead;

4 (3) To reimburse the general fund for interest on and  
5 principal of general obligation bonds issued to  
6 finance highway projects where the bonds are  
7 designated to be reimbursable out of the state highway  
8 fund; and

9 (4) To pay the costs of construction, maintenance, and  
10 repair of county roads; provided that none of the  
11 funds expended on a county road or program shall be  
12 federal funds when such expenditure would cause a  
13 violation of federal law or a federal grant agreement.

14 (b) At any time, the director of transportation may  
15 transfer from the state highway fund all or any portion of  
16 available moneys determined by the director of transportation to  
17 exceed one hundred thirty-five per cent of the requirements for  
18 the ensuing twelve months for the state highway fund as  
19 permitted by and in accordance with section 37-53. For purposes  
20 of the determination, the director of transportation shall take  
21 into consideration:



1 (1) The amount of federal funds and bond funds on deposit  
2 in, and budgeted to be expended from, the state  
3 highway fund during the period;

4 (2) Amounts on deposit in the state highway fund that are  
5 encumbered or otherwise obligated;

6 (3) Budgeted amounts payable from the state highway fund  
7 during the period;

8 (4) Revenues anticipated to be received by and  
9 expenditures to be made from the state highway fund  
10 during the period based on existing agreements and  
11 other information for the ensuing twelve months; and

12 (5) Any other factors as the director of transportation  
13 shall deem appropriate.

14 (c) The department of transportation shall establish  
15 county subaccounts within the state highway fund.

16 Notwithstanding subsections (a) and (b), funds in each county  
17 subaccount shall be expended for road capacity projects in the  
18 respective county.

19 For purposes of this subsection, "road capacity project"  
20 means construction:

21 (1) Of a new road;



- 1        (2) To widen or add additional lanes to an existing road;
- 2                or
- 3        (3) That increases the amount of vehicles that may be
- 4                driven on an island and alleviates the level of
- 5                traffic on existing roads of that island."

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

8        **"§251-5 Remittances.** All remittances of surcharge taxes  
9 imposed under this chapter shall be made by cash, bank draft,  
10 cashier's check, money order, or certificate of deposit to the  
11 office of the taxation district to which the return was  
12 transmitted. The department shall deposit the moneys into the  
13 state treasury to the credit of the state highway fund[-];  
14 provided that user fee revenues that are levied, assessed, and  
15 collected pursuant to section 251-2(a) from lessees without a  
16 valid Hawaii's drivers license shall be deposited in accordance  
17 with section 248-9(c)."

18        SECTION 5. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.

20        SECTION 6. This Act shall take effect on January 1, 2019.



**Report Title:**

Rental Motor Vehicle Surcharge; Tour Vehicle Surcharge; State Highway Fund; Road Capacity Projects

**Description:**

Increases the rental motor vehicle surcharge from \$3 to \$5 for lessees without a valid Hawaii driver's license from the rental motor vehicle surcharge. Requires that the revenues from the increase in motor vehicle surcharge tax be expended for road capacity projects in the county in which the rental motor vehicle was operated under rental or lease. Increases the tour vehicle surcharge by \$1 for each category of tour vehicle. Takes effect on 1/1/2019. (SD1)

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

