
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 a healthy and robust
2 rental car industry is vital to Hawaii's tourism economy and
3 supports tourism as an integral part of Hawaii's transportation
4 infrastructure. While keeping the industry vibrant is
5 important, the legislature also finds that rental car customers,
6 who are predominantly tourists, should be made fully aware of
7 all of the mandatory government taxes that are assessed on each
8 rental car.

9 Hawaii is currently the only state where the existing law
10 virtually ensures that the rental car industry cannot fully
11 recover the plate fees, inspection fees, and general excise tax
12 on the particular vehicle being rented. Thirty-eight states
13 currently permit rental car companies to fully recover all
14 government fees assessed upon a rental car. Rental car
15 companies incur a shortfall in collections under current law,
16 which hinders their ability to provide a selection of rental
17 cars to customers, many of which are tourists who want to
18 explore areas of the State that require a rental car.



1 The purpose of this Act is to allow rental car companies to
2 collect from customers mandated government fees and amend the
3 formula upon which those fees are assessed.

4 SECTION 2. Chapter 437D, Hawaii Revised Statutes, is
5 amended by adding a new section to be appropriately designated
6 and to read as follows:

7 "§437D- Vehicle recovery fees; disclosure. All lessors
8 shall inform their lessees of all vehicle license recovery fees
9 by:

- 10 (1) Displaying the fees on the lessor's website for online
- 11 reservations;
- 12 (2) Printing the fees on the written rental contract; and
- 13 (3) If the lessee makes a reservation over the phone or
- 14 in-person, relaying the fees verbally."

15 SECTION 3. Section 437D-3, Hawaii Revised Statutes, is
16 amended by adding a two new definitions to be appropriately
17 inserted and to read as follows:

18 "Government assessed vehicle fees" includes motor vehicle
19 weight taxes under section 249-2; fees connected with the
20 registration of specially constructed, reconstructed, or rebuilt
21 vehicles, special interest vehicles, or imported vehicles as



1 referenced in section 286-41(c); license plate fees under
2 section 249-7(b); and any use tax under chapter 238."

3 "Vehicle license recovery fee" means a charge that seeks to
4 recover the amount of any government assessed vehicle fees paid
5 by a rental company."

6 SECTION 4. 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;] The vehicle license recovery fee,~~



1 which shall be calculated by totaling the aggregate
2 government assessed vehicle fees paid annually and
3 dividing that amount by the anticipated number of
4 annual rental days of the vehicle; provided that the
5 aggregate fee charged to all vehicle lessees annually
6 shall not exceed the total fees annually paid in the
7 same year; provided further that:

8 (A) If the aggregate amount of vehicle license
9 recovery fees collected from lessees under this
10 section in a particular year exceeds the
11 aggregate amount of government assessed vehicle
12 fees paid by the lessor in the same year, the
13 lessor shall retain the excess amount of fees
14 collected and reduce the amount of vehicle
15 license recovery fees charged to lessees the
16 following year by the corresponding amount; and

17 (B) The lessor shall submit annually to the director
18 and the director of the office of consumer
19 protection a statement verified by a third party
20 certified public accountant as accurate, that
21 reports the total amount of the vehicle license



1 recovery fees paid by the lessor in a particular
2 year, and the total amount of the annual vehicle
3 license recovery fees collected from lessees in
4 the same year;

5 (3) The surcharge taxes imposed in chapter 251
6 attributable to the transaction;

7 (4) The county surcharge on state tax under section 46-
8 16.8; provided that the lessor itemizes the tax for
9 the lessee; and

10 (5) The rents or fees paid to the department of
11 transportation under concession contracts negotiated
12 pursuant to chapter 102, service permits granted
13 pursuant to title 19, Hawaii Administrative Rules, or
14 rental motor vehicle customer facility charges
15 established pursuant to section 261-7; provided that:

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

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



- 1 (C) The lessor submits to the department of
2 transportation and the department of commerce and
3 consumer affairs a statement, verified by a
4 certified public accountant as correct, that
5 reports the amounts of the rents or fees paid to
6 the department of transportation pursuant to the
7 applicable concession contract or service permit:
 - 8 (i) For all airport locations; and
 - 9 (ii) For each airport location;
- 10 (D) The lessor submits to the department of
11 transportation and the department of commerce and
12 consumer affairs a statement, verified by a
13 certified public accountant as correct, that
14 reports the amounts charged to lessees:
 - 15 (i) For all airport locations;
 - 16 (ii) For each airport location; and
 - 17 (iii) For each lessee;
- 18 (E) The lessor includes in these reports the
19 methodology used to determine the amount of fees
20 charged to each lessee; and



1 (F) The lessor submits the above information to the
2 department of transportation and the department
3 of commerce and consumer affairs within three
4 months of the end of the preceding annual
5 accounting period or contract year as determined
6 by the applicable concession agreement or service
7 permit.

8 The respective departments, in their sole discretion,
9 may extend the time to submit the statement required
10 in this subsection. If the director determines that
11 an examination of the lessor's information is
12 inappropriate under this subsection and the lessor
13 fails to correct the matter within ninety days, the
14 director may conduct an examination and charge a
15 lessor an examination fee based upon the cost per hour
16 per examiner for evaluating, investigating, and
17 verifying compliance with this subsection, as well as
18 additional amounts for travel, per diem, mileage, and
19 other reasonable expenses incurred in connection with
20 the examination, which shall relate solely to the
21 requirements of this subsection, and which shall be



1 billed by the departments as soon as feasible after
2 the close of the examination. The cost per hour shall
3 be \$40 or as may be established by rules adopted by
4 the director. The lessor shall pay the amounts billed
5 within thirty days following the billing. All moneys
6 collected by the director shall be credited to the
7 compliance resolution fund."

8 SECTION 5. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 6. This Act shall take effect upon its approval;
11 provided that the amendments made to section 437D-8.4(a), Hawaii
12 Revised Statutes, by section 3 of this Act shall not be repealed
13 when that section is reenacted on December 31, 2027, pursuant to
14 section 9 of Act 247, Session Laws of Hawaii 2005, as amended by
15 section 7 of Act 240, Session Laws of Hawaii 2015.

16



Report Title:

Motor Vehicle Rentals; Pass-On Costs

Description:

Allows lessors to pass on vehicle license recovery fees that dealers may pass on to customers. Defines vehicle license recovery fees as government assessed vehicle fees that include motor vehicle weight taxes, fees connected with registration of specially constructed, reconstructed, or rebuilt vehicles; fees connected with registration of special interest vehicles; fees connected with registration of imported vehicles; license plate fees; and any use taxes. (SD1)

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