

STAND. COM. REP. NO.

2677

Honolulu, Hawaii

FEB 13 2020

RE: S.B. No. 2687

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred S.B. No. 2687 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to improve roadways in the State by increasing the amount of the rental motor vehicle surcharge tax from \$5 to \$8 for any county with a resident population of more than 125,000, but less than 195,000 and setting aside the revenue from the increased surcharge tax for highway capacity projects in that county.

Your Committee received testimony in support of this measure from the Department of Transportation, five members of the Maui County Council, Maui Metropolitan Planning Organization Policy Board, and Maui Chamber of Commerce. Your Committee received testimony in opposition to this measure from Avis Budget Group, Inc. and Enterprise Holdings. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that traffic congestion is a serious problem that negatively affects the quality of life for residents and visitors in Hawaii. Your Committee further finds that visitors make up a large proportion of public highway users and that counties have been impacted differently by the level of



visitors. For example, Maui county has the highest number of motor vehicle rentals on a per capital basis. Your Committee finds that this places a greater strain on Maui roads and further increases roadway congestion. Your Committee believes that it is prudent to raise revenue for necessary capital improvements to some of Hawaii's highways, which will relieve congestion and improve the quality of life for both residents and visitors. This measure will increase funding to improve roadways by increasing the surcharge tax on rental motor vehicles for counties with a certain population. Your Committee finds that the Department of Taxation requested that the measure be made effective no earlier than January 1, 2021 to provide sufficient time to make the necessary form, instruction, and computer changes. Your Committee further finds that based on the testimony from the Department of Transportation, the mayor of Maui County, and the Maui Metropolitan Planning Organization, the increased funds collected pursuant to this measure could be directed towards projects such as the Honoapiilani Highway realignment project on Maui.

Accordingly, your Committee has amended this measure by:

- (1) Changing the effective date to January 1, 2021; and
- (2) Prioritizing a project for which the funds generated could be used for.

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 S.B. No. 2687, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2687, S.D. 1, and be referred to your Committee on Ways and Means.

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


LORRAINE R. INOUE, Chair



Record of Votes
Committee on Transportation
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*Only one measure per Record of Votes