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# A BILL FOR AN ACT

RELATING TO TAXATION.

**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 and that counties have been  
9 impacted differently by the level of visitors. For example,  
10 Maui county has the highest number of motor vehicle rentals on a  
11 per capita basis. This places a greater strain on Maui roads  
12 and further increases roadway congestion.

13           The legislature believes that it is prudent to target a  
14 specific group of highway users to raise revenue for necessary  
15 capital improvements to some of Hawaii's highways, which will  
16 relieve congestion and improve the quality of life for both  
17 residents and visitors.



1 The purpose of this Act is to increase the rental motor  
2 vehicle surcharge tax in counties experiencing a high number of  
3 motor vehicle rentals and to use that revenue to fund projects  
4 in those counties to increase highway capacity and relieve  
5 traffic congestion.

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

8 "(a) There is levied and shall be assessed and collected  
9 each month a rental motor vehicle surcharge tax of \$5 a day, or  
10 any portion of a day that a rental motor vehicle is rented or  
11 leased[-]; provided that, in any county having a resident  
12 population of more than 125,000, but less than 195,000, the  
13 rental motor vehicle surcharge tax shall be \$ a day,  
14 or any portion of a day that a rental motor vehicle is rented or  
15 leased. The rental motor vehicle surcharge tax shall be levied  
16 upon the lessor; provided that the tax shall not be levied on  
17 the lessor if:

18 (1) The lessor is renting the vehicle to replace a vehicle  
19 of the lessee that [~~is~~]:

20 (A) Is being repaired; [~~and~~] or



1           (B) Has been stolen and is unrecovered or will not be  
2                   repaired due to a total loss of the vehicle; and  
3       (2) A record of the repair order, the stolen vehicle  
4           record, or total loss vehicle claim for the vehicle  
5           ~~[is]~~ shall be retained either by the lessor for two  
6           years for verification purposes or by a motor vehicle  
7           repair dealer for two years as provided in  
8           section 437B-16.

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

13       SECTION 3. 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.



1        (b) For a county having a resident population of more than  
2 125,000, but less than 195,000, \$3 out of every \$  
3 collected pursuant to section 251-2(a) for the use of any rental  
4 motor vehicle in that county shall be deposited into that  
5 county's subaccount within the state highway fund established  
6 pursuant to section 248-9(c)."

7        SECTION 4. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9        SECTION 5. This Act shall take effect on January 1, 2050.



S.B. NO. 646  
S.D. 2  
H.D. 1

**Report Title:**

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

**Description:**

Amends the amount of the rental motor vehicle surcharge tax to an unspecified amount for any county with a resident population of more than 125,000, but less than 195,000. Allocates the increase in surcharge tax revenues to the county's subaccount within the state highway fund. Effective 1/1/2050. (HD1)

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