

JAN 19 2024

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 the northern
2 extension of the Lahaina bypass was envisioned to be funded by
3 the rental car surcharge. This fund, created by the legislature
4 specifically for the Lahaina bypass has since been shifted to
5 other projects, unrelated to the bypass, in direct conflict with
6 the original justification for taxing rental cars.

7 The legislature further finds that because of the recent
8 wildfires, population growth quickly centered to the areas to be
9 serviced by the Lahaina bypass. Additionally, plans for future
10 development in the area, including projects with the department
11 of Hawaiian homelands and the Hawaii housing finance development
12 corporation, will increase the population by adding thousands of
13 homes north of Lahaina. Given that this segment of the bypass
14 will also service the visitors to the area and will generate
15 most of the rental car traffic on the island, it is appropriate
16 to utilize potential disaster and rental car funds for the



1 construction, maintenance, and repair of the Lahaina bypass
2 north.

3 SECTION 2. Section 248-9, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) Moneys in the state highway fund may be expended for
6 the following purposes:

7 (1) To pay the costs of operation, maintenance, and repair
8 of the state highway system, including without
9 limitation, the cost of equipment and general
10 administrative overhead;

11 (2) To pay the costs of acquisition, including real
12 property and interests therein; planning; designing;
13 construction; and reconstruction of the state highway
14 system and bikeways, including without limitation, the
15 cost of equipment and general administrative overhead;

16 (3) To reimburse the general fund for interest on and
17 principal of general obligation bonds issued to
18 finance highway projects where the bonds are
19 designated to be reimbursable out of the state highway
20 fund;



1 (4) To pay the costs of construction, maintenance, and
 2 repair of county roads; provided that none of the
 3 funds expended on a county road or program shall be
 4 federal funds when expenditure would cause a violation
 5 of federal law or a federal grant agreement; ~~and~~

6 (5) To pay the costs of establishing and maintaining a
 7 drug and alcohol toxicology testing laboratory that is
 8 intended to support the prosecution of offenses
 9 relating to operation of a motor vehicle while under
 10 the influence of an intoxicant ~~[-]~~; and

11 (6) To pay the costs of construction, maintenance, and
 12 repair of the Lahaina bypass north."

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

15 "(a) There is levied and shall be assessed and collected
 16 each month a rental motor vehicle surcharge tax of \$5 a day, or
 17 any portion of a day that a rental motor vehicle is rented or
 18 leased~~[-]~~; provided that, beginning July 1, 2024, the rental
 19 motor vehicle surcharge tax shall increase to \$7 a day, and the
 20 difference shall be allocated for the Lahaina bypass north.

21 Beginning January 1, 2022, and each subsequent year on January 1

1 until December 31, 2027, the rental motor vehicle surcharge tax
2 shall increase by \$0.50. The rental motor vehicle surcharge tax
3 shall be levied upon the lessor; provided that the tax shall not
4 be levied on the lessor if:

5 (1) The lessor is renting the vehicle to replace a vehicle
6 of the lessee that:

7 (A) Is being repaired; or

8 (B) Has been stolen and is unrecovered or will not be
9 repaired due to a total loss of the vehicle; and

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

15 In addition to the requirements imposed by section 251-4, a
16 lessor shall disclose, to the department, the portion of the
17 remittance attributed to the county in which the motor vehicle
18 was operated under rental or lease. A peer-to-peer car-sharing
19 program, as defined in chapter 279L, shall be subject to the tax
20 imposed by this subsection and be subject to the other
21 requirements of this chapter."



1 SECTION 4. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect on July 1, 2024.

4

INTRODUCED BY:  _____



S.B. NO. 2856

Report Title:

Rental Motor Vehicle Surcharge; State Highway Fund; Lahaina Bypass North

Description:

Increases the Rental Motor Vehicle Surcharge from \$2 to \$7. Includes the operation and maintenance costs of the Lahaina Bypass North as a permissible use of the State Highway Fund.

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