

JAN 23 2026

A BILL FOR AN ACT

RELATING TO THE RENTAL MOTOR VEHICLE SURCHARGE TAX.

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

1 SECTION 1. The legislature finds that the State has
2 supported the temporary rental and use of motor vehicles in lieu
3 of full-time ownership in an effort to reduce the impacts of
4 pollution on the environment and reduce traffic on the roads.

5 There is currently a rental motor vehicle surcharge tax of \$7.50
6 per day. The purpose of this Act is to allow the surcharge tax
7 to be prorated at the rate of 25 cents per half-hour, or any
8 portion of a half-hour, that a rental motor vehicle is rented or
9 leased for fewer than six hours a day.

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

12 "(a) There is levied and shall be assessed and collected
13 each month a rental motor vehicle surcharge tax of \$5 [a] per
14 day, or any portion of a day amounting to six hours or more that
15 a rental motor vehicle is rented or leased. When a rental motor
16 vehicle is rented or leased for a portion of a day amounting to
17 fewer than six hours, the tax under this section shall be



1 assessed at a rate of 25 cents per half-hour, or any portion of
2 a half-hour, that a rental motor vehicle is rented or leased.

3 Beginning January 1, 2022, and each subsequent year on January 1
4 until December 31, 2027, the rental motor vehicle surcharge tax
5 shall increase by [\$0.50.] 50 cents. The rental motor vehicle
6 surcharge tax shall be levied upon the lessor; provided that the
7 tax shall not be levied on the lessor if:

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

10 (A) Is being repaired; or
11 (B) Has been stolen and is unrecovered or will not be
12 repaired due to a total loss of the vehicle; and

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

18 In addition to the requirements imposed by section 251-4, a
19 lessor shall disclose, to the department, the portion of the
20 remittance attributed to the county in which the motor vehicle
21 was operated under rental or lease. A peer-to-peer car-sharing



1 program, as defined in chapter 279L, shall be subject to the tax
2 imposed by this subsection and be subject to the other
3 requirements of this chapter."

4 SECTION 3. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: Karl Rhoade



S.B. NO. 2562

Report Title:

Taxes; Rental Motor Vehicle

Description:

Requires the rental motor vehicle surcharge tax to be prorated if the vehicle is rented or leased for fewer than six hours of a day.

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

