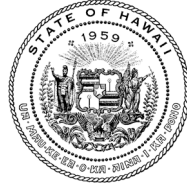


JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau

P.O. BOX 259

HONOLULU, HAWAII 96809

PHONE NO: (808) 587-1540

FAX NO: (808) 587-1560

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 2575, H.D.1, Relating to Taxation

BEFORE THE:

Senate Committees on Commerce and Consumer Protection, and Economic Development and Tourism

DATE: Wednesday, March 25, 2026

TIME: 9:40 a.m.

LOCATION: State Capitol, Room 229

Chairs Keohokalole and DeCoite, Vice-Chairs Fukunaga and Wakai, and Members of the Committees:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 2575, H.D.1, for your consideration.

H.B. 2575, H.D.1, amends chapters 237 and 238, Hawaii Revised Statutes (HRS), to subject the purchase or import of motor vehicles by rental car companies to general excise tax and use tax at the 4 percent rate instead of the 0.5 percent rate.

Sections 2 and 4 of the bill amend sections 237-1 and 238-1, HRS, by adding definitions for "Lessor of rental motor vehicles" and "Rental motor vehicle."

Section 3 of the bill amends section 237-4(a)(1), HRS, which defines sales at wholesale as including sales for purposes of resale, to exclude "the sale of a motor vehicle to a lessor of rental motor vehicles for use as a rental motor vehicle."

Section 3 of the bill also amends section 237-4(a)(9), HRS, which defines sales at wholesale as including sales to a licensed leasing company of capital goods that have a depreciable life for lease to its customers, to exclude "the sale of a motor vehicle

to a lessor of rental motor vehicles for use as a rental motor vehicle.”

Section 5 of the bill amends section 238-2(2)(A), HRS, which subjects a retailer importing tangible personal property for purposes of sale or resale to use tax at the 0.5 percent rate, to exclude the “importing or purchasing of a motor vehicle by a lessor of rental motor vehicles for use as a rental motor vehicle.”

Section 6 of the bill appropriates an unspecified amount to DOTAX for fiscal year 2026 to 2027 for one full-time equivalent tax inspector position whose responsibilities will be to identify, monitor, and collect GET from contractors awarded federal contractors for work performed in the State.

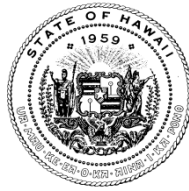
The measure has a defective effective date of July 1, 3000.

DOTAX notes that the tax inspector position is not one that currently exists in the civil service system, nor is there a civil service exemption for the position. Accordingly, if the intent is that the position should be established and filled immediately, and that the position will be permanent, DOTAX recommends that section 76-16, HRS, be amended to exempt the position from civil service. Alternatively, if the intent is that the position will be temporary, DOTAX could attempt to establish the position under a special project. Otherwise, if the intent is to create a new civil service position, DOTAX notes that it may take some time to establish and fill the position.

Further, DOTAX requests that the amendments in sections 2 through 5 of the bill be made effective on January 1, 2027, to allow time for form, instruction, and system changes, as well as informing taxpayers of the changes, and that the appropriation in section 6 of the bill be made effective July 1, 2026.

Thank you for the opportunity to provide comments on this measure.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



EDWIN H. SNIFFEN
DIRECTOR
KA LUNA HO'OKELE

Deputy Directors
Nā Hope Luna Ho'okele
DREANALEE K. KALILI
TAMMY L. LEE
CURT T. OTAGURO
ROBIN K. SHISHIDO

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

Wednesday, March 25, 2026

9:40 AM

State Capitol, 229

**HB2575, HD1
RELATING TO TAXATION**

Senate Committees on Commerce & Consumer Protection and
Economic Development & Tourism

The Department of Transportation (DOT) opposes HB2575, HD 1.

HB2575, HD1 would apply the retail or higher general excise tax (GET) or use tax rate to the purchase or import of new motor vehicles by lessors of rental motor vehicles. While the measure is intended to increase state revenues, it effectively changes the long-standing tax treatment of rental car fleet acquisitions and imposes a significant additional cost on the industry. Rental car companies routinely cycle and replace large vehicle fleets to meet visitor demand and maintain safety and reliability standards. Increasing the upfront tax burden on fleet purchases will ultimately be passed through to consumers, including residents who rely on rental vehicles for interisland travel and temporary transportation needs.

The State has historically imposed fees and surcharges on rental motor vehicles where there is a clear nexus to transportation infrastructure and system impacts, such as airport consolidated rental car (CONRAC) facilities and highway capacity improvements. Those charges were carefully calibrated to address transportation-related needs. Reclassifying fleet purchases to the retail tax rate represents a fundamental shift in tax policy that is not directly tied to specific transportation infrastructure impacts and may undermine the stability and predictability of the existing rental motor vehicle revenue framework.

Additionally, while the bill appropriates funds for a tax inspector position within the Department of Taxation to improve compliance related to federal contractors, the rental motor vehicle tax provisions are unrelated to that enforcement objective and may create unintended consequences for the visitor industry and broader transportation system.

For these reasons, the DOT respectfully opposes HB2575, HD 1.

Thank you for the opportunity to testify.



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Osa Tui, Jr.
President

Logan Okita
Vice President

Cheney Kaku
Secretary-Treasurer

Andrea Eshelman
Executive Director

**TESTIMONY TO THE HAWAI'I SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
&
TESTIMONY TO THE HAWAI'I SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM**

Item: HB 2575, HD1 – Relating to Taxation

Position: Support

Hearing: Wednesday, March 25, 2026, 9:40 am, Room 229

Submitter: Osa Tui, Jr., President - Hawai'i State Teachers Association

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

The Hawai'i State Teachers Association **strongly supports** H.B. 2575, HD1, which increase state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies.

The proposed shift in tax classification for rental motor vehicles ensures that the state can generate the necessary revenue to support public services including temporary hazard pay for public educators without taxing our local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates that Hawai'i has around 44,000 rental cars and an average purchase price of \$47,000, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. This significant influx of revenue provides the resources needed to fund various programs.

For too long, rental car companies have utilized a wholesale tax loophole for vehicles that are the core of their retail business. These cars are highly utilized, revenue-generating assets that rental agencies typically cycle through every 12 to 18 months. By the time these companies sell those vehicles, the cars have often depreciated significantly in value, yet the agencies have avoided the standard retail tax on the initial purchase

that local families must pay. H.B. 2575, HD1 rectifies this imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate.

We urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai'i.

Mahalo.



Josh Dover

Vice President, Government Affairs

Josh.Dover@Avisbudget.com

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair
Committee on Commerce and Consumer Protection

Senator Lynn DeCoite, Chair
Senator Glenn Wakai, Vice Chair
Committee on Economic Development and Tourism

Wednesday, March 25, 2026; 9:40 a.m.
Conference room 229

RE: HB 2575 HD1 – Relating to Taxation – In Opposition

Chairs Keohokalole and DeCoite, Vice Chairs Fukunaga and Wakai and members of the committees:

My name is Josh Dover, Vice President, Government Affairs for Avis Budget Car Rental, LLC (“ABCR”). We appreciate this opportunity to respectfully oppose HB 2575 HD1, which applies the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies, and appropriates funds for a position in the Department of Taxation.

Based on Hawaii tax law and regulations, there is a distinct, legislatively supported framework that allows rental car companies to treat fleet acquisitions as wholesale transactions while maintaining the imposition of the GET on the subsequent retail rental receipts. Following a 1971 Hawaii Supreme Court decision, the Legislature amended HRS §237-4 to expressly include sales of capital goods to licensed leasing companies for lease as wholesale transactions. Subsequent Hawaii case law confirmed that rental vehicles qualify as capital goods and that rental contracts are true leases, reinforcing the statutory basis for wholesale treatment at acquisition while preserving retail GET on rental receipts. Additionally, this bill has the potential for double taxation.

With affordability being a continued concern for many, increasing the tax burden as contemplated in this bill will drive the price of rentals up for residents, local businesses and visitors. Close to 20% of the rental car industry's renters are Hawaii residents who utilize rental vehicles while traveling inter-island for medical care, business, and to visit friends and family.

Currently, we have approximately 450 employees statewide across 15 locations, with some our employees having been with ABCR for decades.

Finally, HB 2575 HD1 is discriminately targeted at one industry, which raises fairness and equity concerns.

For the above reasons, we urge the committees to defer HB 2575 HD1. Thank you for the opportunity to express our concerns.



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Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair
Committee on Commerce and Consumer Protection

Senator Lynn DeCoite, Chair
Senator Glenn Wakai, Vice Chair
Committee on Economic Development and Tourism

Wednesday, March 25, 2026; 9:40 a.m.
Conference room 229

RE: HB 2575 HD1 – Relating to Taxation – In Opposition

Aloha Chairs Keohokalole and DeCoite, Vice Chairs Fukunaga and Wakai and members of the committees:

Servco appreciates this opportunity to respectfully oppose HB 2575 HD1, which applies the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies, and appropriates funds for a position in the Department of Taxation.

HB 2575 HD1 would cause the sales of vehicles to rental car and car sharing agencies to be subject to tax at the full retail GET rate instead of the 0.5% wholesale rate. This would be detrimental to rental car and car sharing agencies that are already operating on thin margins and would inevitably result in increased rental rates to customers.

Specifically, HB 2575 HD1 would result in pyramiding of retail GET, in that retail GET would be charged on the sale of the vehicle to the agency and then again on the rental of the vehicle to customers. The same concept would apply to use tax on vehicles imported into the state, in that rental car and car sharing agencies would have to pay use tax at the full retail GET rate instead of the 0.5% wholesale rate. Solely for the rental car industry, HB 2575 HD1 would essentially “break” the state’s longstanding principle of having retail GET apply only once in transactions where a sale of property is followed by the resale or lease of that same property. If passed, HB 2575 HD1 could set a precedent for pyramiding of retail GET for other industries and transactions.

Rental car agencies are also subject to the rental vehicle surcharge tax of \$7.50/day per rental, which increases to \$8.00/day per rental starting on January 1, 2027. The rental vehicle surcharge tax forms a significant portion of the state’s tax collections on the rental vehicle industry. The financial burden this places on rental vehicles should be considered in addition to wholesale and retail GET already being collected.

Lastly, rental vehicles are subject to another round of GET at the end of fleet life when sold to a local dealership. The state collects 0.5% wholesale GET on the sale of the used vehicle from the rental car agency to the local dealership and retail GET on the sale of the used vehicle from the local dealership to a local customer. Servco does acquire a number of used vehicles at the end of fleet life where this second round of GET collections applies.

For these reasons, we ask that you hold this bill.

Peter Dames
President & CEO

Testimony to the Senate Committee on Commerce and Consumer Protection
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

Testimony to the Senate Committee on Economic Development and Tourism
Senator Lynn DeCoite, Chair
Senator Glenn Wakai, Vice Chair

Wednesday, March 25, 2026, at 9:40AM
Conference Room 229 & Videoconference

RE: HB2575 HD1 Relating to Taxation

Aloha e Chair Keohokalole, Vice Chair Fukunaga, Chair DeCoite, Vice Chair Wakai, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber respectfully opposes House Bill 2575 House Draft 1 (HB2575 HD1), which applies the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies.

The Chamber emphasizes the urgent need to address the economic challenges facing our state, including the continued outmigration of residents, workforce shortages, and the overall business competitiveness of Hawaii. Imposing additional tax burdens on a significant tourism-related activities like the rental motor vehicle industry runs counter to the pro-growth policies our economy requires. Hawaii's visitor industry remains essential to our state's economic recovery. The cumulative effect of existing taxes and this proposed increase risks making Hawaii a less competitive destination for visitors who already face significant travel costs.

Rental car services are utilized not only by visitors but also by residents and local businesses that depend on accessible and affordable ground transportation options. The additional costs resulting from this tax increase will inevitably be passed on to consumers, including Hawaii residents who need rental vehicles for car repairs, inter-island travel, and other personal use.

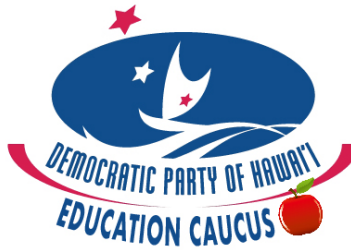
While we understand the State's need for revenue, the Chamber urges the Legislature to focus on pro-growth policies that support and enhance the state economy. The Chamber's 2030 Blueprint for Hawaii calls for examining how regulations and tax burdens can be reformed to encourage a more business-friendly environment that allows our economy to grow and create more jobs.

Hawaii's economic success depends on creating conditions that attract investment, support existing businesses, and provide career opportunities for our residents. Tax policies that target specific industries without a clear nexus or equitable application undermine these goals.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to hold House Bill HB2575 House Draft 1. Thank you for the opportunity to testify.

LATE



HOUSE BILL 2575 HD1, RELATING TO TAXATION

MACH 25, 2026 · CPN/EDT HEARING

POSITION: Support.

RATIONALE: The Democratic Party of Hawai'i Education Caucus **supports** HB 2575 HD1, relating to taxation, which applies the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies.

This measure increases state revenue by closing tax loopholes and ensuring that rental car companies pay the retail general excise tax rate on fleet vehicle purchases, while also improving tax enforcement related to federal contractors operating in Hawai'i. The purpose of this measure is to increase state revenues **without imposing major financial impacts on local residents**, making it a targeted approach to strengthening the state's fiscal capacity.

Increasing state revenue is particularly important for public education. Hawai'i's public school system faces ongoing challenges including aging facilities, teacher shortages, classroom supply needs, transportation issues, and the need for expanded early childhood and student support services. Lawmakers and education advocates have repeatedly emphasized that improving educational outcomes requires sustained investment in school facilities, staffing, and student services, not austerity measures.

For years, Hawai'i has struggled with deferred school maintenance, overcrowded classrooms, and insufficient funding for student support programs. At the same time, the state is facing significant revenue pressures, including tax cuts passed in recent years that are expected to reduce state revenues by billions of dollars over time. Passing proposals that responsibly increase revenue is necessary if the state is serious about improving public education.

This bill is focuses on the visitor industry and large commercial activity, rather than local working families. Rental car companies operate large fleets that generate significant revenue from tourism, Yet, under current tax treatment, they have been able to pay a lower wholesale tax rate on fleet purchases, as opposed to the retail rate paid by residents purchasing vehicles. **This bill corrects that imbalance and ensures that visitor-industry activity contributes fairly to the public services that support our economy and communities.**

Because Hawai'i lacks a local property tax base for schools, the share of public revenue devoted to education is comparatively low. A statewide fiscal review conducted by University of Hawai'i researchers shows that **the state allocates about 15.1 percent of state and local expenditures to K-12 education, well below the U.S. average of 21.5 percent and toward the bottom among all states.** This structural funding reality is compounded by Hawai'i's historically low property tax rates, which are among the lowest in the nation according to Kiplinger's 2025 property tax rankings, with an effective rate of around 0.32 percent of assessed value, even while Hawai'i consistently ranks among the states with the highest median home values. Because property tax revenues are not available for schools, the legislature must choose between competing priorities from a constrained general fund, leaving public education without stable, dedicated revenue sources that many other states rely on to support teacher pay, class size reduction, school facilities, and student services.

Under the current structure, Hawai'i's single statewide school district also means that local flexibility and additional revenue capacity—which are typical of school districts that can benefit from robust property tax bases elsewhere—are absent here. Whereas in most states local property taxes account for a large share of school funding, in Hawai'i nearly 85 percent of public school revenues come from the state. The consequences of under-resourced public education are visible in our schools: teacher shortages that leave hundreds of classrooms without qualified

instructors, insufficient support for bilingual and special education students, aging facilities in need of repair, and cuts to enrichment programs that nurture the whole child. **Without innovative revenue mechanisms to boost the state's general fund, Hawai'i's public schools are perpetually dependent on annual appropriations that can fluctuate with economic conditions and political pressures, undermining long-term planning and stability.**

Public education is one of the most important investments the state can make. Strong schools support economic growth, workforce development, and civic engagement. Every dollar invested in education produces long-term gains for the state that extend beyond mere dollars, laying the foundation for a brighter future for generations to come.

Contact: educationcaucusdph@gmail.com · 808-679-7454

March 25, 2026, 9:40 a.m.

Hawaii State Capitol

Conference Room 415 and Videoconference

To: Senate Committee on Commerce and Consumer Protection

Sen. Jarrett Keohokalole, Chair

Sen. Carol Fukunaga, Vice Chair

Senate Committee on Economic Development and Tourism

Sen. Lynn DeCoite, Chair

Sen. Glenn Wakai, Vice Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

RE: TESTIMONY OPPOSING HB2575 HD1 — RELATING TO TAXATION

Aloha Chairs, Vice Chairs and other Committee Members,

The Grassroot Institute of Hawaii **opposes** [HB2575 HD1](#), which would apply the retail general excise tax rate to the purchase of rental cars.

This legislation would increase costs for both residents and tourists, stunting business growth across the state.

Right now, companies that purchase vehicles to be used as rental cars in Hawaii pay the state's 0.5% wholesale general excise tax rate. This is the same rate that applies to any other business that owns equipment it leases out to customers, such as construction or agricultural equipment rentals. Thus, it is unfair to single out the owners of rental cars for a tax hike when their business model is identical to that of many other businesses.

Not only is it unfair, it would increase costs for anyone who rents a car — construction workers traveling interisland for work and tourists visiting the state for a week would both be affected. These higher costs could have real impacts on the people who now have a little less money of their own to spend.

For context, increasing the tax rate on rental car purchases from the 0.5% wholesale rate to the 4.5% retail rate would represent a \$2,000 tax increase on a \$50,000 car. If the rental car is used in Hawaii for 12 months, that amounts to nearly \$5.50 a day in extra charges that would likely get passed on to the customers renting the car. And that \$5.50 charge would represent a roughly 10% price increase on a car rented at \$50 per day.

This increase would exacerbate the fact that Hawaii already has some of the world's highest tourism taxes¹ and would come on the heels of the state raising its transient accommodations tax last year from 10.25% to 11%.

To put it plainly, increasing tourism taxes will decrease the number of visitors. Moreover, policymakers cannot assume that tourism taxes will not have an additional effect on visitor spending. It is only common sense to assume that tourists will compensate for higher tourism taxes by adjusting their budgets and spending less on dining, activities or shopping.

This is borne out by a study of the effect of an air passenger duty on the budget allocations of UK tourists. The study found that tourists compensated for the higher taxes by decreasing destination expenditures on items like accommodations and food.² Thus, increasing tourism taxes will ultimately hurt Hawaii's restaurants, stores, and hotels, as tourists decrease their expenditures to compensate for the state's high taxes.

Higher taxes on tourists could also hurt Hawaii's competitiveness as a vacation destination.

A 2017 EU study on the impact of taxation on European tourism found that high tourism taxes, passed on to tourists through higher prices, affected the competitiveness of a particular destination.³ Coastal and leisure destinations in particular were most adversely affected by increases in tourism taxes, especially compared to locations that were more focused on business travelers. The report recommended that countries heavily dependent on tourism reduce their tourism taxes in order to increase competitiveness.

Even unique destinations are not immune from the effect of taxation on international arrivals. A study of the Maldives, a country that earns as much of 70% of its revenue from tourism taxes, found that a 10% increase in tourism taxes reduces demand by 5.4%.⁴

Thank you for the opportunity to testify.

Ted Kefalas, Director of Strategic Campaigns
Grassroot Institute of Hawaii

¹ Alison Fox, "[These Cities — Including 3 in the U.S. — Have the Most Expensive Tourist Taxes in the World, Study Shows](#)," Travel + Leisure, Aug. 12, 2022.

² Haiyan Song, et. al, "[The effect of tourism taxation on tourists' budget allocation](#)," Journal of Destination Marketing and Management, March 2019, pp 32-39.

³ PricewaterhouseCoopers LLP, "[The Impact of Taxes on the Competitiveness of European Tourism](#)," European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, October 2017.

⁴ Festus Fatai Adedoyin, et. al, "[The Effect of Tourism Taxation on International Arrivals to a Small, Tourism-Dependent Economy](#)," Journal of Travel Research, 62(1), 135-153.



YOUR TRADE ASSOCIATION

For all who work in the
P2P Car Sharing

And
Independent Car Rental Industry

March 20, 2026

[COMMITTEE ON COMMERCE AND CONSUMER PROTECTION](#)

Senator Jarrett Keohokalole, Chair

Senator Carol Fukunaga, Vice Chair

[COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM](#)

Senator Lynn DeCoite, Chair

Senator Glenn Wakai, Vice Chair

Relating to Taxation HB 2575, HD1

Conference Room 229 & Videoconference

State Capitol

415 South Beretania Street

Wednesday, March 25, 2026 at 9:40 AM

Dear Chairs and Vice Chairs Keohokalole, DeCoite, Fukunaga, and Wakai and all Members of these Committees,

My name is Trent Gifford, the CEO of the Independent Car Rental & P2P Association which represents both sides on this industry, both smaller local Private rental companies and their owners who are residents of the great state of Hawaii as well as the hundreds of P2P car sharing hosts who are also residents of Hawaii offering their vehicles into the Hawaiian car rental and car sharing marketplace.

The ICRA does not represent the large car rental companies, but we give voice to the smaller players within our industry who compete in this very competitive market every day. Our testimony today and at the hearing is in support of those small businesses and P2P operators because their work and their assets are important to bring competition to this industry in every market and certainly throughout Hawaii.

Today, many of these companies utilize the reduction in up front sales taxes when they purchase vehicles for their fleets. This includes the larger P2P operators who have been told by their accountants to use these tax reductions or sales tax exemptions in many states because those vehicles pay transactional fees on every rental or car sharing booking. It is true that some smaller P2P operators may not have taken advantage of these up-front reductions in sales taxes likely because when they originally purchased those vehicles, they were not purchased for the intent of carsharing. But later they decided to rent their vehicle on a P2P platform. However, the larger car sharing operators intentionally purchased new and used vehicles for the sole purpose of car sharing or private rental. These folks are the ones who do in fact take advantage of the sales tax reduction when purchasing these vehicles.

At this point you may be asking yourself why does this matter to the ICRA. Well, currently we have a very competitive marketplace in Hawaii that is bringing forth a tremendous value to the state in terms of high taxation revenue on those transactions, but these folks compete day in and day out with each other as well as the large rental companies on an even playing field. This bill however will disrupt this balance by giving a significant benefit to the P2P platform companies who are not Hawaii based companies, and do not own any vehicle assets in Hawaii. They do not own the vehicles being rented on their platform, their Hosts own those vehicles and therefore the hosts as well as smaller local private rental companies will be the folks carrying the burden of this bill, not the large P2P platform companies.

There are many other serious concerns being offered in testimony by several local Hawaiian Chambers of Commerce, and other local businesses who know that this bill will have a significant negative effect of their “profit per vehicle” Key performance indicators and overall profitability of their companies without any such adjustments in higher rental fees. As a large P2P Host myself several years ago in Hawaii and now supporting both sides I offer myself as an expert from this industry and the only one who represents both sides of our industry, P2P and Private Rental. My perspective is very different than the others providing testimony on this.

Other groups who support this bill via their testimony gain to benefit from any such taxation and I make myself available to explain this as well if you would like to hear my thoughts on this. Others are opposed to the bill because of foreseen damage they see to the Hawaiian economy, tourism, and to Hawaiian residents who may need rentals from time to time.

The point I am making and only real concern the ICRA has in this matter is the imbalance that this bill will create if it is passed with all of the burden for my members and others working in this industry on the back of local businesses and larger P2P Host operators who are residents of Hawaii and not big business from outside of Hawaii.

Yes, those higher taxes will be moved on to the renters to make up for the upfront costs, but this is what will create this imbalance in the marketplace, because the P2P platform companies do not incur any such increase in taxation so they will not need to increase their rates while the local Hosts who own the assets being used in these transactions will carry the taxation increase themselves along with all car rental companies.

Some of the current arguments by supporters of the bill have grossly over stated their facts and numbers in calculations simply because these folks who have to carry this burden on higher taxes must and will adjust their current business models which will require these folks to hold onto vehicles longer in order to get back to the per vehicle profitability they need to continue in this market or leave the market altogether.

By holding a vehicle longer, those vehicles will be replaced less frequently and at higher mileage rates when sold which will reduce the sales price and taxation when they are moved out of their fleets. But again, this will result in fewer used cars being added to the used market and those will be older and of higher mileage and this will have a negative impact of this sales taxation revenue to the state when these vehicles are finally sold in the current “resale” market.

I can share so many other ideas if you are interested in talking about all of this, but it is factual that any single rental or P2P vehicle today brings significantly more in taxation revenue to the state than any such “personal vehicle” or even commercial vehicles not being rented and therefore not having daily rental transactional fees.

Adding even more taxation to this industry will have the greatest single impact on the small private and P2P operator in comparison to large businesses and large P2P platforms who would not share in this burden. This bill would deepen the current imbalance and create an uneven playing field regarding pure competition, and this is what greatly concerns the ICRA and our local Hawaiian members as well as non-members we support.

Does it make any sense to place this burden on small Hawaiian businesses and also the residents of the state who will be forced to pay higher car rental fees when traveling inter-island or those who need a vehicle while their car is being repaired? What about the person who simply needs a truck to haul something for a few hours while the companies who do not own any assets in this market gain an unfair marketing/pricing advantage?

This is already a highly competitive marketplace and the position of the ICRA is to simply maintain an “even and competitive playing field” by not giving unintended advantage to any one side of this market. We ask that you reconsider this bill as it is related to fair competition in your markets and the impact of such a bill on your own residents and small business owners and P2P operators. Allow competition to thrive equally on both sides and let supply and demand keep prices lower for renters, both local residents as well as tourists.

Thank you for your time and consideration and if you would like to hear more from me on any of these, I am happy to offer myself as an expert from both sides of our industry in which I cannot show any bias on behalf of either side.

With kind regards.

Trent Gifford, CEO – Independent Car Rental & P2P Association

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, USE, Apply Retail Rate to Rental Motor Vehicles

BILL NUMBER: HB 2575 HD1

INTRODUCED BY: ECD

EXECUTIVE SUMMARY: Applies the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. Appropriates funds for a position in the Department of Taxation. Effective 7/1/3000. (HD1)

SYNOPSIS: Amends sections 237-1 and 238-1, HRS, to import the definitions of “lessor [of rental motor vehicles]” and “rental motor vehicle” from chapter 251, the Rental Motor Vehicle and Tour Vehicle Surcharge Tax.

Amends section 237-4(a)(1) and (9), HRS, to state that wholesaling (*i.e.*, transactions for which the 0.5% rate is allowed) do not include the sale of a motor vehicle to a lessor of rental motor vehicles for use as a rental motor vehicle.

Amends section 238-2(2)(A), HRS, to state that importing for purposes of resale at retail (for which the 0.5% tax rate applies) does not include the importing or purchasing of a motor vehicle by a lessor of rental motor vehicles for use as a rental motor vehicle.

Section 6 of the measure appropriates an unspecified sum of \$_____ for fiscal year 2026-2027 for one full-time equivalent tax inspector position within the department of taxation to identify, monitor, and collect the general excise tax from contractors awarded federal contracts for work performed in the State.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: The bill proposes to create disparities in the general excise tax law. A lessor who buys tangible personal property and leases it (heavy machinery, farm vehicles, construction equipment, for example) is allowed to buy it in a 0.5% transaction, but car rental companies must pay 4.5%.

The House Transportation Committee report offers the following rationale for treating car rental companies differently from companies importing and leasing heavy machinery, farm vehicles, construction equipment, or anything else:

Your Committee further finds that rental car companies pay 0.5 percent in general excise tax on fleet vehicle purchases in Hawaii under the classification of a "sale for resale". This classification is inappropriate as rental car companies do not act

as wholesalers in the manner that wholesalers transfer ownership and possession upon sale; rather, rental car companies retain the title and ownership while generating revenue through the temporary rental of those assets.

And unlike construction equipment lessors or farm equipment companies, rental car companies are in the business of rapid asset depreciation. Their model relies on a cycle of high-volume usage and rapid disposal where fleets are put through accelerated wear and tear that causes the assets to depreciate quickly. Rental car companies then take the value of the vehicle depreciation and turn it into "full expensing", effectively using the depreciation to wipe out the taxes that would normally be paid on the profits from the rental itself. As such, it is no longer appropriate for rental car companies to enjoy the lower tax rate.

This rationale, expressed in testimony from the Chamber of Progress, appears flawed.

First, the wholesale rate on leased assets does not spring from section 237-4(a)(1), HRS, which allows the GET wholesale rate on sales for resale, but from section 237-4(a)(9), HRS, which explicitly allows the wholesale rate for sales "to a licensed leasing company of capital goods that have a depreciable life, are purchased by the leasing company for lease to its customers, and are thereafter leased as a service to others." The latter paragraph was added by Act 204, SLH 1971, and was held to apply to car rental companies in *In re 711 Motors, Inc.*, 56 Haw. 644, 547 P.2d 1343 (1976). The rationale for this 50-year-old law was explained thus:

The purpose of Section 2 of the bill, as amended, is to add a new definition to what sales are sales at wholesale. This new definition will include as a wholesale sale one in which there is a sale to a licensed leasing company which leases capital goods as a service to others. Capital goods are defined as ones which have a depreciable life of more than three years. Your committee finds that in the leasing field the general excise tax has a pyramiding effect which increases taxes on the leased article to twelve per cent. There is a four per cent general excise tax on the sale to the lessor, a four per cent general excise tax on the leasing of the article, and a four per cent or one-half of one per cent general excise tax on the final sale of the article by the lessor, depending on to whom it is sold. The purpose of this section is to change the rate of taxation on the sale to the lessor to one-half of one per cent providing some tax relief for the lessor. The wholesale sale provisions have been limited to leased capital goods with depreciable life of more than three years in order not to include smaller household items which are sometimes leased.

Sen. Stand. Comm. Rep. No. 568 (Ways & Means Comm. 1971).

Second, the argument about depreciation wiping out any taxation from profit paid on the rental does not make sense in the context of GET, which is the tax type involved in this bill. GET does not allow any depreciation as a deduction. And even in the net income tax context where depreciation is allowed, under IRS Publication 946 (2024), a rental car is in asset class 00.22, 5-year property under MACRS. Trucks, vans, and buses (asset classes 00.23, 00.241 and 00.242), are likewise 5-year property under MACRS. Farm machinery and equipment (asset class 01.1

placed in service after 2017) is also classified as 5-year property. Construction equipment (asset class 15.0) is 5-year property as well. There is no difference in income tax treatment.

For these reasons, we do not agree that rental car companies are fundamentally different from other beneficiaries of the wholesale GET rate in section 237-4(a)(9), HRS.

If the idea is to raise money by imposing additional burdens on rental motor vehicles and tour vehicles, that could be accomplished by amending chapter 251, the Rental Motor Vehicle and Tour Vehicle Surcharge Tax, as opposed to mucking up the General Excise Tax Law.

Digested: 2/16/2026

H.B. 2575, HD1 – Relating to Taxation**Hearing Date: Wednesday, March 25, 2026 at 9:40 a.m.****Conference Room: 229**

Aloha Chair Keohokalole, Chair DeCoite, and Members of the Committees on Commerce and Consumer Protection and Economic Development and Tourism:

Enterprise Mobility is in **strong opposition to H.B. 2575, HD1**. Enterprise Mobility includes Enterprise Rent-A-Car, Alamo Rent-A-Car, National Car Rental, and Enterprise Commute (Van Pool).

This bill risks higher rental prices, increased pressure on local families and businesses, and diminished revenue to the state if taxable rental activity is reduced and fleet turnover is slowed.

H.B. 2575, HD1 changes the tax rate that rental motor vehicle companies pay to acquire new motor vehicles from the .5 percent wholesale rate to the retail or higher general excise tax or use tax rate of 4 percent. This bill overturns long-standing Hawai'i tax policy applicable to all leasing companies and selectively targets the rental motor vehicle industry without fully considering the broader implications of the proposal.

H.B. 2575, HD1 would increase costs for all renters, including Hawai'i residents, and state agencies that rely on rental vehicles for official use. Raising the tax rate on fleet purchases will not provide a stable or sustainable source of funding for the State, as higher upfront costs could change business behavior, lengthen fleet replacement cycles, and reduce overall vehicle purchases over time.

For these reasons, we respectfully urge the Committee to defer this measure.

Negative Impact on Hawaii Residents

Raising taxes on rental car companies may appear to be an industry-specific issue but the impact will be felt by anyone who rents, including local travelers and businesses.

When the cost of purchasing rental fleet vehicles increases, those costs do not stay with the company. They are passed through in the form of higher rental prices, and not just on tourists.

Hawaii residents rely on rental vehicles when traveling between neighbor islands for staycations, youth sports, medical appointments to hospitals and health care facilities on Oahu, funerals, graduations or to care for kupuna, or when their personal cars are repaired – and will be impacted. In a state where inter-island travel is already expensive, higher rental costs for residents will make travel even less affordable. In fact, it is estimated that more than 20% of renters last year were local residents.

For residents who work in hotels, visitor, and service industries, higher rental car prices can also reduce visitor spending. When overall travel costs increase, visitors shorten their stays, cut back on activities, or choose other destinations. That directly affects local hotel workers, restaurant staff, tour operators, retail employees, and transportation workers who already face rising housing, food and transportation costs.

Hawaii already has one of the highest costs of living in the nation. Any policy that increases the cost of basic mobility adds pressure to families who are already stretched thin. Raising the tax on rental fleet purchases will make everyday life more expensive for residents, whether they are renting a car directly or relying on an economy supported by visitor spending.

Rental Car Companies Already Generate Sizable State Tax Revenue

Rental car companies already generate significant tax revenue for the State at multiple points throughout a vehicle's lifecycle, contributing more than \$200 million annually to the State and counties in taxes and fees.

Every time a vehicle is rented, that transaction is taxed at the full 4% retail GET rate. Each rental also generates a 0.5% County Surcharge and \$7.50 per day Rental Motor Vehicle Surcharge Tax, which is planned to increase to \$8 next year.

Airport rentals also generate an additional 10% concession fee and \$4.50 daily in Customer Facility Charges ("CFC") which supports the state Department of Transportation. CFC revenue funds infrastructure projects like the consolidated rental car facilities. This dedicated revenue stream enables long-term infrastructure to be built and maintained. This proposal could negatively impact this dedicated source of revenue.

These taxes and fees already impact the cost of a car rental. For example, a one-day airport rental at \$38.66 results in a total customer charge of about \$57.23 after taxes and fees, which is a 48% effective tax and fee rate on one rental car. On a weekly rental, these taxes and fees compound even further: a \$280 weekly rental generates \$142.80 in taxes which is a 51% effective tax on a rental. Current taxes already are a significant source of revenue for the state and counties.

Significant Cost to Local Businesses

This proposal adds roughly \$2,000 in additional cost per vehicle, which is a substantial burden for both large and independent rental car businesses. When rental car companies cycle their fleets, they can sell retired vehicles directly to consumers or can supply local dealerships with lower-cost preowned cars compared to new vehicles. Increasing the cost of each vehicle by this magnitude could slow fleet turnover, leading companies to retain vehicles for longer periods.

That shift would push older, higher-mileage and more expensive units into the used-car market and reduce the availability of lower-mileage, preowned options for local buyers while raising prices in the used car market.

Enterprise recognizes that the state is navigating a period of financial uncertainty and remains a committed partner. Enterprise directly employs 1,000 locals statewide and serves thousands of Hawaii residents. In addition to rental cars, Enterprise also deploys fleets of vanpools that serve many diverse employers, ensuring that employees who cannot drive can reliably access work. Through these partnerships, Enterprise provides affordable transportation options for locals who lack reliable transportation options or barriers, for example those in underserved or rural areas.

Because this bill risks significant unintended consequences including higher rental prices, increased pressure on local residents and businesses, and diminished revenue to the state, we strongly oppose H.B. 2575, HD1 and respectfully urge the Committee to defer this bill.

Thank you for the opportunity to provide this testimony.



March 25, 2026

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair
Hawai'i State Senate

COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM

Senator Lynn DeCoite, Chair
Senator Glenn Wakai, Vice Chair
Hawai'i State Senate

Hearing: Wednesday, March 25, 2026, 9:40 AM, Room 229

HB2575, HD1 RELATING TO TAXATION – IN OPPOSITION

The Hertz Corporation is one of the world's largest mobility companies and operates the Hertz, Dollar, and Thrifty vehicle rental brands throughout Hawai'i. For more than a century, Hertz has offered innovative, differentiated rental products including creating economic opportunities by renting vehicles to rideshare drivers through dedicated partnerships with Uber and Lyft. Hertz also sells vehicles to consumers at Hertz Car Sales locations in Hawai'i making well-maintained, safe and affordable used vehicles available to consumers. There are currently over 100 Hertz vehicles for sale in Honolulu at our Hertz Car Sales location.

Hertz is opposed to HB2575, HD1 which would apply the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies.

Adverse Impact on Consumers and Residents. Increased taxes will be passed on to the consumer in the form of higher rates, adversely impacting price-sensitive visitors who have many options to travel to other destinations throughout the globe. HB2575, HD1 will also harm Hawaii residents who rent cars to/from Oahu and throughout neighbor islands; local rideshare drivers who rent cars for income; and citizens who need rental cars for insurance replacement when their vehicles are being repaired.

Double Taxation of Rental Cars. Imposing a new and/or higher tax rate on vehicles purchased and placed into service exclusively for short-term motor vehicle rental by rent-a-car (RAC) operators violates long-standing economic and tax policy by taxing wholesale inputs while also taxing consumers at the retail level. Taxes are collected at the point of consumption when consumers rent our vehicles and thus, the state is getting significant tax revenue from the renting of vehicles by both out of state visitors and Hawai'i residents. A new and/or higher tax rate would in essence tax rental cars twice.

Singles-out Only Rental Cars. Additionally, HB2575, HD1 singles-out one specific economic activity to be taxed – rental motor vehicles. The Hawai'i Tax Review Commission has been guided by its long-standing principles of equity, efficiency and adequacy. The Commission explains that "equity" is a measurement of how tax burdens are distributed. The Hawai'i State Legislature also enacted standards of review for the

Commission in its evaluation of tax laws. Haw. Rev. Stat. §232E-3 states that the [Tax Review] commission shall conduct a systematic review of the State's tax structure, using such standards as *equity and efficiency*. Emphasis added.

Tax Principles of Equity Violated. The Tax Review Commission's principles of equity are violated since only the rental car industry is proposed to be taxed. Rental cars are a narrow component of "capital goods" that are small sub-category of the wholesale tax exemption. Other capital goods include construction equipment e.g., bulldozers, excavators, tower cranes, and concrete mixers used on job sites, and agricultural machinery e.g., tractors and harvesters leased for crop development purposes. Except for rental motor vehicles, construction, agricultural and all other capital goods remain untouched in the proposed legislation.

The Rental Car Industry Is Already Over-Taxed. Rental cars are already heavily taxed and generate \$375M annually in State and airport revenues, including: \$128.3M for the airport car rental facilities; \$118.2M to the State highway fund; \$73.7M for airport concessions; \$54M to the State general excise tax on car rentals; and \$3.2M for State payroll taxes. Source: Hawaii DOTAX, HDOT financial reports, and industry estimates. Adding an addition tax burden will not only impact the rental car industry, it will increase the cost of rental cars to visitors and local resident.

We respectfully oppose HB2575, HD1 and urge the legislature to focus on pro-growth policies that support and enhance the state economy, rather than singling out one industry for a discriminatory tax. Hertz, along with our fellow car rental operators, would welcome the opportunity to speak with you to share our perspective on this important topic. Thank you for the opportunity to provide a comment on this matter.

Sincerely,

/s/ Seward Akahi

Seward Akahi
General Manager, Hawai'i
sakahi@hertz.com

March 25, 2026

The Senate Committee on Commerce and Consumer Protection
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

The Senate Committee on Economic Development and Tourism
Senator Lynn DeCoite, Chair
Senator Glenn Wakai, Vice Chair

Wednesday, March 25, 2026, 9:40 a.m.
Conference Room #229 and via video conference



RE: HB 2575 HD1 – Relating to Taxation

Dear Chairs Keohokalole and DeCoite, Vice Chairs Fukunaga and Wakai, and Members of the Committee,

My name is Kiran Polk, and I am the Executive Director & CEO of the Kapolei Chamber of Commerce. The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region including Waipahu, Kapolei, 'Ewa Beach, Nānakūli, Wai'anae, and Mākaha. We work on behalf of our members and the broader business community to improve the regional and State economic climate and to help West O'ahu businesses thrive.

The Kapolei Chamber of Commerce respectfully **opposes HB 2575 HD1**. West O'ahu is one of the fastest-growing regions in the State, and our small and mid-sized businesses are already navigating **high operating costs, workforce shortages, and affordability pressures** that affect both employers and employees. Increasing the general excise or use tax applied to rental car fleet purchases will not remain isolated to one industry; it will **ripple across our entire business community**.

Rental vehicles are not a luxury item in Hawai'i; they are part of our core transportation infrastructure and **many West O'ahu businesses rely on rental vehicles for temporary staffing needs, project-based work, visiting partners, inter-island travel, and fleet supplementation**. When fleet acquisition costs shift from wholesale treatment to the retail rate, those **increased costs will be passed directly to consumers and businesses** in the form of higher daily rental rates. This results in **higher operating expenses for local companies** that are already managing some of the highest costs in the nation.

This measure impacts our residents. Neighbor island families traveling to O‘ahu for medical treatment, youth sports, or family obligations frequently depend on rental vehicles. Higher rental costs will disproportionately affect working families and kūpuna who have limited transportation options.

From a tourism perspective, rental cars are foundational to the visitor experience. West O‘ahu’s resorts, restaurants, retail centers, attractions, and activity providers depend on accessible and reasonably priced transportation. **When core travel costs increase, visitors shorten stays, reduce discretionary spending, or choose alternative destinations. This directly impacts small businesses in Kapolei and across West O‘ahu, from dining and retail to tours and local service providers.**

Hawai‘i already faces national scrutiny for being one of the most expensive destinations in the country. **Layering additional cost burdens onto essential travel infrastructure sends the wrong signal at a time when economic stability, affordability, and business competitiveness remain priorities.**

Additionally, changing the long-standing wholesale treatment for rental fleet purchases creates broader concerns about tax predictability and policy stability. Businesses across sectors rely on consistent tax treatment when making long-term capital investment decisions. Selectively increasing tax treatment for one capital-intensive industry introduces uncertainty and unintended consequences for other leasing and service-based industries.

West O‘ahu businesses need policies that reduce costs, support affordability, and strengthen competitiveness, not measures that increase the cost of mobility for residents, visitors, and employers alike.

For these reasons, the Kapolei Chamber of Commerce respectfully urges the Committee to **defer HB 2575 HD1.**

Mahalo for the opportunity to provide testimony.

Respectfully,

Kiran Polk
Executive Director & CEO



TESTIMONY OF DAVE ERDMAN
INTERIM PRESIDENT & CEO
RETAIL MERCHANTS OF HAWAII

WEDNESDAY, MARCH 25, 2026, AT 9:40 A.M. – CONFERENCE ROOM 229

IN OPPOSITION TO HB 2575 HD1 – RELATING TO TAXATION

Aloha Chair Keohokalole, Vice Chair Fukunaga, Chair DeCoite, Vice Chair Wakai, and Members of the Committees:

My name is Dave Erdman, and I serve as Interim President and CEO of Retail Merchants of Hawai‘i, a statewide nonprofit trade association representing retailers, shopping centers, restaurants located in retail establishments and shopping centers, and allied businesses across Hawai‘i.

Retail Merchants of Hawai‘i respectfully opposes HB 2575 HD1.

RMH recognizes the Legislature’s interest in identifying additional revenue sources during a period of fiscal uncertainty. However, the proposed change in tax treatment for rental car companies will have direct and practical impacts on local businesses and employees across Hawai‘i. While rental cars are often associated with visitors, for many RMH members they are a necessary part of daily business operations.

Many RMH member companies operate multiple store locations across different islands and communities. Managers and employees frequently travel between islands to support store operations, address labor shortages, conduct inventory counts, complete merchandising and visual display work, perform maintenance, and meet with local teams. In these situations, rental vehicles are not a convenience but a necessity for keeping retail operations functioning effectively. RMH membership also includes allied partners whose teams regularly travel inter-island to support branch operations.

When rental costs increase, those higher expenses become part of the everyday cost of operating a retail business in Hawai‘i. Local employers already face significant cost pressures related to utilities, shipping, and labor. Additional increases make it more difficult to maintain staffing levels, support neighbor island locations, and invest in employees.

This measure also affects local workers who rely on inter-island travel for their jobs. Employees supporting store openings, seasonal demand, training, and operational needs depend on rental vehicles to perform their duties. Increased rental costs place additional pressure on both employers and employees operating within an already high-cost environment.

RMH is also concerned that the proposed shift from the long-standing wholesale tax treatment to the higher retail general excise tax or use tax rate represents a significant policy change that singles out one industry for different treatment. Hawai'i businesses depend on predictable and consistent tax policy when making long-term decisions, and targeted tax changes increase uncertainty and the cost of doing business statewide.

Higher rental costs will also affect residents and visitors and may reduce discretionary spending in local retail communities, particularly in neighbor island and rural areas where transportation options are limited. However, RMH's primary concern is the direct impact this measure will have on local businesses and the workforce that depend on affordable inter-island mobility.

Hawai'i already has among the highest costs of doing business in the nation. Additional tax increases add further pressure on local employers, employees, and consumers.

For these reasons, **Retail Merchants of Hawai'i respectfully urges the Committees to defer HB 2575 HD1.**

Thank you for the opportunity to provide testimony.

Respectfully submitted,
Dave Erdman
Interim President & CEO
Retail Merchants of Hawai'i



Mike Palmer, Chair – Ho'okipa Partners **Ryan Ko, Vice Chair** – Westman Corporation
Andy Huang, Past Chair – L&L Hawaiian Barbecue **Victor Lim, Government Relations Lead** – McDonald's
Address: 2909 Wai'ala'e Avenue #22, Honolulu, HI 96826 | Office: 808-944-9105

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Date: March 21, 2026

To: Sen. Jarrett Keohokalole, Chair
Sen. Carol Fukunaga, Vice Chair
Committee on Commerce and Consumer Protection

Sen. Lynn DeCoite, Chair
Sen. Glenn Wakai, Vice Chair
Committee on Economic Development and Tourism

From: Victor Lim, Legislative Lead

Subj: HB 2575, HD 1 Relating to Taxation

The Hawaii Restaurant Association, representing over 4,000 eating and drinking places, strongly opposed HB 2575, HD 1, which will tax car rental companies at the GET Retail rate instead of the current Wholesale Rate.

Our businesses operate on razor-thin margins and understand that cost increases upstream have immediate consequences for our business and for the customers we serve.

If wholesale tax exemptions for food wholesalers are removed, our cost of goods would spike immediately. Distributors would pay more, retailers would pay more, restaurants would also pay significantly more, and ultimately, the customers would pay more in the form of higher menu prices.

I understand that this bill doesn't include the car leasing companies, but only singles out the car rental business. In our current soft Tourism market that competes against global destinations, having higher costs for our visitors does not make Hawaii a more competitive destination. Our restaurant industry here depends on Tourism in a very big way.

We urge you to protect the integrity of the wholesale tax component of our General Excise Tax and also keep our economy strong. Thank you for allowing us to share our concerns.



March 25, 2026

Hawai'i State Legislature
Senate Committee on Commerce and Consumer Protection
Senate Committee on Economic Development and Tourism

Re: Testimony in **Opposition** of HB 2575, HD1, Relating to Taxation

Aloha Chair Keohokalole, Chair DeCoite, Vice Chair Fukunaga, Vice Chair Wakai, and members of the committees,

On behalf of the Hawaii Automobile Dealers Association (HADA), we are writing in **opposition** to HB 2575, HD1, relating to taxation. This measure applies the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies.

Hawai'i's franchised automobile dealers are the primary suppliers of vehicles to rental car companies operating across the state. By eliminating the wholesale tax treatment for these transactions and imposing additional tax liability, this measure directly increases the cost of vehicles purchased by rental fleet operators. These additional costs disrupt a long-standing vehicle supply structure and create financial burdens that will ripple throughout Hawai'i's automobile market.

Rental car companies play a critical role in Hawai'i's economy, supporting tourism, business travel, and local mobility needs. When fleet acquisition costs rise significantly, those costs are ultimately reflected in higher rental rates, reduced fleet size, or delayed vehicle replacement cycles. Higher prices affect visitors and residents alike, while reduced fleet turnover can limit the availability of newer and more fuel-efficient vehicles on our roads. The result may be fewer consumer choices and slower adoption of vehicles equipped with the latest emissions-reduction technologies.

In addition, Hawai'i's automobile market operates within a unique island-based supply chain. Sudden changes to long-standing tax policy create uncertainty not only for rental fleet operators but also for local dealers who rely on predictable ordering, inventory planning, and financing structures. Altering the tax treatment of these transactions risks unintended market distortions.

HADA respectfully urges the committee to reconsider HB 2575, HD1 and its unintended impacts on Hawai'i's vehicle market and local residents.

The Hawai'i Automobile Dealers Association is the voice of 71 new car dealerships across the islands, accounting for over 4,000 direct jobs, \$6 billion total sales and more than \$250 million in general excise taxes paid.

MAGICS

— BEACH GRILL —
Kona, Hawaii

Date: March 21, 2026

To: Sen. Jarrett Keohokalole, Chair
Sen. Carol Fukunaga, Vice Chair
Committee on Commerce and Consumer Protection

Sen. Lynn DeCoite, Chair
Sen. Glenn Wakai, Vice Chair
Committee on Economic Development and Tourism

From: Mattson Davis- Proprietor

Subj: HB 2575, HD 1 Relating to Taxation

I've been a resident of Hawaii since March of 1997 and was CEO of Kona Brewing Co till 2015- I am not the owner of Magics Beach Grill along with a partner and the Managing Partner of a 6-acre Makers Market Development in Kailua-Kona.

Our businesses operate on razor-thin margins and understand that cost increases upstream have immediate consequences for our business and for the customers we serve.

If wholesale tax exemptions for food wholesalers are removed, our cost of goods would spike immediately. Distributors would pay more, retailers would pay more, restaurants would also pay significantly more, and ultimately, the customers would pay more in the form of higher menu prices.

I understand that this bill doesn't include the car leasing companies, but only singles out the car rental business. In our current soft Tourism market that competes against global destinations, having higher costs for our visitors does not make Hawaii a more competitive destination. Our restaurant industry here depends on Tourism in a very big way.

We urge you to protect the integrity of the wholesale tax component of our General Excise Tax and also keep our economy strong. Thank you for allowing us to share our concerns.

HB-2575-HD-1

Submitted on: 3/22/2026 2:43:26 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Tyler Dalley	Testifying for Cruisin Maui Campers LLC	Oppose	Written Testimony Only

Comments:

My name is Tyler Dalley and I am the Owner and Operator of Cruisin' Maui Rent-A-Car. We operate our rental business right here in Hawaii, and I am writing to express my strong opposition to HB 2575.

As a local business owner, I am deeply concerned that this bill unfairly singles out our industry for an unprecedented 400% tax increase. HB 2575 seeks to reclassify our fleet purchases as "retail" rather than "wholesale," jumping the General Excise Tax (GET) from 0.5% to 4.5%. This shift ignores over 50 years of established tax policy and creates several critical issues for my business and our community:

- **Unfair Double Taxation:** My company already collects and remits the full 4.5% GET on every single rental transaction. By taxing the purchase of our vehicles at the retail rate as well, the state is implementing "tax pyramiding"—effectively taxing the same car twice. This is an unfair burden that most other industries do not have to face.
- **Discriminatory Policy:** This bill targets rental cars while allowing every other equipment-rental industry—including construction machinery, agricultural tools, and heavy equipment—to continue utilizing the 0.5% wholesale rate. There is no equitable reason why my business should be penalized while a company renting out tractors or cranes is exempt.
- **Negative Impact on Locals and Tourism:** We operate in one of the most expensive markets in the world. A 400% increase in the tax we pay to put cars on the road cannot be absorbed by a local operator like myself. This will inevitably lead to higher rates, not just for tourists, but for local residents who rely on us for insurance replacements, inter-island travel, and family needs.

Increasing the upfront tax burden on our fleet acquisitions will stifle our ability to grow, hire local staff, and provide affordable transportation. We are a vital part of Hawaii's economic engine, and this bill threatens that stability.

I respectfully urge the Committees to HOLD HB 2575.

Mahalo for your time and for considering the impact this will have on local Hawaii businesses.

March 23, 2026

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair

Senator Carol Fukunaga, Vice Chair

COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM

Senator Lynn DeCoite, Chair

Senator Glenn Wakai, Vice Chair

RE: STRONGLY OPPOSE – HB 2575, HD1 – RELATING TO TAXATION

Aloha Chairs Keohokalole and DeCoite, Vice Chairs Fukunaga and Wakai, and Members of the Committees:

My name is Jon Dill, Director of Operations for NPR Auto Group. We operate rental car businesses in Hawaii, and I am writing to respectfully—but strongly—oppose HB 2575.

With nearly three decades in the car rental industry, I have seen firsthand how policy decisions directly impact fleet investment, pricing, and access to transportation. HB 2575 represents a fundamental and unprecedented shift in tax treatment that would disproportionately and unfairly burden our industry.

At its core, this bill imposes a 400% increase in the tax rate on fleet acquisition—by reclassifying vehicle purchases from wholesale (0.5%) to retail (4.5%). This is not a technical adjustment; it is a structural change that breaks from over 50 years of consistent tax policy in Hawaii.

From an operator's perspective, the consequences are clear:

1. Tax Pyramiding and Double Taxation

Our industry already collects and remits the full 4.5% General Excise Tax on every rental transaction. Imposing an additional 4.5% tax at the point of fleet acquisition creates a classic case of tax pyramiding—taxing the same asset at multiple stages of its lifecycle. This is not standard practice across industries and places rental car operators at a distinct and unfair disadvantage.

2. Unequal and Discriminatory Treatment

HB 2575 selectively targets rental vehicles while maintaining the wholesale tax rate for other equipment rental sectors—construction, agriculture, and industrial equipment among them. From a policy standpoint, there is no clear rationale for treating rental cars differently than other income-generating assets. This creates an uneven playing field and raises broader concerns about consistency in tax policy.

3. Direct Impact on Hawaii Residents and Visitors

This cost increase cannot be absorbed at the operator level. It will translate directly into higher rental rates. While tourism is often the focus, it is important to recognize that local residents rely heavily on rental vehicles—for insurance replacements, vehicle repairs, inter-island travel, and family needs. This bill effectively raises the cost of mobility across the board.

4. Reduced Investment and Economic Activity

Fleet acquisition is the single largest capital investment in our business. Increasing the upfront tax burden at this scale will constrain fleet growth, delay reinvestment cycles, and limit our ability to expand operations and hire locally. At a time when Hawaii depends on a strong tourism and service economy, this policy moves in the opposite direction.

Bottom Line:

HB 2575 introduces a significant tax increase that is:

- Structurally inconsistent with long-standing policy
- Disproportionately targeted at one industry
- Inflationary for both residents and visitors
- Detrimental to investment and job growth

For these reasons, I respectfully urge the Committees to **HOLD HB 2575**.

Mahalo for your time and thoughtful consideration of the real-world operational and economic impacts this legislation would have on local businesses and the broader Hawaii community.

Sincerely,



Jon Dill
NPR Auto Group



March 25, 2026

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair

Senator Carol Fukunaga, Vice Chair

COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM

Senator Lynn DeCoite, Chair

Senator Glenn Wakai, Vice Chair

Re: HB 2575 HD1 - Opposition

Chairs Keohokalole and DeCoite, Vice Chairs Fukunaga and Wakai, and Members of the Committees:

On behalf of the American Car Rental Association (ACRA), thank you for the opportunity to testify on HB 2575 HD1. While this measure is intended to address perceived inequities, it rests on a misunderstanding of how the rental car tax system functions. In reality, this bill targets a specific type of business—traditional rental and local P2P hosts—to the detriment of residents, tourists, and the broader economy.

We must critically examine who stands to benefit if this tax is passed. It will not be the local Peer-to-Peer (P2P) hosts, who will see their margins evaporate, nor will it be the consumers, who will face higher prices. While the stated intent of this legislation is to create revenue for the State, the primary beneficiaries are P2P platforms—multi-billion-dollar entities that neither own vehicle assets nor contribute to the physical infrastructure of Hawaii. By squeezing the local providers who do the actual work of hosting and fleet management, this bill inadvertently protects the bottom line of platforms that add far less to the local economy than the businesses being taxed.

The narrative that rental cars do not pay their fair share is mathematically incorrect. A typical \$50,000 rental vehicle is a transactional asset that generates state revenue every single day it is on the road through the \$7.50 surcharge, the 4.5% GET on the transaction, and airport fees. By day 231, a rental car has generated the same revenue a private family pays in one-time taxes. While an individual pays \$2,250 for the 4.5% GET (state & local) on a \$50,000 vehicle and typically holds that vehicle for 7–10 years, a single rental car generates over \$5,300 in state tax revenue over just a two-year cycle.

There is also a critical distinction: individuals do not pay a \$7.50 surcharge plus GET every time they drive their car. Renters do. This constant turnover makes the rental fleet a high-frequency engine for Hawaii's public funds, contributing far more to the economy over its lifespan than a comparable private vehicle. In fact, rental cars generate over \$300 Million in taxes and fees that support Hawaii infrastructure.

Summary of Annual Contributions (FY 2025)

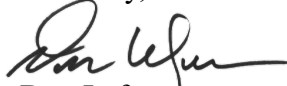
- **State Highway Fund:** \$118,181,425
- **Airport Concessions:** \$73,700,000
- **Airport CFC:** \$72,701,409
- **General Excise Tax (GET):** \$55,965,714
- **Employee Taxes (Direct & Indirect):** \$11,000,000
- **Payroll Tax:** \$3,200,000
- **Total Annual Public Contribution:** \$334,567,123

Imposing higher upfront costs will inevitably lead to longer vehicle cycle times. In the short term, we will see higher base fares. However, as fleet turnover decelerates because rental cars will be held longer, rental companies will keep older cars in service longer. These older vehicles cannot command premium rental fees ultimately leading to less total revenue for the state.

Conclusion

HB 2575 HD1 creates an unfair, uneven tax structure that harms many residents and businesses who contribute significantly to Hawaii's economy. By increasing costs for residents in need of temporary transport and families traveling inter-island, this bill takes money out of their pockets and puts it into the hands of asset-light platforms. Beyond the direct costs to consumers, the mandatory deceleration of fleet turnover will trigger a damaging ripple effect across Hawaii's economy. A stagnant rental fleet means significantly fewer new vehicle orders, directly reducing revenue for Hawaii car dealers and hurting the shipping and transportation sectors that move these assets to the islands. Furthermore, as companies are forced to shrink their fleet sizes to manage the higher tax burden, reduced car availability will lead to chronic shortages during peak seasons, further driving up prices and stifling tourism-related commerce. We respectfully urge the Committee to maintain the existing wholesale tax rate and defer HB 2575 HD1 to protect Hawaii's consumers, its local business infrastructure, and its broader economic health.

Sincerely,



Don Lefevé,
President



March 25, 2026

TO: HONORABLE JARRETT KEOHOKALOLE, CHAIR, HONORABLE CAROL FUKUNAGA, VICE CHAIR, COMMITTEE ON COSUMER PROTECTION AND COMMERCE. HONORABLE LYNN DECOITE, CHAIR, HONORABLE GLENN WAKAI, VICE CHAIR, COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM.

SUBJECT: **SUPPORT OF H.B. 2575 HD1, RELATING TO TAXATION.** Applies the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. Appropriates funds for a position in the Department of Taxation.

HEARING

DATE: Wednesday, March 25, 2026
TIME: 9:40 a.m.
PLACE: Capitol Room 415

Dear Chairs Keohokalole and Decoite, Vice Chairs Fukunaga and Wakai, and Members of the Committees,

The General Contractors Association of Hawaii (GCA) is an organization comprised of approximately five hundred (500) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. Our mission is to elevate Hawaii's construction industry and strengthen the foundation of our community.

GCA **Supports** on H.B. 2575 HD1, which applies the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. Appropriates funds for a position in the Department of Taxation. GCA's support is focused on the appropriation of funds for a position in the Department of Taxation.

Local contractors who bid on federal work must factor in the State GET in their proposals. The law requires that anyone who conducts business in this State must pay the GET. However, the GCA is aware that there are occasions when out of state contractors are awarded federal contracts and do not pay the State GET. This not only gives the out of state contractor an advantage in their bid, but it is extremely detrimental to the State.

Not only is the State missing out on collecting the GET, but the profits are taken out of State. The out of state contractor could potentially be using out of state labor as well, which has a multiplier effect of reducing income tax collected in the State.

A position in the Department of Taxation to help facilitate the collection of the GET from those contractors who are awarded federal contracts, and who are not registered to do business in the state, could bring in millions of dollars annually for the State.



The GCA examined contracts awarded in the first six months of 2021 and found that 16 of the 46 contracts awarded (35%) were awarded to businesses who were not registered to do business in the state. Those contracts totaled \$55,000,000. The GCA is under the belief that if a business is not registered to do business here, then they are probably not paying the State GET.

Thank you for the opportunity to provide testimony in support of this measure.

QUALITY PEOPLE. QUALITY PROJECTS



United Food & Commercial Workers Union, Local 480
808 Factory Street, Honolulu, Hawaii 96819
Phone: 808 942.7778

Patrick K. Loo
President

Gwen K. Rulona
Secretary Treasurer

March 25, 2026

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair
Committee on Commerce and Consumer Protection

Senator Lynn DeCoite, Chair
Senator Glenn Wakai, Vice Chair
Committee on Economic Development and Tourism

Testimony of
Pat Loo, President
United Food & Commercial Workers Union, Local 480

Hearing: Wednesday, March 25, 2026, 9:40 AM, Room 229

HB2575, HD1 RELATING TO TAXATION - IN OPPOSITION

Chair Keohokalole, Chair DeCoite and members of the Committee on Commerce and Consumer Protection and the Committee on Economic Development and Tourism:

The United Food and Commercial Workers Union, Local 480 is opposed to HB2575, HD1 which would apply the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. The proposed tax increase on rental car sales will have a direct and adverse effect on the visitor industry, local residents, and Hawai'i's restaurant and food industry.

Hawaii's restaurant and food industry is deeply intertwined with tourism. Rental cars are a critical part of the visitor experience, particularly on neighbor islands and rural areas where public transportation options are limited. By raising the GET rate on rental car fleet purchases from 0.5% to 4.5% – a ninefold increase – the bill would likely raise rental car costs for consumers.

Higher transportation costs for visitors mean reduced discretionary spending on food and dining out, which is a key component of Hawaii's tourism economy. UFCW workers support meatpacking facilities that are impacted by visitor and local food consumption. Visitors staying at short-term rentals and hotels alike are also customers of our member grocery stores like Foodland, Safeway and Malama Market. We also represent workers employed at the Flying Food Group, a provider of meals for the world's premier airlines, including Hawaiian Airlines.

We respectfully oppose HB2575, HD1. Adverse impacts of raising taxes on a key and essential transportation activity should be considered and avoided. Thank you for the opportunity to provide testimony on this matter.

“A Union Preparing Today for the Needs of Tomorrow”



Hawai'i State Senate
Committees on Commerce and Consumer Protection and
Economic Development and Tourism
HB2575, HD1 – Relating to Taxation

RE: Strong support of HB2575, HD1

March 25, 2026

Aloha Chairs Keohokalole and DeCoite; Vice Chairs Fukunaga and Wakai; and Members of the Committees,

Hawaiian Council writes in **strong support of HB2575, HD1, with amendments** to support and address the longstanding bureaucratic issues facing beneficiaries of the Hawaiian Homes Commission Act. The bill closes a loophole in the general excise tax on new motor vehicles purchased or imported by rental car companies to minimize the financial impacts on kama'āina. With amendments, it has the potential to make a substantial dent in the long-standing debts to our native Hawaiian community.

Hawai'i residents continue to face rises in cost-of-living and an unpredictable reliance on government support to access key necessities, including housing. Native Hawaiian communities are disproportionately affected by Hawai'i's affordability crisis, with Kanaka 'Ōiwi being overrepresented in our cost-burdened and unhoused communities.

While programs like DHHL are designed to address the mounting pressures placed on native Hawaiian families, it has been difficult to meet the full trust responsibility bestowed upon the State. Today, nearly 30,000 beneficiaries of the HHCA are waiting for a homestead lot award—many of whom are kūpuna who have been on the list for over four decades. At its current state, DHHL is simply unable to accommodate the demand for the lands beneficiaries are entitled to.

Appropriation to the Department of Hawaiian Home Lands through this bill does not have a nexus issue if funding accounts for DHHL's numerous transportation infrastructure needs. For example, roads, carports, and electric vehicle chargers are all funding needs from the Department that have a clear connection to this funding source. By amending HB2575, HD1,

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**HAWAIIAN
COUNCIL**

to include appropriate funding for DHHL, the legislature can help fulfill its trust responsibility to the Native Hawaiian community.

Iwi o ku'u iwi, the bones of my bones—there is no Hawai'i if Kanaka 'Ōiwi and their families are severed from the lands they have cared for and stewarded for generations. For these reasons, Hawaiian Council respectfully urges the committee to **PASS HB2575, HD1, with amendments**. Mahalo for your commitment to Kanaka 'Ōiwi and their right to affordable housing for generations to come.

Me ke kākō'o mau,

Madelyn McKeague

Director of Advocacy, Hawaiian Council

HAWAIIANS ADVANCING HAWAI'I

91-1270 Kinoiki Street, Building 1, Kapolei, HI 96707

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LATE

March 25, 2026

The Honorable Jarrett Keohokalole
Chair
Senate Committee on Commerce and
Consumer Protection
Room 205, Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

The Honorable Carol Fukunaga
Vice Chair
Senate Committee on Commerce and
Consumer Protection
Room 216, Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

RE: Support HB 2575 -- "Relating to Taxation"

Dear Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee:

On behalf of Chamber of Progress, a tech industry coalition promoting technology's progressive future, **I respectfully urge you to support HB 2575**, which would close the rental car industry's general excise tax loophole by reclassifying fleet vehicle purchases from the wholesale rate to the standard retail rate. This reform enhances tax fairness, promotes competition, and ends a carveout that overwhelmingly benefits a handful of large rental car companies. It could also **generate up to an estimated \$86.2 million in annual revenue** for Hawai'i.¹

HB 2575 would restore the standard general excise tax treatment for rental car fleet purchases

Rental car companies – a highly profitable, multi-billion-dollar industry – currently pay just 0.5% in general excise tax on fleet vehicle purchases in Hawai'i under the classification of a "sale for resale." This classification is fundamentally flawed. Traditional wholesalers sell goods directly to retailers or customers, transferring both ownership and possession. Rental car companies, by contrast, retain the title and permanent ownership of their vehicles, generating revenue by temporarily renting them to consumers. These vehicles are not inventory in any traditional sense – they are revenue-generating assets.

¹ This estimate is calculated by applying the 4% general excise tax rate to the [average rental car price](#) (\$48,907), yielding \$1,956 in tax revenue per vehicle, and multiplying that amount by the [estimated](#) 44,066 rental vehicles in Hawaii, for a total of \$86,205,434.

Unlike construction equipment lessors or farm equipment companies, rental car companies are in the business of rapid asset depreciation. Their model relies on a cycle of high-volume usage and rapid disposal: by renting vehicles to a constant stream of tourists, these companies put their fleets through accelerated wear and tear, causing the assets to depreciate quickly. Rental car companies then take the value of this vehicle depreciation and turn it into "full expensing," effectively using the depreciation to wipe out the taxes that would normally be paid on the profits from the rental itself.

HB 2575 corrects this by clarifying that the sale of a motor vehicle to a lessor of rental motor vehicles does not qualify as a "sale for purposes of resale" or for preferential leasing exemptions. This would require rental car companies to pay the same 4.5% combined GET rate (4% state rate plus 0.5% county surcharge) that applies to other retail transactions, the same rate that individual consumers already pay on their vehicle purchases.

Hawai'i has an opportunity to bridge growing revenue gaps without burdening families

Hawai'i faces a projected mild recession in 2026, driven in part by the Trump administration's tariffs, which are expected to raise annual costs for a typical Hawai'i household by approximately \$1,400 and reduce visitor spending by an estimated \$1.6 billion.² At the same time, the federal government has withdrawn over \$3 billion from the state's economy through funding cuts, forcing the Governor to propose tax cut freezes and leaner budgets to maintain critical public services.³

Closing the rental car tax loophole is a responsible way to generate consistent revenue without increasing the burden on working families. Rental car companies currently pay an estimated \$2.2 million in GET at the discounted 0.5% wholesale rate on fleet vehicle purchases in Hawai'i. Reclassifying those purchases at the standard 4.5% retail rate could bring in **up to an estimated \$86.2 million** for the state — a meaningful sum at a time when every dollar counts. The funds recovered from closing this exemption could be reinvested to address pressing budget priorities.

Hawai'i can follow other states' lead in closing this loophole

Oregon, North Dakota, and Georgia have each repealed or narrowed their rental car tax exemptions.⁴ Maryland did the same through its Budget Reconciliation and Financing Act of 2025, imposing a 3.5% excise tax on rental vehicle purchases that had previously been

² University of Hawai'i Economic Research Organization (UHERO). *Fourth Quarter Forecast 2025*. Dec. 12, 2025. <https://www.hawaii.edu/news/2025/12/12/uhero-fourth-quarter-forecast-2025/>

³ "Hawai'i Governor's Proposed State Budget Anticipates More Federal Cuts." *Honolulu Civil Beat*, Dec. 23, 2025. <https://www.civilbeat.org/2025/12/hawai%CA%BBi-governors-proposed-state-budget-anticipates-more-federal-cuts/>

⁴ Steve DelBianco, 2025.

fully exempt,⁵ and expects roughly \$240 million in additional revenue as a result.⁶ These states have established a fairer tax system while redirecting recovered funds to essential public services. Hawai'i can and should follow their lead.

For these reasons, **I respectfully urge you to advance HB 2575.** This bill offers Hawai'i a practical way to close an unfair tax loophole, strengthen tax fairness, and raise critical revenue during a period of serious fiscal pressure that benefits consumers statewide.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert Singleton', written in a cursive style.

Robert Singleton
Senior Director of Policy and Public Affairs, California and US West

⁵ Maryland Budget Reconciliation and Financing Act of 2025 (HB 352), imposing a 3.5% excise tax on rental vehicle purchases effective July 1, 2025.
<https://mva.maryland.gov/businesses/Documents/bulletins/2025/Bulletin-Rental-Excise-Tax-Loaner-Exemption-06272025.pdf>

⁶ Bryan P. Sears. "House, Senate quickly come to agreement on spending and tax plan." *Maryland Matters*, Apr. 4, 2025.
<https://marylandmatters.org/2025/04/04/house-senate-quickly-come-to-agreement-on-spending-and-tax-plan/>



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE SENATE COMMITTEE ON COMMERCE & CONSUMER PROTECTION AND
THE COMMITTEE ON ECONOMIC DEVELOPMENT & TOURISM
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 229
WEDNESDAY, MARCH 25, 2026 AT 9:40 A.M.**

To The Honorable Senator Jarrett Keohokalole, Chair
The Honorable Senator Carol Fukunaga, Vice Chair
Members of the Committee on Commerce & Consumer Protection

To The Honorable Senator Lynn DeCoite, Chair
The Honorable Senator Glenn Wakai, Vice Chair
Members of the Committee on Economic Development & Tourism

OPPOSE HB2575 HD1 RELATING TO TAXATION

The Maui Chamber of Commerce respectfully opposes HB2575 HD1 as it would increase the general excise tax or use tax rate on purchases or imports of new motor vehicles by rental car companies, which directly impacts the tourism industry and related sector, as well as residents who need rental cars for transportation and travel to neighbor islands.

We are concerned that this bill would add to the already significant tax burden on tourism-related businesses. Rental cars are an essential part of the visitor experience, supporting not only hotels and accommodations but also a wide range of local businesses, activities, and attractions that rely on visitor mobility. Increased costs to rental car companies are likely to be passed on to residents and visitors, potentially discouraging travel or reducing discretionary spending in the local economy.

Hawai'i's tourism sector is still recovering from recent challenges, with many businesses working to regain stability. The state already imposes multiple taxes and fees on visitors, and further increases risk undermining efforts to shift from volume to value tourism and to promote longer stays and higher daily spending. Additional tax burdens may also make Hawai'i less competitive compared to other destinations, impacting not only rental car providers but also the broader network of local vendors and service providers that depend on tourism.

We respectfully recommend that the Legislature consider the cumulative impact of visitor-related taxes and fees before enacting further increases.

Mahalo for the opportunity to share our concerns on HB2575 HD1. We ask that you defer this bill.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



LATE

Gerard C. Gibson
President
Hawai'i Hotel Alliance

March 25, 2026

Senator Lynn DeCoite, Chair
Committee on Economic Development and Tourism
Senator Jarrett Keohokalole, Chair
Committee on Commerce and Consumer Protection
Hawaii State Legislature

Dear Senator DeCoite and Senator Keohokalole, and Members of the Committees on Commerce and Consumer Protection and Economic Development and Tourism:

On behalf of the Hawaii Hotel Alliance, I write to oppose HB 2575, HD1 and to share the perspective of the hotel and visitor accommodations industry.

The rental car industry generates \$330 million annually in state, airport, highway and county revenue, providing over 2,000 local jobs and paying over \$3 million in employee taxes and wages. In times of disaster, the local rental car companies have demonstrated deep financial commitment to the state and the local community that they are a part of, coming together to aid those in desperate need of help, such as the case in Lahaina.

This bill increases costs for residents and tourists. Locals rent vehicles for hospital and doctor appointments on other islands when they are sick. Inter-island travel is already expensive and higher rental costs for residents makes the state even less affordable.

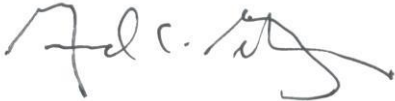
Hotels work closely with rental car providers to provide reliable and reasonably priced rental vehicles as a core part of the visitor experience in Hawaii. Visitors depend on rental cars to reach our properties, travel between communities, support local businesses, and participate in activities across the islands. If operation costs rise, those costs are ultimately reflected in higher rental prices directly affecting residents and tourists.

This bill creates double taxation on car rental companies. Rental vehicle companies pay a wholesale tax to buy cars and pay the full retail rate on every rental transaction. Car rentals also generate a county surcharge, rental motor vehicle surcharge tax, and airport-related fees.

Senator Lynn DeCoite, Chair
Senator Jarrett Keohokalole, Chair
Page 2

Double taxation does not apply to any other business that purchases and leases capital goods used to provide services and results in unequal tax treatment for one industry.

Mahalo Nui Loa,

A handwritten signature in black ink, appearing to read "Jerry Gibson". The signature is stylized and cursive, with a long horizontal stroke at the end.

Jerry Gibson
President
Hawai'i Hotel Alliance



LATE

Hearing date: Wednesday, March 25, 2026

Time: 9:40am

Location: State Capitol, Room 229

Re: Opposition to HB 2575, HD1, Relating to Taxation

Dear Chair Keohokalole, Chair DeCoite and Members of the Committees,

On behalf of Pasha Hawaii, I write in opposition to HB 2575, HD1, Relating to Taxation.

This measure applies the retail general excise or use tax rate to every new vehicle purchased or imported by rental car companies, dramatically increasing the cost of maintaining and replacing rental fleets. By layering additional taxes onto a single industry, the bill raises operating costs that will ultimately create a ripple effect on the businesses that support rental motor vehicle companies.

Rental car fleets contribute to the broader flow of goods and economic activity across the islands. When rental motor vehicles are replaced regularly, many of those used cars are sold locally, generating additional tax revenue and helping maintain a healthy supply of used vehicles for sale by local residents. Vehicles that are not sold in-state are shipped out, supporting steady cargo volumes and creating additional taxable business activity for the maritime sector.

The rental motor vehicle industry is an essential part of Hawai'i's transportation and maritime ecosystem. If fleet replacement slows because acquisition costs rise, that reduction will ripple through the supply chain. Fewer vehicles moving in and out of the state means less cargo, fewer related services, and reduced economic activity for the downstream businesses that support this movement.

For these reasons, we ask you to hold this bill.

Sincerely,

Reggie Maldonado
General Manager
Pasha Hawaii

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 11:21:53 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Shelby Davis	Individual	Oppose	In Person

Comments:

- I oppose HB2575.
- I stand in opposition to HB2575.
- Please vote NO on HB2575.
- I respectfully oppose HB2575

HB-2575-HD-1

Submitted on: 3/23/2026 10:42:46 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
John Fitzpatrick	Individual	Support	Remotely Via Zoom

Comments:

Aloha Chair, Vice Chair, and Members of the Committee:

My name is John Fitzpatrick (Mista Fitz), and I am a resident of Makawao and a science teacher at Kūlanihāko‘i High. I am writing in **strong support of HB2575**.

Why should I have to pay full sales tax when I purchase a car in Hawaii but multinational corporations worth billions like Avis, Alamo, Enterprise, and Hertz to name a few pay relative pennies?

This bill addresses a fundamental issue of tax equity. Currently, when a resident of Hawaii goes to a dealership to purchase a car, they are required to pay the full 4% General Excise Tax (plus any applicable county surcharges). However, some of the wealthiest corporations in the world—multi-billion dollar rental car conglomerates—are currently permitted to purchase their fleets at a "wholesale" rate of only 0.5%.

This is a significant loophole that deprives our state of tens of millions of dollars in revenue—funds that are desperately needed to support our public schools, infrastructure, and community services.

To put the scale of these corporate resources into perspective, consider the 2025 global revenues of the "Big Three" rental companies compared to the salary of an average Hawaii teacher (approximately \$65,000):

Company	2025 Annual Revenue	Ratio to Teacher Salary
Enterprise Mobility	\$39.0 Billion	600,000 : 1
Avis Budget Group	\$11.7 Billion	180,000 : 1
Hertz Global Holdings	\$8.5 Billion	130,000 :

Even looking strictly at the Hawaii market, which generates an estimated **\$1.8 billion** annually, the revenue of these companies is roughly **27,000 times** the salary of the educators working to prepare our next generation.

It is no longer appropriate for these high-revenue entities to enjoy a tax "break" on the very assets that form the core of their retail business. Rental cars are not "wholesale" goods in the

traditional sense; they are revenue-generating assets utilized on our local roads. By moving these transactions to the standard 4% rate, we can generate an estimated **\$70M to \$86M** in annual revenue without adding a single cent of tax burden to the residents who already pay their fair share. **This could be used to pay teachers hazard pay like principals and EA's recieved during the pandemic. It's just fair!**

I urge the Committee to pass HB2575 to ensure our tax code reflects the needs of our community rather than the interests of global corporations.

Mahalo for the opportunity to testify,

Mista Fitz

P.S. Our next contract is going to be big! We are going to need a lot of money to pay 13,000 teachers what they deserve in order to end the teacher shortage emergency (relying on emergency hires who need 5 years to get their license): 25% across the board increase to the pay scale, 4%, 4%, 4%, 4% each year and annual step increases in addition to lowering class sizes to 20 students per class and renovating schools throughout Hawaii.

HB-2575-HD-1

Submitted on: 3/21/2026 10:50:32 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Kara Iopa	Testifying for HSTA	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION -Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai‘i.

Mahalo,

Kara Iopa, Teacher

Waiakea Elementary

HB-2575-HD-1

Submitted on: 3/21/2026 7:11:19 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Cami Iwanaga	Testifying for Hawaii State Teachers Association	Support	Written Testimony Only

Comments:

Dear Chairs Keohokalole and DeCoite, Vice Chairs Fukunaga and Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, to create a more equitable tax structure while generating needed funding for public services.

As an educator, I can personally speak to the importance of this support. Despite our own fears of the virus, teachers worked directly in person with our students each day to ensure their continued education even when it was impossible to avoid close proximity with our young children who required our constant attention and did not yet fully understand critical safety procedures.

One of the most unsettling experiences for me was bringing approximately 80 English Language Learners back to campus during distance learning to administer a federally mandated assessment in accordance with the Every Student Succeeds Act (ESSA).

Despite my best efforts and precautions, I too contracted COVID-19.

This experience underscores the dedication and risks that educators have taken to continue serving our students. Measures like H.B. 2575, HD1 can help provide critical support—such as temporary hazard pay to public educators who worked directly with a classroom full of students during this dangerous yet critical time.

I respectfully urge the committee to pass this measure in support of Hawai'i's educators and their unwavering commitment to students.

Mahalo,

Cami Iwanaga

Hawaii State Teachers Association - Retired

(Hawaii Migrant Education Early Childhood Coordinator, retired Konawaena Elementary Teacher)

HB-2575-HD-1

Submitted on: 3/19/2026 7:59:01 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Iolani Kuoha	Individual	Oppose	Written Testimony Only

Comments:

Date: March 19, 2026

Subject: Opposition to HB2575 HD1 – Relating to Taxation

To the Honorable Chair and Members of the Committee:

I am writing to express my strong opposition to **HB2575 HD1**. This bill proposes to increase the general excise and use tax rates on the purchase or import of new motor vehicles by rental car companies.

I oppose this bill for the following reasons:

- **Higher Costs for Consumers:** By applying the higher retail tax rate to rental car companies, this bill will likely increase rental prices for both residents and visitors.
- **Economic Impact:** Increasing taxes on a major industry like tourism could discourage travel to our state, especially since a recession has already been projected for 2026.
- **Unnecessary New Spending:** The bill also seeks to fund a new tax inspector position. I believe the state should focus on using its existing resources more efficiently before creating new taxpayer-funded roles.

For these reasons, I respectfully ask that you do not pass HB2575 HD1.

Thank you for the opportunity to provide this testimony.

Sincerely,

Iolani Kuoha

HB-2575-HD-1

Submitted on: 3/19/2026 8:03:57 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Faith Tuipulotu	Individual	Oppose	Written Testimony Only

Comments:

I oppose HB2575.

Thank you, Faith Tuipulotu

HB-2575-HD-1

Submitted on: 3/19/2026 8:14:10 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
charity kekauoha	Individual	Oppose	Written Testimony Only

Comments:

I opposed Hawaii bill 2575.

HB-2575-HD-1

Submitted on: 3/20/2026 9:00:59 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael Kaapuni	Individual	Oppose	Written Testimony Only

Comments:

This will hurt a variety of industries.

HB-2575-HD-1

Submitted on: 3/20/2026 9:09:26 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Melissa Kaapuni	Individual	Oppose	Written Testimony Only

Comments:

Position: OPPOSE HB2575 HD1

- **Point 1:** This bill will directly increase the cost of living for residents who rely on rentals for inter-island travel or temporary transportation.
- **Point 2:** The "tax pyramiding" effect is unfair to Hawaii businesses and contrary to established tax principles that treat capital goods as wholesale purchases.
- **Point 3:** It creates a competitive disadvantage for Hawaii's tourism industry compared to other destinations that do not impose such high upfront taxes on rental fleets.

HB-2575-HD-1

Submitted on: 3/20/2026 9:59:44 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Anika Agerlie	Individual	Support	Written Testimony Only

Comments:

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai'i.

Mahalo,

Anika Agerlie

Hōnaunau Elementary School Teacher

HB-2575-HD-1

Submitted on: 3/20/2026 10:04:12 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Hope McKeen	Individual	Support	Written Testimony Only

Comments:

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I am writing in strong support of HB2575, HD1, which proposes a common-sense adjustment to our General Excise Tax (GET) structure. By applying the standard retail rate to the purchase or import of new motor vehicles by rental car companies, this bill generates significant state revenue without placing a financial burden on Hawai‘i’s residents.

Unlike broad tax increases, this measure specifically targets the visitor industry’s rental fleet acquisitions. It ensures that we generate the funds necessary to support essential public services—including temporary hazard pay for our educators—without taxing hardworking local families. Currently, these large-scale visitor industry transactions benefit from a lower tax classification. HB2575, HD1 rectifies this imbalance by ensuring these acquisitions are taxed at the standard 4% retail rate, consistent with other consumer-facing goods.

Estimates indicate that this shift would generate approximately \$72.38 million in new annual revenue. This is a vital infusion for the State’s budget that requires zero additional sacrifice from our residents.

HB2575, HD1 is a fiscally responsible solution that prioritizes the needs of Hawai‘i’s people by asking the visitor industry to pay its fair share. I urge the committee to pass this measure to help secure a more stable financial future for our state and our schools.

HB-2575-HD-1

Submitted on: 3/20/2026 10:14:50 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
K	Individual	Oppose	Written Testimony Only

Comments:

This is ludacris

HB-2575-HD-1

Submitted on: 3/20/2026 10:20:08 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Jessica	Individual	Support	Written Testimony Only

Comments:

Aloha,

I write in strong support of HB2575 HD1 as it provides a creative solution for raising revenue to provide much-deserved hazard pay to HIDEOE, BU05 teachers who were working during the pandemic to serve our students.

Mahalo,

Jess

HB-2575-HD-1

Submitted on: 3/20/2026 10:31:54 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Susana Roman	Individual	Support	Written Testimony Only

Comments:

Aloha e Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the Committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai'i.

Mahalo nui loa for your time and support,

Susana Román

Makiki

HB-2575-HD-1

Submitted on: 3/20/2026 10:46:02 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Justin Pierce	Individual	Oppose	Written Testimony Only

Comments:

Position: OPPOSE HB2575 HD1

- Point 1: This bill will directly increase the cost of living for residents who rely on rentals for inter-island travel or temporary transportation.
- Point 2: The "tax pyramiding" effect is unfair to Hawaii businesses and contrary to established tax principles that treat capital goods as wholesale purchases.
- Point 3: It creates a competitive disadvantage for Hawaii's tourism industry compared to other destinations that do not impose such high upfront taxes on rental fleets.

HB-2575-HD-1

Submitted on: 3/20/2026 1:04:06 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Brandon P Konanui	Individual	Oppose	Written Testimony Only

Comments:

Position: OPPOSE HB2575 HD1

- Point 1: This bill will directly increase the cost of living for residents who rely on rentals for inter-island travel or temporary transportation.
- Point 2: The "tax pyramiding" effect is unfair to Hawaii businesses and contrary to established tax principles that treat capital goods as wholesale purchases.
- Point 3: It creates a competitive disadvantage for Hawaii's tourism industry compared to other destinations that do not impose such high upfront taxes on rental fleets.

HB-2575-HD-1

Submitted on: 3/20/2026 1:40:59 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
JACKIE KA'AIHUE	Individual	Oppose	Written Testimony Only

Comments:

OPPOSE HB2575 HD1

1: This bill will directly increase the cost of living for residents who rely on rentals for inter-island travel or temporary transportation.

2: The "tax pyramiding" effect is unfair to Hawaii businesses and contrary to established tax principles that treat capital goods as wholesale purchases.

3: It creates a competitive disadvantage for Hawaii's tourism industry compared to other destinations that do not impose such high upfront taxes on rental fleets.

Mahalo nui.

HB-2575-HD-1

Submitted on: 3/20/2026 2:08:38 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Christine	Individual	Oppose	Written Testimony Only

Comments:

Here's what I submitted

Position: OPPOSE HB2575 HD1

- Point 1: This bill will directly increase the cost of living for residents who rely on rentals for inter-island travel or temporary transportation.
- Point 2: The "tax pyramiding" effect is unfair to Hawaii businesses and contrary to established tax principles that treat capital goods as wholesale purchases.
- Point 3: It creates a competitive disadvantage for Hawaii's tourism industry compared to other destinations that do not impose such high upfront taxes on rental fleets.

HB-2575-HD-1

Submitted on: 3/20/2026 2:56:00 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Frank Schultz	Individual	Support	Written Testimony Only

Comments:

I support this initiative.

HB-2575-HD-1

Submitted on: 3/20/2026 6:43:14 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Tiffany Edwards Hunt	Individual	Support	Written Testimony Only

Comments:

Testimony in Support of HB 2575, HD1

To: House Committee on Finance

Hearing Date: Wednesday, March 25, 2026

From: Tiffany Edwards Hunt, Educator at Kea’au Middle School

Introduction

Aloha Chair, Vice-Chair, and Members of the Committee,

My name is Tiffany Edwards Hunt, and I am a teacher at Kea’au Middle School. I am writing today to testify in strong support of HB 2575, HD1. This measure, which closes a tax loophole for rental car companies to generate an estimated \$70–\$80 million annually, provides a clear and necessary path to funding temporary hazard pay for the educators who held our community together during its darkest hours.

The pandemic was a period of unprecedented challenge for those of us in the classroom. I worked through the height of the crisis, navigating the constant stress and fear of COVID-19 while maintaining my commitment to my students.

- **A New Way of Teaching:** I pivoted to online instruction, learning new technologies on the fly to ensure that my students did not lose their right to an education.
- **The Burden of Worry:** Like many of my colleagues, I carried the weight of my students' anxieties alongside my own. I worried for their safety, their mental health, and their families, all while facing the same health risks myself.
- **Creating a Sanctuary:** In a world that felt chaotic, I did everything in my power to create a sense of normalcy and stability for my students. For many, our digital classroom was the only consistent "place" they had left.

Hazard pay is a recognition of the extraordinary circumstances we faced and the risks we took to keep Hawaii’s children learning. By closing a loophole that benefits large rental car companies,

the state can generate the \$70–\$80 million needed to fulfill this obligation. This is a fiscally responsible way to support Hawaii's workforce using revenue generated from the tourism industry, rather than placing the burden on local residents.

As a teacher at Kea'au Middle School, I am proud of the work I did during the pandemic, but it came at a high personal cost. Passing HB 2575, HD1 is a vital step in showing Hawaii's educators that their sacrifices were seen and valued.

I respectfully urge the committee to pass this bill. Mahalo for your time and for your dedication to our public schools.

Sincerely,

Tiffany Edwards Hunt Educator, Kea'au Middle School

HB-2575-HD-1

Submitted on: 3/20/2026 7:23:17 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Season Paniku	Individual	Support	Written Testimony Only

Comments:

**TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
TESTIMONY BEFORE THE SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TOURISM
RE: HB 2575, HD1 – RELATING TO TAXATION - Wednesday, March 25, 2026, 9:40 a.m.**

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai'i.

**Mahalo,
Season Paniku**

Waiakea Elementary School

Hilo, Hawaii

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TOURISM

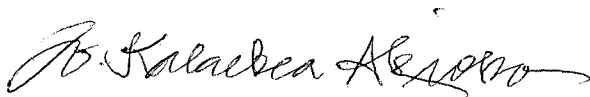
RE: HB 2575, HD1 – RELATING TO TAXATION - Wednesday, March 25, 2026, 9:40 a.m.

Aloha e nā Luna Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

Mahalo for this opportunity to present testimony in strong support of H.B. 2575, HD1, which represents an innovative means to increase state revenues without imposing major financial impacts on residents. By applying the proposed shift to a retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies, the state will be able to generate the revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai'i.

Mahalo,

A handwritten signature in black ink, appearing to read "W. Kalaekēa Akioka". The signature is fluid and cursive, with a small mark above the second 'e' in "Kalaekēa".

W. Kalaekēa Akioka

Kumu

Ke Kula Kaiapuni 'o Pū'ōhala, Kāne'ōhe, HI

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION - Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai'i.

Mahalo,
Anna Crawford
King kekaulike High, Maui

HB-2575-HD-1

Submitted on: 3/21/2026 9:19:51 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Crystal Ivey	Individual	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION - Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Jarrett Keohokalole & Lynn DeCoite, Vice Chairs Carol Fukunaga & Glenn Wakai, and esteemed members of the committees,

As a public school teacher and resident of Hawai‘i Island, I see every day how much our students and families depend on a strong, well-supported education system. I am writing in strong support of H.B. 2575, HD1—because it offers a practical, fair way to invest in our communities without placing additional strain on the very families we serve.

In my classroom, I work with keiki whose parents are already juggling rising costs—housing, food, transportation. Asking more from local families isn’t just difficult; it’s unsustainable. That’s why this measure stands out. By applying the standard general excise tax rate to rental car company vehicle purchases, the bill shifts responsibility toward the visitor industry—one that benefits greatly from our islands—rather than onto residents who are simply trying to get by.

This is not an abstract policy to us. Additional state revenue—estimated at over \$70 million annually—could directly translate into meaningful support for public education, including temporary hazard pay for educators who continue to show up for our students through every challenge. It would help us retain teachers, stabilize classrooms, and ultimately provide better outcomes for our keiki.

From where I stand, this proposal is about balance and kuleana. It corrects a tax structure that currently favors large rental car companies while asking everyday residents to carry more than their share. By ensuring these businesses contribute at the standard rate, we can reinvest in the people and services that make Hawai‘i strong.

I respectfully urge you to pass H.B. 2575, HD1. Our students, our schools, and our communities are counting on thoughtful decisions like this.

Mahalo for your time and consideration.

Crystal Ivey

Waiakea Elementry

HB-2575-HD-1

Submitted on: 3/21/2026 11:39:54 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Jodi Beaty	Individual	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION - Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the revenue needed to support public services, including temporary hazard pay for public educators, without taxing hardworking local families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai‘i.

Mahalo,

Jodi Beaty

Mokapu Elementary / Windward District

Aloha Chairs Keohokalole and DeCoite, Vice Chairs Fukunaga and Wakai, and Members of the Committee,

I strongly urge you to pass HB2575 and finally close the 50-year-old rental car tax loophole.

The rental car industry is trying to spin a false narrative that the push to close this loophole is an artificial campaign driven by the mainland "Chamber of Progress." That is completely untrue. This demand is driven by everyday Hawaii residents who are sick and tired of subsidizing billion dollar mainland corporations. Attached are several published letters from local families to prove it.

For decades, rental car fleets have entered our state paying a 0.5% wholesale tax, nine times less than what locals pay. They profit off our infrastructure, then ship the cars out of state to sell, generating \$0 in resale General Excise Tax (GET) for our communities. It is easy to see why locals are outraged.

We don't have to guess the industry's motives; they brag about them in their own trade publications. While these big corporations claim paying fair taxes will ruin them, the American Car Rental Association (ACRA) tells a very different story behind closed doors:

- It's a tax dodge: ACRA's Treasurer admits they aren't a traditional rental business, but a "cash flow game" used to depreciate vehicles. ***"When I'm teaching my franchisees, I tell them they're not really a rental car business. Rental cars are just a cash flow game that we play to generate and then make them used cars by depreciating it for 10-, 12-months."***
- They laugh about it: ACRA's Chairman boasted about this strategy, stating: ***"The nice thing about full expensing is if I happen to have \$65,000 of taxable profit in that year, I get to fully expense \$65,000 of depreciation [on a car]. Now we have zero taxes. If you ever wonder how it is that billionaires can make all this money...it's because they're doing some version of that."***
- They are highly profitable: While threatening to raise prices on locals, ACRA recently celebrated a ***"record breaking 2025 that exceeded \$40 billion in revenue... the highest in industry history."***

Most importantly, our state is facing upwards of \$1 billion in damages from the recent catastrophic Kona lows. We desperately need state revenue to rebuild devastated homes and flooded roads right now. It is unjustifiable to tell taxpayers we are struggling to fund disaster relief while protecting a loophole for out-of-state billion dollar industries who laugh about paying zero taxes.

It is time to level the playing field. Please put Hawaii's families first and pass HB2575.

Mahalo for your time and consideration.

Letter: Close rental car tax loophole, reap reward

Today



The state warns that federal cuts loom and tax breaks for locals might be canceled. Meanwhile, we ignore \$86 million sitting right in front of us. That is the annual loss due to rental car companies' exploitation of a tax loophole to pay just 0.5% tax, while residents pay about 4% — eight times more.



Let's do the math.

If I buy a \$50,000 truck, I pay about \$2,000 in taxes. If Enterprise buys that same vehicle? They pay a special 0.5% rate, or just \$250.

Facing a recession, we cannot afford to let multibillion-dollar companies pay pocket change while local families carry the burden. It is time to make these out-of-state corporations pay their fair share.

Chad Villarin

Kailua-Kona

Letter: Rental car firms should pay tax that we all pay

March 6, 2026



The next time you check your receipt for groceries, gas or a Spam musubi, look at the tax line. You pay roughly 4.712% on every transaction. It's the cost of living in Hawaii. So why do big rental car companies get a pass?



While our ohana are squeezed at nearly 5%, rental car giants like Enterprise pay a tiny 0.5% tax on their fleets through a tax loophole in our state laws. They use our roads and crowd our lots, but ship cars out of state before reselling them, dodging the local retail tax entirely.

With talk of pausing tax relief for residents to save money, let's pause the special treatment for rental cars instead. The math is simple: If I have to pay 4.712% to live here, they should have to pay 4.712% to do business here.

Barry Asberry

East Kapolei

Letter: Closing rental car tax loophole is only fair

Today



Your recent coverage highlighted the Tax Foundation's argument that rental cars shouldn't pay retail GET upon automobile acquisition because the state taxes the eventual resale of these cars (["New isle rental car levies are proposed," Star-Advertiser, Feb. 23](#)). This completely ignores reality.



Enterprise accounts for over 30% of the national rental car market, yet I could not find any evidence that it sells its used fleets in Hawaii. That means the harsh reality for Hawaii is that rental car companies pay the rock-bottom 0.5% wholesale rate upfront and entirely dodge Hawaii taxes on the back end.

Applying a 4.5% tax isn't "singling out" an industry. This is about closing a massive loophole that currently subsidizes out-of-state corporations at the expense of our local community.

Michael Albatrosov

Kilauea, Kauai

HB-2575-HD-1

Submitted on: 3/22/2026 8:56:38 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Kori Oros	Individual	Support	Written Testimony Only

Comments:

Dear Chairs Keohokalole and DeCoite, Vice Chairs Fukunaga, Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents. Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai‘i.

Mahalo,

Kori Ann Harvey Oros

Kipapa Elementary

Central District

HB-2575-HD-1

Submitted on: 3/22/2026 11:29:02 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Hannah Hokenson	Individual	Support	Written Testimony Only

Comments:

Dear Chairs Keohokalole; DeCoite, Vice Chairs Fukunaga; Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai'i.

Mahalo,

Hannah Hokenson

Konawaena Elementary School

HB-2575-HD-1

Submitted on: 3/22/2026 3:07:42 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Logan Okita	Individual	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION - Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai‘i.

Mahalo,

Logan Okita

Nimitz Elementary School

HB-2575-HD-1

Submitted on: 3/22/2026 6:41:11 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Rae A Yamanaka	Individual	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION - Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I am a retired teacher from the Big Island and I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai'i.

Mahalo,

Rae Yamanaka

retired teacher, Waiakea High

HB-2575-HD-1

Submitted on: 3/23/2026 8:10:32 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Briann Starkey	Individual	Support	Written Testimony Only

Comments:

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate

to purchases or imports of new motor vehicles by rental car companies. This proposed shift in

tax classification ensures that the state can generate the necessary revenue to support public

services, including temporary hazard pay for public educators, without taxing local,

hardworking families. This adjustment focuses the tax responsibility on the visitor industry,

specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate

approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax

imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I

urge the committee to pass this measure and help secure a stronger financial future for the

State of Hawai'i.

Mahalo,

Briann Starkey

Teacher, Kualapuu Public Conversion School, Molokai

HB-2575-HD-1

Submitted on: 3/23/2026 9:32:16 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Wendy Espaniola	Individual	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION - Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai‘i.

Mahalo,

Wendy Espaniola
Maunaloa Elementary School/Maunaloa, Molokai

HB-2575-HD-1

Submitted on: 3/23/2026 10:03:45 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Justin B. Lenchanko	Individual	Support	Written Testimony Only

Comments:

I strongly support closing HB2575, which stops billion dollar out-of-state rental car companies from paying nine times less on GET than local residents. Especially now, in the wake of the severe storms and widespread damage across our state, the complaints of these massive rental car companies ring incredibly hollow. Their profit-driven gripes should be entirely secondary to the real, tangible impacts currently being felt by our local families who are just trying to recover.

As a resident of Maui Nui, I find it completely backward that if I buy a modest \$30,000 vehicle for my family, I am forced to pay over \$1,400 in General Excise Tax. Meanwhile, a massive rental corporation pays nine times less for the exact same vehicle.

The rental car industry is trying to scare locals by claiming this tax will simply be passed onto neighbor island residents who have to rent cars when flying to Oahu. Do not fall for this deflection. Rental car companies already charge consumers the 4.712% GET on the actual rental transaction at the counter. Closing this loophole simply asks them to pay parity on the purchase of their inventory. If these corporations choose to raise daily rental rates to cover a one-time parity tax on a vehicle, that is a corporate choice made to protect their bottom line, not a forced necessity.

While our communities are working hard to rebuild and weather these literal and economic storms, it is past time these corporations step up and pay the same retail tax rate as the rest of us. How can anyone oppose a measure that brings in much needed state revenue when we are in the middle of a massive disaster recovery effort? The recent storms have battered our islands, and the state needs funding immediately. Protecting the profit margins of billion-dollar rental car companies while our local communities are underwater is an inexcusable misplaced priority.

HB-2575-HD-1

Submitted on: 3/23/2026 11:01:17 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Awapuhimele Napoleon-O'Brien	Individual	Support	Written Testimony Only

Comments:

As a resident of Molokai, I strongly urge you to pass HB2575 and finally close the rental car tax loophole. Living on Molokai, I intimately understand the necessity of inter-island travel and the fact that it is a lifeline for our community. However, I completely reject the rental car industry's scare tactics claiming that this bill will unfairly burden neighbor islanders.

For over 50 years, we have allowed this blatant tax avoidance and it needs to stop. Currently, Hawaii loses twice on these massive rental fleets. Out-of-state, billion-dollar companies like Enterprise pay a 0.5% wholesale rate upfront, and then they ship their fleets out of state to sell them. The state is subsidizing these corporations, allowing them to pay nine times less in taxes than what local families are forced to pay when buying a modest vehicle.

This inequity is especially inexcusable right now. With our state facing upwards of \$1 billion in damages from the recent catastrophic Kona lows, Hawaii needs revenue now more than ever. How can we justify protecting a corporate tax loophole while our communities are struggling to rebuild from severe floods and infrastructure failures? We cannot afford to let out-of-state billion dollar corporations skip the bill during a statewide crisis.

When these out-of-state corporations tell you that closing this loophole will increase costs for local renters, remember that they already tack the 4.712% GET onto our rental agreements at the counter. Asking them to absorb the actual retail tax on the front-end purchase of their inventory is simply asking them to pay the normal cost of doing business. Any price hikes passed onto local consumers is made to protect their massive profit margins, not an economic inevitability.

It is time these corporations pay the same retail tax rate as the rest of us and contribute fairly to the state that houses their inventory. Please prioritize our local families and our state's recovery over corporate profits, and pass HB2575.

HB-2575-HD-1

Submitted on: 3/23/2026 11:04:48 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Taylor Goo	Individual	Oppose	Written Testimony Only

Comments:

I oppose to taxes being raised if it negatively effects our everyday local consumer.

HB-2575-HD-1

Submitted on: 3/23/2026 11:39:07 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Lokelani Fergerstrom	Individual	Support	Written Testimony Only

Comments:

I am writing to you as a Hilo native to beg you to please pass this bill and finally close the rental car tax loophole. For over 50 years, we've let these massive, out-of-state corporations dodge their fair share and local families are sick and tired of footing the bill.

This is especially heartbreaking right now. Our communities have been battered by these recent storms, and our state is looking at a massive recovery bill just to fix our infrastructure and help people get back on their feet. How can anyone justify letting billion-dollar mainland corporations pay nine times less in taxes than a hardworking local family, especially when Hawaii desperately needs that revenue to rebuild?

It is incredibly frustrating to watch. These companies get away with paying a microscopic 0.5% tax because they claim the cars are just inventory. I know they are pushing hard right now, trying to scare you by saying this will hurt neighbor island families like mine who have to rent cars when we fly to Oahu. Please, don't buy into that lie. It is honestly insulting. They already pass the 4.712% GET straight onto our bills at the rental counter. If this booming industry chooses to jack up our daily rates just because they finally have to pay a fair tax to bring the cars here in the first place, that is their own greedy choice. They'd rather squeeze local residents than take a tiny hit to their massive profit margins.

Please, do not let them use neighbor islanders as a human shield so they can keep avoiding their taxes. We need this revenue to repair our islands, not to pad their profit margins. It's time to put Hawaii's families first.

HB-2575-HD-1

Submitted on: 3/23/2026 12:11:24 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Jesse Kerr	Individual	Oppose	Written Testimony Only

Comments:

Position: OPPOSE HB2575 HD1

- Point 1: This bill will directly increase the cost of living for residents who rely on rentals for inter-island travel or temporary transportation.
- Point 2: The "tax pyramiding" effect is unfair to Hawaii businesses and contrary to established tax principles that treat capital goods as wholesale purchases.
- Point 3: It creates a competitive disadvantage for Hawaii's tourism industry compared to other destinations that do not impose such high upfront taxes on rental fleets.

HB-2575-HD-1

Submitted on: 3/23/2026 12:32:59 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Phlynn	Individual	Oppose	Written Testimony Only

Comments:

I oppose hb2575

HB-2575-HD-1

Submitted on: 3/23/2026 12:33:08 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Keoni Mendiola	Individual	Oppose	Written Testimony Only

Comments:

Keoni Mendiola, Strongly Oppose HB2575. Mahalo 🍷

HB-2575-HD-1

Submitted on: 3/23/2026 12:33:28 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Ryan Dolan	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose this bill!

HB-2575-HD-1

Submitted on: 3/23/2026 12:33:31 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Zorich Palimoo	Individual	Oppose	Written Testimony Only

Comments:

Vote No to this bill

HB-2575-HD-1

Submitted on: 3/23/2026 12:33:33 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Imiloa Koka	Individual	Oppose	Written Testimony Only

Comments:

I respectfully oppose.

HB-2575-HD-1

Submitted on: 3/23/2026 12:34:27 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Makana Fronda	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose bill HB2575

HB-2575-HD-1

Submitted on: 3/23/2026 12:35:16 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Kia Kapana	Individual	Oppose	Written Testimony Only

Comments:

I oppose HB2575

HB-2575-HD-1

Submitted on: 3/23/2026 12:36:22 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Dane Kaluhiwa	Individual	Oppose	Written Testimony Only

Comments:

I oppose

HB-2575-HD-1

Submitted on: 3/23/2026 12:36:44 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Robbie Paikai	Individual	Oppose	Written Testimony Only

Comments:

I oppose HB2575

HB-2575-HD-1

Submitted on: 3/23/2026 12:38:42 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Seth Holck	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB2575

HB-2575-HD-1

Submitted on: 3/23/2026 12:42:42 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Bryson Indreginal	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB2575

HB-2575-HD-1

Submitted on: 3/23/2026 12:43:30 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Kyson Donahue	Individual	Oppose	Written Testimony Only

Comments:

I oppose to HB2575.

HB-2575-HD-1

Submitted on: 3/23/2026 12:44:27 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Bret Kanoa	Individual	Oppose	Written Testimony Only

Comments:

I oppose HB2575

HB-2575-HD-1

Submitted on: 3/23/2026 12:44:38 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Edmond schuman	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose bill Hab 2575

HB-2575-HD-1

Submitted on: 3/23/2026 12:44:40 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Darren Sugai	Individual	Oppose	Written Testimony Only

Comments:

I oppose hb2575

HB-2575-HD-1

Submitted on: 3/23/2026 12:46:46 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Louis Mansanas jr	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose this bill

HB-2575-HD-1

Submitted on: 3/23/2026 12:47:58 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Shayden Terukina	Individual	Oppose	Written Testimony Only

Comments:

I respectfully oppose HB2575

HB-2575-HD-1

Submitted on: 3/23/2026 12:48:38 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Darby ventura	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB2575

HB-2575-HD-1

Submitted on: 3/23/2026 12:55:05 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
zachary matsunaga	Individual	Oppose	Written Testimony Only

Comments:

i strongly oppose.

HB-2575-HD-1

Submitted on: 3/23/2026 12:56:39 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Jarret Pao	Individual	Oppose	Written Testimony Only

Comments:

I respectfully oppose HB2575

HB-2575-HD-1

Submitted on: 3/23/2026 1:03:37 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Isaac Ignacio	Individual	Oppose	Written Testimony Only

Comments:

I oppose HB2575

HB-2575-HD-1

Submitted on: 3/23/2026 1:03:52 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Bronson Alfafara-Pires	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB2575

HB-2575-HD-1

Submitted on: 3/23/2026 1:05:20 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Stephen Paling IV	Individual	Oppose	Written Testimony Only

Comments:

Oppose

HB-2575-HD-1

Submitted on: 3/23/2026 1:08:50 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Brandon Parker	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB2575

HB-2575-HD-1

Submitted on: 3/23/2026 1:16:05 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Kasey Romero	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose hb2575

HB-2575-HD-1

Submitted on: 3/23/2026 1:17:13 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Daniel ortiz	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose this bill

HB-2575-HD-1

Submitted on: 3/23/2026 1:18:33 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Isaac Torres	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB2575

HB-2575-HD-1

Submitted on: 3/23/2026 1:22:51 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Cole B Kashimoto	Individual	Oppose	Written Testimony Only

Comments:

I oppose hb2575

HB-2575-HD-1

Submitted on: 3/23/2026 2:02:11 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Dawn Decoite	Individual	Support	Written Testimony Only

Comments:

Thank you for the opportunity to provide testimony regarding the tax structure applied to vehicle purchases and rental car company acquisitions in Hawai'i.

For more than 50 years, rental car companies have been assessed a 0.5% wholesale tax rate, while local residents purchasing vehicles pay a 4.5% General Excise Tax. This longstanding difference has raised questions about consistency and equity in how vehicle-related transactions are taxed.

Public statements from industry representatives, including comments from the Chairman of the American Car Rental Association, have described rental car operations as being driven heavily by cash-flow strategies and depreciation-based tax management. These remarks contribute to ongoing discussions about how various tax structures influence business practices and revenue outcomes for the state. At the same time, rental car companies routinely pass taxes and fees on to customers through rental agreements, which is a standard part of their industry model.

This discussion comes at a time when the state faces significant recovery costs following recent severe weather events, during which many local families experienced the loss of homes, vehicles, and essential property. These circumstances have increased attention on how tax policy might impact both revenue stability and resident affordability.

One option that has been raised in public conversation is the possibility of standardizing the tax rate across residents and rental car companies—for example, by applying the same 0.5% vehicle tax rate uniformly. Exploring such an option would involve evaluating its fiscal implications, its effect on residents, and its impact on state revenue needs.

Thank you for considering this testimony as part of your broader review of the existing tax structure and its potential implications for the community.

HB-2575-HD-1

Submitted on: 3/23/2026 7:59:33 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Jacob Ramos	Individual	Oppose	Written Testimony Only

Comments:

I strongly disagree with Bill HB2575.

HB-2575-HD-1

Submitted on: 3/23/2026 8:12:40 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Pomai Kalama	Individual	Oppose	Written Testimony Only

Comments:

I respectfully oppose HB2575!

HB-2575-HD-1

Submitted on: 3/23/2026 8:13:50 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Sharon Saronitman	Individual	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION -Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai‘i.

Mahalo,

Sharon Saronitman

Wilcox Elementary

Kauai

HB-2575-HD-1

Submitted on: 3/23/2026 8:36:56 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
shelly cassler	Individual	Support	Written Testimony Only

Comments:

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai'i.

Mahalo,

Shelly Cassler

King Kaumualii Elementary, Kauai

HB-2575-HD-1

Submitted on: 3/23/2026 8:39:16 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Hannah Loera	Individual	Support	Written Testimony Only

Comments:

Item: HB 2575, HD1 - Relating to Taxation

Position: Support

Hearing: Monday, March 2, 2026, 10:00 am, Room 308

Submitter: Hannah Loera

Dear Chair Todd, Vice Chair Takenouchi, and members of the committee,

I am writing in support of H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies.

As a Wai‘anae resident and public school teacher in Hawai‘i, I face a high cost of living with limited financial compensation. I have witnessed the lasting effects of the pandemic in our schools, which translates directly to our experiences in our local communities. This tax loophole change provides a creative and sustainable opportunity for more public service funding without further burdening the local residents.

The proposed shift in tax classification for rental motor vehicles ensures that the state can generate the necessary revenue to support public services including temporary hazard pay for public educators. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual families.

We urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai'i.

Mahalo,

Hannah Loera

HB-2575-HD-1

Submitted on: 3/23/2026 8:40:13 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Joseph Hammond	Individual	Support	Written Testimony Only

Comments:

Item: HB 2575, HD1 - Relating to Taxation

Position: Support

Hearing: Monday, March 2, 2026, 10:00 am, Room 308

Submitter: Joseph Hammond

Dear Chair Todd, Vice Chair Takenouchi, and members of the committee,

I am writing in support of H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies.

As a Wai‘anae resident and public school teacher in Hawai‘i, I face a high cost of living with limited financial compensation. I have witnessed the lasting effects of the pandemic in our schools, which translates directly to our experiences in our local communities. This tax loophole change provides a creative and sustainable opportunity for more public service funding without further burdening the local residents.

The proposed shift in tax classification for rental motor vehicles ensures that the state can generate the necessary revenue to support public services including temporary hazard pay for public educators. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual families.

We urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai‘i.

Mahalo,

Joseph Hammond

HB-2575-HD-1

Submitted on: 3/23/2026 8:47:11 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Joseph Cassler	Individual	Support	Written Testimony Only

Comments:

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai'i.

Mahalo,

Joseph Cassler

Kauai High School Teacher/Asst Athletic Director

HB-2575-HD-1

Submitted on: 3/23/2026 8:43:17 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Lani Gokan	Individual	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION - Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, **including temporary hazard pay for public educators**, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai‘i.

Mahalo,
Lani Gokan

Wilcox Elementary School

Lihue, HI

HB-2575-HD-1

Submitted on: 3/23/2026 8:45:33 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Mari Martinez	Individual	Support	Written Testimony Only

Comments:

I support this bill.

HB-2575-HD-1

Submitted on: 3/23/2026 8:49:21 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael Press	Individual	Support	Written Testimony Only

Comments:

Chair Keohokalole, Vice Chair Fukunaga, Chair DeCoite, Vice Chair Wakai, and Members of the Committees,

My name is Michael Press, and I live in Kalihi. I strongly support this bill.

For too long, working people in Hawai‘i have carried the tax burden while large corporations and outside entities benefit from loopholes that allow them to avoid paying their fair share. At a time when the high cost of living is driving families out of our state, we should be prioritizing policies that keep wealth in Hawai‘i and support local communities, not enable its extraction. Closing this loophole is a matter of fairness, accountability, and building an economy that works for the people of Hawai‘i.

Mahalo for the opportunity to testify.

HB-2575-HD-1

Submitted on: 3/23/2026 8:50:21 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Kalei Kagawa Nishi	Individual	Support	Written Testimony Only

Comments:

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai'i.

Mahalo,

Kalei Kagawa Nishi
Wilcox Elementary School, Kauai District

HB-2575-HD-1

Submitted on: 3/23/2026 8:52:13 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Jasmine Chin	Individual	Support	Written Testimony Only

Comments:

Aloha. As a DOE public school teacher, I strongly support **H.B. 2575, HD1** in closing this tax loophole to generate revenue for the state.

Mahalo,

Jasmine Chin
Ali'iolani Elementary School/Honolulu District

HB-2575-HD-1

Submitted on: 3/23/2026 8:56:27 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Zulainny Mateu-Cox	Individual	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEEECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION -Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai‘i.

Mahalo,

Zulainny Mateu-Cox

School/Community

HB-2575-HD-1

Submitted on: 3/23/2026 8:56:27 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Christy Matsushige	Individual	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION - Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai‘i.

Mahalo,

Christy Matsushige

King Kaumualii Elementary

HB-2575-HD-1

Submitted on: 3/23/2026 8:57:29 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Natsumi Yamasato	Individual	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION -Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly and wholeheartedly support H.B. 2575, HD1. This measure represents a fair and thoughtful approach to increasing state revenue without placing yet another burden on our local families who are already working hard to make ends meet.

By applying the retail—or higher—general excise or use tax rate to purchases and imports of new motor vehicles by rental car companies, this bill ensures that the responsibility is placed where it belongs—on the visitor industry, not on the shoulders of Hawai‘i’s residents.

For too long, there has been an imbalance. While our communities continue to give so much, we have not fully captured the revenue opportunities from industries that benefit greatly from our islands. H.B. 2575, HD1 begins to correct that.

The impact is significant. With an estimated \$72.38 million in new annual revenue, this bill creates a meaningful opportunity to invest in essential public services, including providing temporary hazard pay for our public educators—those who continue to show up every day for our keiki despite ongoing challenges.

This is about fairness. This is about prioritizing our people. And this is about making responsible choices that strengthen the future of Hawai‘i without placing additional strain on those who call it home.

I respectfully but strongly urge the committee to pass H.B. 2575, HD1 and take a vital step toward a more balanced and sustainable financial future for our state.

Thank you,

Natsumi Yamasato

Wilcox Elementary School

HB-2575-HD-1

Submitted on: 3/23/2026 8:59:21 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
James Myers	Individual	Support	Written Testimony Only

Comments:

I support closing the tax loophole for rental car companies to fund our schools.

HB-2575-HD-1

Submitted on: 3/23/2026 9:06:57 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Kathy Shibuya	Individual	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION - Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the

Committees,

I strongly support H.B. 2575, HD1, which responsibly increases state revenues without placing additional financial burdens on local residents. By applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies, this measure ensures that revenue is generated from industries that benefit directly from Hawai‘i’s visitor economy. This approach allows the State to fund critical public services—including temporary hazard pay for public educators—without taxing hardworking local families.

The State has long maintained that benefits granted to one group of public employees should, as a matter of fairness, be extended to all bargaining units. I respectfully urge the State to uphold this principle. At present, the teachers’ union remains the only bargaining unit that has not received hazard pay. While it may be argued that administrators did not receive hazard pay, the reality is that equivalent compensation was provided under a different label, such as “retention pay.” Renaming compensation does not change its purpose or effect.

If terminology is the barrier, then let us call what teachers deserve a “Breach of Contract Remediation Payment.” Our contract clearly states that teachers are not required to work under hazardous conditions. Yet during the pandemic, we were directed to do exactly that.

When the order was given to return to in-person instruction, teachers showed up. We accepted risks not only to our own health, but to the well-being of our families. We worked in close contact with students who were sometimes visibly ill, often attending school under the assumption that symptoms were “just allergies.” We taught students who, through no fault of their own, struggled with social distancing and proper mask use. Despite these challenges, we fulfilled our responsibilities with professionalism and dedication.

Teachers honored their commitment to the State and to their students. It is only fair that the State now honors its commitment to them.

For these reasons, I respectfully urge you to support H.B. 2575, HD1, to generate needed revenue and ensure that teachers receive the compensation they have rightfully earned.

Respectfully submitted,

**Kathy Shibuya
King Kaumualii Elementary School**

HB-2575-HD-1

Submitted on: 3/23/2026 9:12:07 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Naomi S Muraoka	Individual	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEEECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION -Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I respectfully submit my strong support for H.B. 2575, HD1, which increases state revenue without placing additional financial strain on Hawai‘i’s residents by applying the retail or higher general excise tax or use tax rate to the purchase or importation of new motor vehicles by rental car companies. At a time when many local families are struggling with the high cost of living, this measure offers a fair and responsible way to generate needed revenue while protecting hardworking residents.

By focusing on rental fleet vehicle acquisitions, the bill ensures that the visitor industry contributes its fair share to support essential public services, including temporary hazard pay for public educators who serve Hawai‘i’s keiki every day. Applying the standard 4% tax rate is estimated to generate approximately \$72.38 million in new annual revenue and helps correct the current tax imbalance.

I respectfully urge the committee to pass H.B. 2575, HD1 and support a fair, balanced approach that strengthens public services while protecting local families and the future of the State of Hawai‘i.

Mahalo,

Naomi S Muraoka

Wilcox Elementary School

HB-2575-HD-1

Submitted on: 3/23/2026 9:20:35 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Roman Sharafutdinov	Individual	Support	Written Testimony Only

Comments:

I support closing this loophole to raise revenue for the state.

HB-2575-HD-1

Submitted on: 3/23/2026 9:24:24 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Austin Babb	Individual	Support	Written Testimony Only

Comments:

I support closing the tax loophole to increase state revenue.

HB-2575-HD-1

Submitted on: 3/23/2026 9:38:52 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Crystal Lei Pinzon	Individual	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION -Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai'i.

Mahalo,

Crystal Lei Pinzon

Wilcox Elementary/Līhu'e, Kaua'I

HB-2575-HD-1

Submitted on: 3/23/2026 9:52:58 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Lauren Mokihana Jones	Individual	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION

Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support HB 2575, HD1, which increases state revenues without imposing financial burdens on residents by applying the retail general excise tax rate to purchases of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate necessary revenue to support public education without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to the standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. As a public school teacher serving predominantly Pacific Islander multilingual learners, I see daily how inadequate funding impacts our students. This revenue could support competitive teacher salaries that attract and retain quality educators, universal student meals, robust arts and extracurricular programs, huaka‘i that connect classroom learning to our communities, additional classroom teachers to enable coteaching for our diverse learners, and long-overdue facility improvements.

HB 2575, HD1 rectifies the current tax imbalance while directing new revenue toward our greatest investment—our keiki and their education. I urge the committee to pass this measure and help secure a stronger future for Hawai‘i’s public schools.

Mahalo,

Lauren Mokihana Jones, MEd-CS

MLL teacher, Waipahu Intermediate School, Leeward District

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION - Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which boosts state revenue without putting a heavy financial burden on residents. It applies the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed change in tax classification ensures the state can gather the necessary funds to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment shifts the tax burden to the visitor industry, focusing on rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate will generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai'i.

Thank you,

Sincerely,

Juliana R. Romero

Autism Consultant Teacher, Central District

HB-2575-HD-1

Submitted on: 3/23/2026 11:04:30 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Alex Tam	Individual	Support	Written Testimony Only

Comments:

I am a citizen in Ewa Beach and I support closing this tax loophole to generate more revenue for the state and for programs that will help everyday people.

HB-2575-HD-1

Submitted on: 3/23/2026 11:46:06 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Brandon Cha	Individual	Support	Written Testimony Only

Comments:

Aloha Chair, Vice Chair, and Members of the Committee:

I strongly support HB2575 to close the 0.5% tax loophole for multi-billion dollar rental corporations and require them to pay the same 4% retail rate that Hawaii residents do.

With companies like Enterprise, Avis, and Hertz earning up to \$39 billion globally—each hundreds of thousands of times an average teacher’s salary—this bill is a necessary step toward fiscal equity for our schools and community.

Mahalo,

Brandon Cha

HB-2575-HD-1

Submitted on: 3/24/2026 6:01:29 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Mike Landes	Individual	Support	Written Testimony Only

Comments:

Aloha Chair and members of the committee,

I strongly support HB 2575. If we are serious about providing our keiki with the best opportunities, we need to fully fund our public education system. This bill is one necessary part of making that happen, without placing more of a burden on hardworking local families who are trying to get by. As a parent of two public school students who deserve better, I urge you to pass this bill and others that will help to fund our schools and provide better conditions for our students and educators.

Mahalo for your time,

Mike Landes

Kihei

HB-2575-HD-1

Submitted on: 3/24/2026 7:46:19 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Claire Ann Kalaunuola Domingo	Individual	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION - Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai‘i.

Mahalo,

Claire Ann Kalaunuola Domingo

Ke Kula ‘o Samuel M. Kamakau Laboratory Public Charter School

He‘eia, Ko‘olaupoko, O‘ahualua

HB-2575-HD-1

Submitted on: 3/24/2026 7:57:48 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Linda Alfiler	Individual	Support	Written Testimony Only

Comments:

I am writing in strong support of HB 2575, legislation that seeks to close a loophole in the rental car tax law and ensure that our state can fairly and effectively collect revenue that is already intended under existing policy.

This bill represents a practical and responsible step toward strengthening our public finances without placing undue burden on local residents. By addressing this loophole, HB 2575 helps ensure that rental car companies contribute their fair share, particularly in an industry that benefits significantly from tourism and visitor activity.

The additional revenue generated through this measure is not abstract—it will directly support critical legislative priorities that impact our communities. Among these is the urgent need to fund Covid Hazard Pay for teachers, who have demonstrated extraordinary dedication and resilience throughout the pandemic. Our educators have gone above and beyond to maintain continuity of learning under challenging and often risky conditions. Providing them with hazard pay is not only fair, but necessary to recognize their service and sustain a strong educational system.

Beyond education, the funds raised through HB 2575 can help address other pressing needs across our state, from public health to infrastructure and community services. At a time when budgets are tight and demands are high, closing inefficiencies in our tax system is one of the most sensible paths forward.

I respectfully urge you to support HB 2575 and help ensure that we are making equitable, forward-thinking decisions that benefit both our workforce and our broader community.

Thank you for your time and consideration.

Sincerely,

Linda Alfiler

King Kaumuali'i Elementary

HB-2575-HD-1

Submitted on: 3/24/2026 8:44:09 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Sarah Tochiki	Individual	Support	Written Testimony Only

Comments:

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION - Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

As someone who lives on Kaua‘i, where we are inundated with rental cars from the visitor-industry, I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate.

During the pandemic, schools first needed to open for us to be able to open the rest of the economy. Educators train our future employees and employers with skills to be successful in the workforce. As an educator, I would like to see those who visit our island invest more in the communities they love to visit. The most important tool for school success is experienced educators in our classrooms. Please invest in them.

I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai'i.

Mahalo,

Sarah Tochiki

Band Director

Chiefess Kamakahahei Middle School

Līhu'e, Kaua'i

HB-2575-HD-1

Submitted on: 3/24/2026 8:59:56 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Brandon John Devie	Individual	Support	Written Testimony Only

Comments:

Tax corporations their fair share. The make money from our tax funded road without having to pay for maintenance. The rates to adjust to help maintain roads but to increase profits. Car rental companies need to pay their fair share of taxes.

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 9:22:11 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Sarah Kern	Individual	Support	Written Testimony Only

Comments:

March 24, 2026

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support HB2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. HB2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai'i.

Mahalo,

Sarah Kern

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 10:19:11 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Lawrence DeCosta III	Individual	Oppose	Written Testimony Only

Comments:

I oppose this measure.

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 10:24:13 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Jason Furutani	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 10:24:48 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Aaron domingcil	Individual	Oppose	Written Testimony Only

Comments:

Strongly oppose HB2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 10:25:03 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Jacob Planas	Individual	Oppose	Written Testimony Only

Comments:

I oppose HB2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 10:26:28 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Grayson Gonsalves	Individual	Oppose	Written Testimony Only

Comments:

I respectfully oppose HB2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 10:33:28 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Bron Dela Cruz	Individual	Oppose	Written Testimony Only

Comments:

I oppose hb2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 10:36:01 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Manuel Silva	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose hb2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 10:37:37 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Elgin Meyer	Individual	Oppose	Written Testimony Only

Comments:

I oppose HB2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 10:40:50 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Wailani Racelo	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 10:46:03 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Jason	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 10:47:22 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Kevin Blackstad	Individual	Oppose	Written Testimony Only

Comments:

I respectfully oppose bill HB 2575.

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 10:53:50 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Amanda Wilson	Individual	Support	Written Testimony Only

Comments:

My name is Amanda Wilson, and I am writing in **support of HB 2575**. As our state readies itself to pay teachers significantly more money for the good of the students and the families of the 13,000 teachers, it is vital that we maximize existing revenue streams without placing the burden on local families.

Key Reasons for Support:

- **Closing the Loophole:** For too long, rental car companies—many of which are large national corporations—have benefited from a 0.5% wholesale tax rate on vehicles that are used for retail profit. This bill correctly reclassifies these as retail assets, ensuring the state receives its fair share of 4% General Excise Tax (GET).
- **Fiscal Responsibility:** Projections suggest this change could generate over **\$70 million** annually. This is critical revenue that can be used to fund essential public services, such as education and infrastructure, without raising taxes on Hawaii residents' everyday purchases.
- **Ensuring Compliance:** The appropriation for a new position in the Department of Taxation is a smart move to ensure these funds are actually collected and that out-of-state contractors are held to the same standards as local businesses.

I urge the committee to pass this measure to ensure a more equitable tax system. It just makes sense.

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 11:02:49 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Kekaialoha Han-rael	Individual	Oppose	Written Testimony Only

Comments:

I respectfully oppose HB2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 11:35:03 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
corey akamine	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose bill HB2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 11:37:29 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Justin Silva	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 11:42:35 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
destiny akita	Individual	Oppose	Written Testimony Only

Comments:

My name is Destiny Akita and i strongly oppose HB2575.

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 11:43:03 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael Rivera	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB 2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 11:45:28 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Macathur jr Dela cruz	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 11:47:11 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Jameson Smith	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose hb2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 11:59:55 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Marlo Medeiros	Individual	Oppose	Written Testimony Only

Comments:

I respectfully oppose HB2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 12:03:32 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Jolynn Dean	Individual	Oppose	Written Testimony Only

Comments:

I oppose HB2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 12:04:17 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Jyen Akima	Individual	Oppose	Written Testimony Only

Comments:

I oppose HB2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 12:05:05 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Cy Chong	Individual	Oppose	Written Testimony Only

Comments:

I oppose HB2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 12:10:38 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Keith Marugame	Individual	Oppose	Written Testimony Only

Comments:

I oppose HB2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 12:11:01 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Jaydee Chung	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 12:12:18 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Craig P.	Individual	Oppose	Written Testimony Only

Comments:

Strongly oppose HB2575.

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 12:13:33 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Pauline Kalama	Individual	Oppose	Written Testimony Only

Comments:

Oppose

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 12:19:41 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Blaine Miura	Individual	Oppose	Written Testimony Only

Comments:

Oppose

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 12:53:21 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Charles long	Individual	Oppose	Written Testimony Only

Comments:

Strong oppose!

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 12:53:21 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Charles long	Individual	Oppose	Written Testimony Only

Comments:

Strong oppose!

LATE

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY BEFORE THE SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TOURISM

RE: HB 2575, HD1 – RELATING TO TAXATION - Wednesday, March 25, 2026, 9:40 a.m.

Dear Chairs Keohokalole & DeCoite, Vice Chairs Fukunaga & Wakai, and members of the committees,

I strongly support H.B. 2575, HD1, which increases state revenues without imposing major financial impacts on residents by applying the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies. This proposed shift in tax classification ensures that the state can generate the necessary revenue to support public services, including temporary hazard pay for public educators, without taxing local, hardworking families. This adjustment focuses the tax responsibility on the visitor industry, specifically targeting rental fleet acquisitions rather than individual residents.

Based on estimates, shifting these transactions to a standard 4% tax rate would generate approximately \$72.38 million in new annual revenue. H.B. 2575, HD1 rectifies the current tax imbalance by ensuring these visitor-industry acquisitions are taxed at the standard retail rate. I urge the committee to pass this measure and help secure a stronger financial future for the State of Hawai'i.

Mahalo,

Jennifer Stevens

Kohala Middle School/West HI, Kohala

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 1:40:03 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
George Keala	Individual	Oppose	Written Testimony Only

Comments:

I oppose HB2575.

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 2:34:05 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Matthew Gonzales	Individual	Oppose	Written Testimony Only

Comments:

Strongly oppose hb2575

LATE

HB-2575-HD-1

Submitted on: 3/24/2026 3:05:52 PM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael Matsumura	Individual	Oppose	Written Testimony Only

Comments:

I oppose hb2575

HB-2575-HD-1

Submitted on: 3/25/2026 6:40:47 AM

Testimony for CPN on 3/25/2026 9:40:00 AM



Submitted By	Organization	Testifier Position	Testify
Christian Lum	Individual	Oppose	Written Testimony Only

Comments:

I oppose bill hb2575

LATE

HB-2575-HD-1

Submitted on: 3/25/2026 8:37:11 AM

Testimony for CPN on 3/25/2026 9:40:00 AM

Submitted By	Organization	Testifier Position	Testify
AARON SOONG	Individual	Oppose	Written Testimony Only

Comments:

Increasing taxes has historically shown to affect our people in a negative way. i oppose.