

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau

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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:

House Committee on Finance

DATE: Monday, March 2, 2026

TIME: 10:00 a.m.

LOCATION: State Capitol, Room 308

Chair Todd, Vice-Chair Takenouchi, and Members of the Committee:

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 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.

If the measure were to be passed with the initial proposed effective date of July 1, 2026, the expected revenue gain is as follows:

General Fund Impact (\$millions)

FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
\$25.2	\$25.8	\$26.3	\$26.8	\$27.4	\$28.0

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



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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 HOUSE COMMITTEE ON FINANCE

Item: HB 2575, HD1 – Relating to Taxation

Position: Support

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

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

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

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.

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: TRN

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.

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



**Testimony to the House Committee on Finance
Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair**

**Monday, March 2, 2026, at 10:00AM
Conference Room 308 & Videoconference**

RE: HB2575 HD1 Relating to Taxation

Aloha e Chair Todd, Vice Chair Takenouchi, 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.

March 1, 2026

The House Committee on Finance
Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair

Monday, March 1, 2026, 10:00 a.m.
Conference Room #308 and via video conference



RE: HB 2575 HD1 – Relating to Taxation

Dear Chair Todd, Vice Chair Takenouchi, 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. 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.

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 rise 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. That means **higher operating expenses for local companies** that are already managing some of the highest costs in the nation.

This measure will also impact 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**. That 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 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, PRESIDENT & CEO
RETAIL MERCHANTS OF HAWAII

MONDAY, MARCH 2, 2026, AT 10:00 A.M. – ROOM 308

IN OPPOSITION TO HB 2575 HD1 – RELATING TO TAXATION

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

My name is Dave Erdman, and I am the 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 store 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 smoothly. RMH membership includes allied members in various sectors that support the retail ecosystem. As an example, RMH financial institution partners have leadership and team members who are required to often travel inter-island to visit and 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 expense challenges on utilities, shipping, and cost increases in labor. Additional cost increases make it more difficult for businesses to maintain staffing levels, support neighbor island locations, and invest in their employees.

This measure also affects local workers who rely on interisland travel for their jobs. Employees who travel to support store openings, seasonal demand, training, and operational needs often depend on rental vehicles to perform their duties. Increased rental costs will place additional pressure on both employers and employees who are already working within a high-cost environment, and thin margins.

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 create uncertainty and increase 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 local workforce that depend on affordable transportation between islands.

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 Committee 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



March 2, 2026

Hawai'i State Legislature
House Committee on Finance

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

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

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 1937 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.



SanHi

GOVERNMENT STRATEGIES
A LIMITED LIABILITY LAW PARTNERSHIP

DATE: March 2, 2026

TO: Representative Chris Todd
Chair, Committee on Finance

FROM: Chris Delaunay / Tiffany Yajima

RE: **H.B. 2575, HD1 Relating to Taxation**
Hearing Date: Monday, March 2, 2026, at 10:00 a.m.
Conference Room 308

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee on Finance:

We submit this testimony in **strong opposition to H.B. 2575, HD1** on behalf of Enterprise Mobility, which 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 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.

Sizable State Tax Revenue

Rental car companies generate significant tax revenue for the State at multiple points throughout a vehicle's lifecycle.

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 without relying on the state's GO bond capacity, preserving that capacity for other statewide priorities such as education, housing, public safety and disaster recovery. 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 to the state and counties. Enterprise 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.



Hearing date: Monday, March 2, 2026

Time: 10:00am

Location: State Capitol, Room 308

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

Dear Chair Todd, Vice Chair Takenouchi and Members of the Committee on Finance,

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



March 2, 2026

Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair
House Committee on Finance
State House of Representatives

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

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.

Lack of Data & Information on Fiscal Impact. HB2575, HD1 proposes modifications to or impose new obligations related to rental car taxation, yet the Legislature has not been provided with sufficient data or information regarding the fiscal impact of rental car tax revenues. There is no comprehensive analysis of current rental car tax revenue streams, how the proposed legislation would alter those revenues, or what the downstream economic consequences might be for the rental car industry, tourism, or related sectors of Hawaii's economy. The absence of this critical information prevents the Legislature from accurately assessing whether these bills will achieve their stated objectives, whether the projected revenues justify the administrative and compliance burdens imposed, or whether alternative approaches might better serve the State's interests.

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



Robert Muhs, Esq.

Vice President, Government Affairs
& Counsel

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Robert.muhs@avisbudget.com

Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
Committee on Finance

Monday, March 2, 2026; 10:00 a.m.
Conference room 308

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

Aloha Chair Todd, Vice Chair Takenouchi and members of the committee:

My name is Robert Muhs, Vice President, Government Affairs and Counsel 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.

Increasing the tax burden as contemplated in this bill will drive the price of rentals up, causing residents, local businesses and visitors to potentially seek other modes of transportation, and could result in less vehicles purchased, location closures and reduction in work force.

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

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



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Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
Committee on Finance

Monday, March 2, 2026; 10:00 a.m.
Conference room 308

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

Aloha Chair Todd, Vice Chair Takenouchi and members of the committee:

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. This would also 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.

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

Peter Dames
President & CEO

HB-2575-HD-1

Submitted on: 3/1/2026 7:51:38 AM

Testimony for FIN on 3/2/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Brad Nicolai	JN Group	Oppose	Written Testimony Only

Comments:

Hawaii State Legislature,

We at JN Group, a new and preowned automotive car dealer, which is locally owned and operating and has served local kama'aina since 1961 oppose this measure as it translates into higher used car pricing to our local consumer.

Adding GET to wholesale transactions to Rental Cars, are in turn re-circulated back to consumers via dealers who purchase de-fleeted vehicles from rental car operators for their retail operations, will effectively be passed on to local consumers.

This translates into higher costs and payments for locals who look to used cars as an alternative to higher priced new vehicles which maybe out of their budget.

Thank you for taking into consideration our testimony.

Aloha,
Brad Nicolai, President

JN Group, Inc



March 1, 2025

Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair
House Committee on Finance
Hawaii State Capitol, Room 306
415 South Beretania Street
Honolulu, HI 96813

RE: HB2575 HD1 RELATING TO TAXATION

WRITTEN TESTIMONY IN OPPOSITION TO HB 2575 HD1, RELATING TO TAXATION

Chair Todd, Vice Chair Jenna Takenouchi, and Members of the Committee on Finance:

On behalf of the American Car Rental Association, thank you for the opportunity to testify on HB 2575 HD1, which proposes to eliminate the wholesale rate for rental motor vehicle purchases. The American Car Rental Association represents the voice of car rental operators, advocating for fair policy, industry growth, and consumer protection across the United States.

This bill is intended to address perceived inequities in Hawaii's tax structure but the underlying premise of the measure rests on a misunderstanding of how the State's rental car tax system actually works and how rental fleets generate significant, ongoing revenue for Hawai'i beyond the point of purchase.

While this measure is purported to raise upwards of \$80 million, it may result in a loss of revenue for the state. The practical outcome will be higher rental prices, added strain on families and businesses, and reduced revenue as fleet turnover decelerates and overall market activity contracts.

The "Loophole" Narrative is Incorrect

Recent news coverage suggests that rental car companies pay only \$250 in tax on a \$50,000 vehicle, whereas a family pays \$2,250 in tax. This comparison misses that a rental vehicle is a revenue-generating asset that produces State tax every day it is rented.

A resident pays 4.5% GET once when a vehicle is purchased. A rental vehicle, by contrast, is a transactional asset. Each day it is rented, it generates the \$7.50 state rental motor vehicle surcharge tax per day plus 4.5% GET on the rental transaction. In addition, airport rentals generate an additional \$4.50 per day in Consolidated Facility Charges, and a 10% airport concession fee.

At a conservative \$50 daily rental rate, one vehicle generates \$9.75 in State revenue per day. By day 231, the rental car will have generated the same amount of taxable revenue to the state as a family paid. Every day after that, each rental car produces revenue for the State beyond what the State collected on a family's purchase of a vehicle.

Over a typical two-year cycle, a single rental vehicle can generate more than \$5,300 in State tax revenue. By comparison, a household's GET contributions over the full life of a personal vehicle – assuming a seven-year ownership period – are roughly one-third of that amount. The differential widens further given that many Hawaii residents drive fewer miles and retain their vehicles for 12 years or longer on average.

HB 2575 Raises Equity and Parity Concerns

HB 2575 HD1 singles out rental motor vehicle companies by treating fleet purchases as ordinary consumer goods. Rental cars belong to the narrow category of "capital goods," which also includes construction equipment and agricultural machinery. These assets serve the same purpose: repeated leasing or use in revenue-generating activities. This bill creates an uneven tax structure, despite that these industries operate under comparable business models.

Hawaii Residents, Businesses, and Visitors Will be Harmed

The effects of HB 2575 HD1 would not be limited to rental car companies. It would fall on residents whose vehicles are in repair and who rely on affordable temporary rentals, small businesses that use short-term rentals to meet seasonal or project-based needs, or families traveling inter-island who depend on rental cars for their transportation needs. Every additional dollar spent on transportation – by a resident or a visitor – is a dollar not spent in Hawaii restaurants, shops, or tour operations.

Higher upfront costs will inevitably increase rental rates. Companies will be forced to extend the lifespan of older vehicles and reduce the turnover that currently benefits Hawaii's used-car market and the residents who can only afford to purchase pre-owned vehicles.

Claims of State Precedent are Inaccurate

Proponents of this measure cite Oregon, Maryland, North Dakota, and Georgia as justification for imposing Hawaii's full GET on rental motor vehicle fleet purchases, but each example is misguided and demonstrates why HB 2575 is inappropriate.

Oregon has no general sales tax and instead imposes only a 0.5% vehicle privilege/use tax, identical to Hawaii existing 0.5% wholesale GET. Meaning, HB 2575 would push Hawaii far beyond Oregon - not align with it.

North Dakota allows rental car companies to recoup 3% of the 5% motor vehicle excise tax through rental surcharges that are reconciled annually, preventing the double-taxation that HB 2575 would create in Hawaii. Georgia charges rental companies a reduced 1.25% Title Ad

Valorem Tax (TAVT) in lieu of the standard 7% rate paid by the public, which also substitutes for annual vehicle property taxes – a structure not comparable to Hawaii.

Maryland replaced its exemption with a 3.5% excise tax, which is not the full 6.5% excise paid by the general public. Hawaii's existing wholesale GET already exceeds what Maryland implemented. Most important, Maryland is already seeing that this tax has not raised as much revenue as it was thought to raise, and the Maryland legislature this year is actively considering two bills to repeal this law and restore the full exemption for rental motor vehicles.

In every cited jurisdiction, rental fleet taxation is either reduced, is wholesale based relative to the public rate, or is offset through recoupment mechanisms. None of these jurisdictions impose anything close to HB 2575, meaning the examples offered actually reinforce Hawaii's existing law - *not* HB 2575 as suggested by proponents of this bill.

Based on the above, I respectfully urge the Committee to maintain the existing wholesale tax rate for rental motor vehicle companies and to defer HB 2575 HD1.

Don Lefevé,
ACRA President

HB-2575-HD-1

Submitted on: 3/1/2026 10:59:20 AM

Testimony for FIN on 3/2/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Trent Gifford	Independent Car Rental & P2P Association	Oppose	Remotely Via Zoom

Comments:

March 1, 2026

Hello, Hawaii House of Representatives.

On behalf of the Independent Car Rental Association (ICRA), representing both the Peer-to-Peer (P2P) car sharing and small rental car businesses across the Nation and State of Hawaii, I write to express our strong opposition to HB 2575 (HD1). In fact, I was a Turo Host from 2020 - 2022 in Honolulu, managing over 60 vehicles just outside of the airport during the time that rental cars were very limited on the island.

While I understand that the bill may have been portrayed by proponents as closing a “loophole”, the bill uses an incorrect premise to alter a fundamental principle of tax policy that allows these small businesses to function and compete equally with one another.

For both P2P Hosts (under any P2P platform) and private/small rental businesses, it is a settled policy nationwide that sales and rental taxes should be collected on each rental transaction and that sales tax should be collected when a rental company sells a vehicle. Rental car companies and many P2P Hosts do not drive the vehicles they own as rental assets (customers do) and, like many other businesses, must get a “reseller” permit from the State to purchase cars for resale.

To put this into perspective for you, there are many P2P Hosts in the state with multiple sharing vehicles (not just a single person or family renting one vehicle as some P2P Platform providers like to portray), with many of these having over 6 vehicles and have reported hundreds to even thousands of trips (rentals). There are also many small Private Rental companies also with such vehicle numbers in their fleets and rental volume within your state.

These business owners have likely not been told by their P2P platform provider to utilize this certificate of exemption/resellers permit, but their accountants do instruct them to utilize these permits, and they do.

Please understand that the ICRA represents nearly 2300 members globally in which 92% are in the US and many in Hawaii. However, we do not have every P2P host or private rental company as a member from your state, but we work hard to protect all who work in our industry on both sides of the car rental marketplace (P2P and Private Rental). Our goal is to maintain a sustainable future for both sides of our industry which include both P2P and Private Rental.

Unfortunately, a peer-to-peer car rental platform has been pushing and supporting like bills across the country which will only harm our members and the industry which includes these P2P Hosts that use their platform to rent out their vehicles. These P2P platform companies do not own any vehicles for rent, so the passing of any bill or repeal like this only helps them create an uneven playing field with their competition, the private and big rental car companies. I believe this is their motivation in supporting any bill or repeal like this, to create this unfair competitive advantage in your marketplace and other states who may also decide to do the same.

But the ICRA supports both P2P Hosts and the smaller private rental companies in your state as our members and we understand the benefits to the state regarding increased sales tax revenue, but we also see the motivation by any P2P platform company who supports or pushes such a legislative act to create an uneven playing field at the total expense of their own Hosts and the rental car companies as well as future renters .

As mentioned, those small businesses (both larger P2P Hosts and small private rental companies have reseller permits and purchase their fleet for vehicles for resale. HB 2575 (HD1) does NOT create parity between these P2P Host companies and private rental companies. It simply creates an uneven competitive advance for P2P “platform” companies who offer their services to their Hosts but never actually “own” any of these assets being rented. This would change a fundamental principle of tax policy under the misperception that it is closing a “loophole” while only creating an unfair playing field and competitive advantage for the P2P platform companies.

It is confusing why any P2P platform company might push such legislation that harms their own P2P Hosts also called All-Star and Power Hosts. These Hosts will be harmed by this bill just as much as the small private rental companies equally, and your state has many of these Hosts and Private rental companies. The only thing I can think of is the creation of an uneven marketplace even if it is at the expense of their Hosts. Remember, the platform company has no financial impact in such a change but their Hosts would. But it would give the platform company an unfair pricing advantage while still making the Hosts pay the taxes when purchasing their fleet vehicles.

Another area you may want to consider is the impact this bill or repeal would have on the cost of vehicle rentals in your state. On the P2P side you would not see a significant increase in rental prices again because the P2P platform companies do not incur this increase in taxation and they control the pricing to a good extent. But the larger P2P Hosts and all private rental companies will be forced to push these costs onto the clients. This will have a negative impact on travel, tourism, and convention business to your state. We also feel that it would push many more of the larger P2P Hosts out of P2P car sharing business altogether as they will incur the full cost of these added sales taxes on future vehicles being purchased for their fleets.

For all the above reasons, we must respectfully oppose HB 2575 (HD1) and would welcome an opportunity to discuss appropriate ways to support these small businesses and increasing revenue for the state while not creating any uneven market or supporting any agenda that helps one side against the other. This is not the intent of any business or trade association who supports both sides of this very fragile market which is commonly targeted whenever new revenues through taxation are on the agenda.

I submit this as written testimony in opposition to HB 2575 (HD1) and if possible, we would like to provide video testimony in this regard. Please advise.

If you would like to contact me, please feel free to reach out as my contact information is recorded.

Thank you.

Respectfully,

Trent Gifford, CEO - Independent Car Rental & P2P Association



March 2, 2026

The Honorable Chris Todd
Chair
House Committee on Finance
Room 306, Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

The Honorable Jenna Takenouchi
Vice Chair
House Committee on Finance
Room 333, Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

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

Dear Chair Todd, Vice Chair Takenouchi, 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.

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

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.

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". The signature is fluid and cursive, with a large initial "R" and a stylized "S".

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/>