

January 31, 2024

Senator Chris Lee, Chair
Senator Lorraine Inouye, Vice Chair
Committee on Transportation and Culture and the Arts

Re: SB 2039 – Relating to Motor Vehicle Rental Industry – In Opposition

Hearing: February 1, 2024, 3:00 p.m.
Conference room 224 & Videoconference

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

The Board of Directors of the American Car Rental Association (ACRA) respectfully files this opposition to SB 2039, which would repeal the authority of car rental companies doing business in Hawaii from recovering “vehicle license fees” (VLFs) from rental customers.

ACRA is the national representative for over 98% of our nation's car rental industry – and a similar portion of Hawaii's car rental companies. ACRA's membership is comprised of over 300 car rental companies, including all of the brands you would recognize such as Alamo, Avis, Budget, Dollar, Enterprise, Fox, Hertz, National, Sixt and Thrifty. ACRA members also include many system licensees and franchisees, mid-size, regional and independent car rental companies as well as smaller, “mom & pop” operators. ACRA members have over 2.1 million registered vehicles in service in the United States, with fleets ranging in size from one million cars to ten cars and employ over 160,000 people in all 50 states.

Hawaii's current law that permits a car rental company to recover VLFs from rental customers is in line with 49 other states that allow for the recovery of government assessed vehicle fees – provided these fees are fully disclosed and listed in a separate line item on the rental agreement. In Hawaii, VLFs are clearly and conspicuously disclosed when a consumer reserves a car, as are:

- airport concession fees if a car is rented at an airport in Hawaii;
- fees for consolidated car rental facilities built by airports in Hawaii;
- car rental daily surcharges imposed by the state on all car rentals in the Hawaii;

- Hawaii's general excise tax; and,
- If the car is rented in Honolulu County, a local car rental tax.

Like the other fees mandated by airports and state or local governments listed above, the VLF is not discretionary cost for the car rental company. Hawaii's VLF is based on the vehicle type and is calculated to recover only the costs imposed by the state government that are associated with placing the vehicle in service -- such as license, registration and plates.

It should be noted that there is nothing in Hawaii's VLF statute that denies so-called "peer-to-peer" car rental companies the right to separately line-item and collect the state's VLF, just as they are not prohibited from collecting the state car rental tax, the state excise tax, or local car rental taxes from their customers – provided those fees are fully disclosed to the customer at the time a car is reserved.

ACRA respectfully urges you to reject SB 2039 because it is opposed by the vast majority of Hawaii's car rental industry, actually decreases car rental price transparency and consumer protection, singles out one state mandated fee for different disclosure and recovery treatment, and would put Hawaii's law at odds with the vast majority of states that permit VLF recovery from renters.

Thank you for your attention to ACRA's views on this legislative proposal.

Sincerely,



Sharon Faulker
Executive Director