
A BILL FOR AN ACT

RELATING TO MOTOR VEHICLES.

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

1 SECTION 1. The legislature finds that commissions based on
2 employee sales are a legitimate and valuable component of
3 business, and that there are many segments of the tourism
4 industry that offer incentives and commissions to their
5 employees based on their sales of products, tours, and services
6 to visitors and residents. While Hawaii's motor vehicle rental
7 statute barred the practice of providing direct commissions
8 related to the sales of rental vehicle collision damage waiver
9 protection, the legislature during the regular session of 2003
10 agreed to allow the payment of indirect commissions for the sale
11 of collision damage waiver protection.

12 Despite concerns raised during public hearings about
13 possible abuse in the sale of collision damage waivers and the
14 negative impacts this would have on the consumer if commissions
15 for the sale of such waivers were allowed, no unusual increases
16 in complaints have been made to the department of commerce and
17 consumer affairs since the new law was enacted. It is believed
18 that this is due, in part, to the consumer protections provided



1 under current disclosure laws that protect consumers from this
2 type of abuse. Accordingly, the legislature believes that the
3 motor vehicle rental industry should no longer be singled out by
4 a law that bars any and all commissions that are in any way
5 associated with the sale of collision damage waivers.

6 The purpose of this Act is to allow for the payment and
7 receipt of commissions related to the sale of collision damage
8 waivers for rental vehicles.

9 SECTION 2. Section 437D-8.5, Hawaii Revised Statutes, is
10 repealed.

11 ~~§437D-8.5 Commissions. (a) No lessor or officer,~~
12 ~~employee, agent, or other representative of the lessor shall pay~~
13 ~~or receive a commission for selling collision damage waivers,~~
14 ~~except as provided in subsection (b). Any violation of this~~
15 ~~section shall be an unfair or deceptive act or practice as~~
16 ~~provided in section 480-2.~~

17 ~~(b) As used in this section:~~

18 ~~"Commission for selling collision damage waivers" includes~~
19 ~~any compensation, bonus, award, or remuneration that corresponds~~
20 ~~directly to the amount of sales of collision damage waivers.~~

21 ~~"Commission for selling collision damage waivers" does not~~
22 ~~include any compensation, bonus, award, or remuneration to an~~



1 ~~employee that corresponds to the overall gross receipts of a~~
 2 ~~sales location, where sales of collision damage waivers are one~~
 3 ~~of many factors contributing to overall gross receipts.~~

4 ~~"Sales location" means any location at which the employee~~
 5 ~~worked or had oversight responsibility during the applicable~~
 6 ~~compensation period.]~~

7 SECTION 3. Statutory material to be repealed is bracketed
 8 and stricken.

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

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INTRODUCED BY:

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John M. Higgins
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OR 4.2-

JAN 18 2007



Report Title:

Motor vehicle rentals; Collision damage waivers

Description:

Repeals the prohibition against the payment and receipt of commissions related to the sale of collision damage waivers for rental vehicles.

