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# A BILL FOR AN ACT

RELATING TO TRANSIENT ACCOMMODATIONS TAX.

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

1 SECTION 1. Chapter 237D, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4 "§237D- Conversion of hotels to condominium or time  
5 sharing plans; imposition of surcharge tax. A hotel that  
6 converts to a time sharing plan under chapter 514E or a  
7 condominium under chapter 514A, including a hotel that has been  
8 converted to a condominium and is operated as a hotel, shall be  
9 subject to a transient accommodations tax surcharge in an amount  
10 equal to the average of fifty per cent of the previous two years  
11 of transient accommodations tax revenues collected by the hotel.  
12 The transient accommodations tax surcharge shall be assessed and  
13 levied against the entity owning the hotel prior to the  
14 conversion."

15 SECTION 2. Section 237D-6.5, Hawaii Revised Statutes, is  
16 amended by amending subsection (b) to read as follows:

17 "(b) Revenues collected under this chapter shall be  
18 distributed as follows:



1           (1) 17.3 per cent of the revenues collected under this  
2           chapter shall be deposited into the convention center  
3           enterprise special fund established under section  
4           201B-8; provided that beginning January 1, 2002, if  
5           the amount of the revenue collected under this  
6           paragraph exceeds [~~\$31,000,000~~] \$35,000,000 in any  
7           calendar year, revenues collected in excess of  
8           [~~\$31,000,000~~] \$35,000,000 shall be deposited into the  
9           general fund;

10          (2) 32.6 per cent of the revenues collected under this  
11          chapter shall be deposited into the tourism special  
12          fund established under section 201B-11 for tourism  
13          promotion and visitor industry research; provided that  
14          beginning on July 1, 2002:

15           (A) If the amount of revenues deposited into the  
16           tourism special fund exceeds \$62,292,000 in any  
17           fiscal year, of the first \$1,000,000 in revenues  
18           deposited in excess of \$62,292,000:

19           (i) Ninety per cent shall be deposited into the  
20           state parks special fund established in  
21           section 184-3.4; and

1                   (ii) Ten per cent shall be deposited into the  
2                               special land and development fund  
3                               established in section 171-19 for the Hawaii  
4                               statewide trail and access program;  
5                   provided that the total amount deposited into the  
6                               state parks special fund and to the special land  
7                               and development fund for the Hawaii statewide  
8                               trail and access program shall not exceed  
9                               \$1,000,000 in any fiscal year;

10           (3) 44.8 per cent of the revenues collected under this  
11                   chapter shall be transferred as follows: Kauai county  
12                   shall receive 14.5 per cent, Hawaii county shall  
13                   receive 18.6 per cent, city and county of Honolulu  
14                   shall receive 44.1 per cent, and Maui county shall  
15                   receive 22.8 per cent; and

16           (4) 5.3 per cent of the revenues collected under this  
17                   chapter shall be deposited into the transient  
18                   accommodations tax trust fund established under  
19                   section 237D-5.5.

20           All transient accommodations taxes shall be paid into the  
21           state treasury each month within ten days after collection, and

1 shall be kept by the state director of finance in special  
2 accounts for distribution as provided in this subsection."

3 SECTION 3. Act 235, Session Laws of Hawaii 2005, is  
4 amended by amending section 8 to read as follows:

5 "SECTION 8. Section 237D-6.5, Hawaii Revised Statutes, is  
6 amended by amending subsection (b) to read as follows:

7 "(b) Revenues collected under this chapter shall be  
8 distributed as follows, with the excess revenues to be deposited  
9 into the general fund:

10 (1) 17.3 per cent of the revenues collected under this  
11 chapter shall be deposited into the convention center  
12 enterprise special fund established under section  
13 201B-8; provided that beginning January 1, 2002, if  
14 the amount of the revenue collected under this  
15 paragraph exceeds [~~\$31,000,000~~] \$35,000,000 in any  
16 calendar year, revenues collected in excess of  
17 [~~\$31,000,000~~] \$35,000,000 shall be deposited into the  
18 general fund;

19 (2) 34.2 per cent of the revenues collected under this  
20 chapter shall be deposited into the tourism special  
21 fund established under section 201B-11 for tourism

1 promotion and visitor industry research; provided that  
2 beginning on July 1, 2002:

3 (A) Of the first \$1,000,000 in revenues deposited:

4 (i) Ninety per cent shall be deposited into the  
5 state parks special fund established in  
6 section 184-3.4; and

7 (ii) Ten per cent shall be deposited into the  
8 special land and development fund  
9 established in section 171-19 for the Hawaii  
10 statewide trail and access program;

11 provided that of the 34.2 per cent, 0.5 per cent shall  
12 be transferred to a sub-account in the tourism special  
13 fund to provide funding for a safety and security  
14 budget, in accordance with the Hawaii tourism  
15 strategic plan 2005-2015; and

16 (3) 44.8 per cent of the revenues collected under this  
17 chapter shall be transferred as follows: Kauai county  
18 shall receive 14.5 per cent, Hawaii county shall  
19 receive 18.6 per cent, city and county of Honolulu  
20 shall receive 44.1 per cent, and Maui county shall  
21 receive 22.8 per cent.

1 All transient accommodations taxes shall be paid into the  
2 state treasury each month within ten days after collection, and  
3 shall be kept by the state director of finance in special  
4 accounts for distribution as provided in this subsection.""

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

7 SECTION 5. This Act shall take effect on July 1, 2006.

SB2966, SD1

**Report Title:**

Transient Accommodations Tax

**Description:**

Increases the \$31,000,000 cap on the 17.3% in transient accommodations tax (TAT) collections deposited into the convention center enterprise special fund to \$35,000,000; imposes TAT surcharge on hotel conversions. (SD1)

