
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.



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)

