

JAN 24 2007

---

---

# A BILL FOR AN ACT

RELATING TO TRANSIENT ACCOMMODATIONS TAX.

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

1           SECTION 1. The legislature finds that there is a concern  
2 in regard to the growing number of hotels converting into  
3 timeshare or condominium use. This new trend is negatively  
4 affecting transient accommodations tax revenues that are vital  
5 to the counties and the State for infrastructure, repair, and  
6 maintenance funds. In addition to the loss of transient  
7 accommodations tax revenues, the loss of hotel room inventory  
8 could negatively affect the tourism industry as a whole.

9           The purpose of this Act is to require any hotel that  
10 converts into timeshare or condominium use to pay a transient  
11 accommodations tax surcharge in order to ensure a stable  
12 transient accommodations tax revenue base.

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

16           "§237D-           Conversion of hotels to condominium or time  
17 sharing plans; imposition of tax. A hotel that converts to a



1 time share plan under chapter 514E or a condominium under  
2 chapter 514B shall be subject to a transient accommodations tax  
3 surcharge in an amount equal to the average of fifty per cent of  
4 the previous two years of transient accommodations tax revenues  
5 collected by the hotel. The transient accommodations tax  
6 surcharge shall be assessed and levied against the entity owning  
7 the hotel prior to the conversion."

8 SECTION 3. Section 237D-1, Hawaii Revised Statutes, is  
9 amended by amending the definition of "transient accommodations"  
10 to read as follows:

11 ""Transient accommodations" mean the furnishing of a room,  
12 apartment, suite, or the like [~~which~~] that is customarily  
13 occupied by a transient for less than one hundred eighty  
14 consecutive days for each letting by a hotel, apartment hotel,  
15 motel, condominium property regime or apartment as defined in  
16 chapter 514B, cooperative apartment, or rooming house that  
17 provides living quarters, sleeping, or housekeeping  
18 accommodations, or other place in which lodgings are regularly  
19 furnished to transients for consideration. The term "transient  
20 accommodations" includes time share units under section 514E-1."

21 SECTION 4. Statutory material to be repealed is bracketed  
22 and stricken. New statutory material is underscored.



# S.B. NO. 1628

1 SECTION 5. This Act shall take effect on July 1, 2050.

2

INTRODUCED BY: *A.S.T.*  
*Clarence K. Mikihiro*  
*James Mercado*



**Report Title:**

Transient Accommodations Tax; Time Shares

**Description:**

Imposes a transient accommodations tax surcharge on hotels converting to time shares or condominiums in an amount equal to fifty per cent of the average of the previous two years of transient accommodation tax revenues collected by the hotel. The surcharge tax shall be assessed and levied against the owner of the hotel prior to the conversion.

