
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 the State needs a
2 better reporting system with respect to transient accommodations
3 tax revenues collected from residential properties. Better
4 reporting will enable the State to provide a more comprehensive
5 tax system that is more equitable and cost-effective. In
6 addition, better enforcement is needed to ensure that owners of
7 vacation rentals and bed and breakfast establishments comply
8 with the transient accommodations tax law.

9 The purpose of this Act is to:

10 (1) Require the department of taxation to coordinate with
11 the Hawaii tourism authority and each respective
12 county to identify owners of residential properties
13 subject to the transient accommodations tax who
14 operate vacation rentals -- where the owner does not
15 reside on the property -- and bed and breakfast
16 establishments -- where the owner resides on the
17 property;



- 1 (2) Allow the department of taxation to coordinate with
2 the Hawaii tourism authority and each respective
3 county to conduct audits of the owners of residential
4 properties who operate vacation rentals and bed and
5 breakfast establishments and take other administrative
6 and enforcement actions necessary to ensure compliance
7 with applicable statutes, rules, ordinances, and other
8 provisions of the law relating to the transient
9 accommodations tax;
- 10 (3) Require the department of taxation to report annually
11 to the legislature on transient accommodations tax
12 revenues received from owners of residential
13 properties who operate vacation rentals and bed and
14 breakfast establishments; and
- 15 (4) Require the department of taxation to review the forms
16 and process relating to the collection of the
17 transient accommodations tax from vacation rentals and
18 bed and breakfast establishments and submit a report
19 on the results of the review to the legislature at
20 least twenty days before the regular session of 2008.



1 SECTION 2. 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- Vacation rentals and bed and breakfast
5 establishments; enforcement; reporting. (a) The department
6 shall coordinate with the Hawaii tourism authority and each
7 county to identify owners of residential properties subject to
8 this chapter who operate:

9 (1) Vacation rentals, that is, when the owner does not
10 reside on the property; and

11 (2) Bed and breakfast establishments, that is, when the
12 owner resides on the property.

13 (b) The department may coordinate with the Hawaii tourism
14 authority and each county to conduct general excise and income
15 tax audits of the owners of residential property subject to this
16 chapter who operate vacation rentals or bed and breakfast
17 establishments and take other administrative and enforcement
18 actions necessary to ensure compliance with applicable statutes,
19 rules, ordinances, and other provisions of this chapter.

20 (c) The department shall report annually to the
21 legislature on tax revenues received under this chapter from
22 owners of residential properties subject to this chapter who



1 operate vacation rentals or bed and breakfast establishments, or
2 both.

3 (d) For the purposes of this section, the department shall
4 establish criteria to identify vacation rentals and bed and
5 breakfast establishments."

6 SECTION 3. Section 201B-3, Hawaii Revised Statutes, is
7 amended by amending subsection (a) to read as follows:

8 "(a) Except as otherwise limited by this chapter, the
9 authority may:

- 10 (1) Sue and be sued;
- 11 (2) Have a seal and alter the same at pleasure;
- 12 (3) Make and execute contracts and all other instruments
13 necessary or convenient for the exercise of its powers
14 and functions under this chapter; provided that the
15 authority may enter into contracts and agreements for
16 a period of up to five years, subject to the
17 availability of funds; and provided further that the
18 authority may enter into agreements for the use of the
19 convention center facility for a period of up to ten
20 years;
- 21 (4) Make and alter bylaws for its organization and
22 internal management;



- 1 (5) Unless otherwise provided in this chapter, adopt rules
2 in accordance with chapter 91 with respect to its
3 projects, operations, properties, and facilities;
- 4 (6) Through its executive director represent the authority
5 in communications with the governor and with the
6 legislature;
- 7 (7) Through its executive director, provide for the
8 appointment of officers, agents, and employees,
9 subject to the approval of the board, prescribing
10 their duties and qualifications, and fixing their
11 salaries, without regard to chapters 76 and 78 if
12 there is no anticipated revenue shortfall in the
13 tourism special fund and funds have been appropriated
14 by the legislature and allotted as provided by law;
- 15 (8) Through its executive director purchase supplies,
16 equipment, or furniture;
- 17 (9) Through its executive director allocate the space or
18 spaces which are to be occupied by the authority and
19 appropriate staff;
- 20 (10) Engage the services of qualified persons to implement
21 the State's tourism marketing plan or portions thereof
22 as determined by the authority;



- 1 (11) Engage the services of consultants on a contractual
2 basis for rendering professional and technical
3 assistance and advice;
- 4 (12) Procure insurance against any loss in connection with
5 its property and other assets and operations in such
6 amounts and from such insurers as it deems desirable;
- 7 (13) Contract for or accept revenues, compensation,
8 proceeds, and gifts or grants in any form from any
9 public agency or any other source, including any
10 revenues or proceeds arising from the operation or use
11 of the convention center;
- 12 (14) Develop, coordinate, and implement state policies and
13 directions for tourism and related activities taking
14 into account the economic, social, and physical
15 impacts of tourism on the State and its natural
16 resources infrastructure; provided that the authority
17 shall support the efforts of other state and county
18 departments or agencies to manage, improve, and
19 protect Hawaii's natural environment and areas
20 frequented by visitors;
- 21 (15) Have a permanent, strong focus on marketing and
22 promotion;



- 1 (16) Conduct market development-related research as
2 necessary;
- 3 (17) Coordinate all agencies and advise the private sector
4 in the development of tourism-related activities and
5 resources;
- 6 (18) Work to eliminate or reduce barriers to travel in
7 order to provide a positive and competitive business
8 environment, including coordinating with the
9 department of transportation on issues affecting
10 airlines and air route development;
- 11 (19) Market and promote sports-related activities and
12 events;
- 13 (20) Coordinate the development of new products with the
14 counties and other public sectors and private sectors,
15 including the development of sports, culture, health
16 and wellness, education, technology, agriculture, and
17 nature tourism;
- 18 (21) Establish a public information and educational program
19 to inform the public of tourism and tourism-related
20 problems;
- 21 (22) Encourage the development of tourism educational,
22 training, and career counseling programs;



1 (23) Establish a program to monitor, investigate, and
2 respond to complaints about problems resulting
3 directly or indirectly from the tourism industry and
4 taking appropriate action as necessary[+], including
5 but not limited to, coordination with the department
6 of taxation under section 237- ;

7 (24) Set and collect rents, fees, charges, or other
8 payments for the lease, use, occupancy, or disposition
9 of the convention center facility without regard to
10 chapter 91;

11 (25) Notwithstanding the provisions of chapter 171,
12 acquire, lease as lessee or lessor, own, rent, hold,
13 and dispose of the convention center facility in the
14 exercise of its powers and the performance of its
15 duties under this chapter; and

16 (26) Acquire by purchase, lease, or otherwise, and develop,
17 construct, operate, own, manage, repair, reconstruct,
18 enlarge, or otherwise effectuate, either directly or
19 through developers, a convention center facility."

20 SECTION 4. The department of taxation shall review the
21 forms and process for the collection of the transient
22 accommodations tax and include separate categories of collection



1 for residential properties used as vacation rentals and bed and
2 breakfast establishments.

3 The department of taxation shall report the results of its
4 review and report any findings and recommendations to the
5 legislature at least twenty days prior to the convening of the
6 regular session of 2008.

7 SECTION 5. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 6. This Act shall take effect on July 1, 2007.



Report Title:

TAT; Vacation Rentals; Bed and Breakfast

Description:

Requires department of taxation to review the forms and process for collecting the transient accommodations tax from vacation rentals and bed and breakfast establishments and report revenues received from them. Requires department of taxation to work with Hawaii tourism authority and counties to identify owners operating vacation rentals and bed and breakfast establishments and enforce transient accommodations tax compliance. Clarifies duties of Hawaii tourism authority. (SD1)

