

STAND. COM. REP. NO.

1458

Honolulu, Hawaii

March 23, 2007

RE: S.B. No. 750
S.D. 3
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committees on Tourism & Culture and Economic Development & Business Concerns, to which was referred S.B. No. 750, S.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO TRANSIENT ACCOMMODATIONS TAX,"

beg leave to report as follows:

The purpose of this bill is to improve enforcement of laws regulating vacation rentals and bed and breakfasts by, among other things:

- (1) Requiring the Department of Taxation (DOTAX) to coordinate with the Hawaii Tourism Authority (HTA) and each county to identify owners, subject to the Transient Accommodations Tax (TAT), who operate vacation rentals and bed and breakfast establishments (Owners of Transient Accommodations);
- (2) Allowing DOTAX to coordinate with HTA and each county to conduct audits of Owners of Transient Accommodations, and take other actions necessary to ensure compliance with applicable laws;
- (3) Requiring DOTAX to provide the counties with the location of vacation rentals or bed and breakfast establishments subject to the TAT;

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- (4) Requiring DOTAX to report, on an annual basis, the TAT revenues received from Owners of Transient Accommodations subject to the TAT;
- (5) Requiring DOTAX to review the forms and process for the collection of the TAT and submit a report of its review and any findings and recommendations, including any proposed state and county enforcement and compliance initiatives, to the Legislature at least twenty days prior to the convening of the Regular Session of 2008; and
- (6) Appropriating funds to DOTAX for the additional tax investigations provided for in this bill.

A member of the Maui County Council, Department of Planning and Permitting of the City and County of Honolulu, Hawaii Hotel & Lodging Association, Keep It Kailua!, and numerous concerned individuals supported this bill. A concerned individual supported this bill with amendments. Outrigger Hotels & Resorts supported the intent of this measure. DOTAX, Windward Ahupua'a Alliance, and several concerned individuals opposed this bill. HTA, Tax Foundation of Hawaii, and numerous concerned individuals submitted comments.

Your Committees have amended this measure by:

- (1) Deleting the provision requiring DOTAX to provide the counties with the location of vacation rentals or bed and breakfast establishments subject to the TAT and, instead, requiring the counties and HTA to provide DOTAX with the location of vacation rentals or bed and breakfast establishments subject to the TAT; provided that DOTAX shall not release personal information regarding the TAT collected;
- (2) Requiring DOTAX to report, on an annual basis, the estimated amount of general excise tax and TAT revenue that is uncollected, and therefore lost, due to the lack of county enforcement of the tax laws;
- (3) Specifying that the counties, instead of DOTAX, shall establish criteria to identify vacation rentals and bed and breakfast establishments;



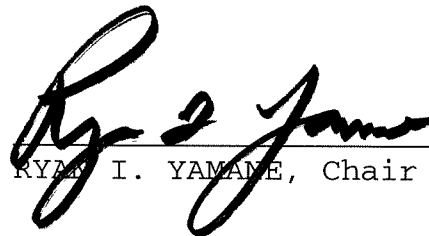
- (4) Specifying that the counties shall also establish criteria for the permitting of vacation rentals and bed and breakfast establishments;
- (5) Specifying that, in the report due at least twenty days prior to the convening of the Regular Session of 2008, DOTAX shall submit recommendations on the appropriate funding mechanism, to include consideration of revenue collected from the TAT, to reimburse counties for the costs associated with implementing the provisions of this bill;
- (6) Changing its effective date to January 1, 2025, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the records of votes of the members of your Committees on Tourism & Culture and Economic Development & Business Concerns that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 750, S.D. 3, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 750, S.D. 3, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Tourism & Culture
and Economic Development &
Business Concerns,



KYLE T. YAMASHITA, Chair



RYAN I. YAMANE, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

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Record of Votes of the Committee on Tourism & Culture

Bill/Resolution No.: <p style="text-align: center;">SB750 SD3</p>	Date: <p style="text-align: center;">3/21/07</p>			
Committee Referral: <p style="text-align: center;">TAC/EDB, FIN</p>	<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.			
The recommendation is to:				
<input type="checkbox"/> Pass, unamended	<input checked="" type="checkbox"/> Pass, with amendments			
<input type="checkbox"/> Hold	<input type="checkbox"/> Pass, with amendments, for recommittal for further consideration			
TAC Members	Ayes	Ayes (WR)	Nays	Excused
1. YAMANE, Ryan I. (C)	✓			
2. MANAHAN, Joey (VC)	✓			
3. BERG, Lyla B., Ph.D.				✓
4. BROWER, Tom	✓			
5. CHANG, Jerry L.	✓			
6. HANOHANO, Faye P.				✓
7. HERKES, Robert N.				✓
8. TSUJI, Clift	✓			
9. WAKAI, Glenn	✓			
10. YAMASHITA, Kyle T.	✓			
11. CHING, Corinne W.L.	✓			
12. MARUMOTO, Barbara C.	✓			
TOTAL	9			3
The recommendation is:				
<input checked="" type="checkbox"/> Adopted				
<input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation.				
committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office				

