
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Chapter 237, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:
4 "§237- Rewards club central fund. Any law to the
5 contrary notwithstanding, there shall be levied, assessed, and
6 collected, pursuant to this chapter, a general excise tax equal
7 to four per cent of the gross rental proceeds from a reward club
8 central fund received by an operator of a transient
9 accommodation. The tax under this section is in addition to any
10 other tax liability imposed on the operator by this chapter.

11 For the purposes of this section,

12 "Gross rental proceeds" has the same meaning as that term
13 in defined in section 237D-1.

14 "Transient accommodation" has the same meaning as that term
15 is defined in section 237D-1."

16 SECTION 2. Section 237D-1, Hawaii Revised Statutes, is
17 amended by amending the definition of "gross rental" or "gross
18 rental proceeds" to read as follows:



1 "Gross rental" or "gross rental proceeds" means the gross
2 receipts, cash or accrued, of the taxpayer received as
3 compensation for the furnishing of transient accommodations and
4 the value proceeding or accruing from the furnishing of [~~sueh~~]
5 the accommodations without any deductions on account of the cost
6 of property or services sold, the cost of materials used, labor
7 cost, taxes, royalties, interest, discounts, or any other
8 expenses whatsoever.

9 Every taxpayer shall be presumed to be dealing on a cash
10 basis unless the taxpayer proves to the satisfaction of the
11 department of taxation that the taxpayer is dealing on an
12 accrual basis and the taxpayer's books are so kept, or unless
13 the taxpayer employs or is required to employ the accrual basis
14 for the purposes of the tax imposed by chapter 237 for any
15 taxable year, in which event the taxpayer shall report the
16 taxpayer's gross income for the purposes of this chapter on the
17 accrual basis for the same period.

18 "Gross rental proceeds" includes the compensation received
19 from a rewards club central fund to the operator of a transient
20 accommodation when:

21 (1) A rewards club member occupies the transient
22 accommodation; and



1 (2) The compensation was not contributed by the operator.
2 The gross rental proceeds shall be calculated on an annual
3 basis as the difference between the amount contributed by the
4 operator of the transient accommodation to the rewards club
5 central fund during a taxable year and the amount received by
6 the operator from the rewards club central fund when a rewards
7 club member occupies a transient accommodation during that
8 taxable year.

9 The words "gross rental" or "gross rental proceeds" shall
10 not be construed to include the amounts of taxes imposed by
11 chapter 237 or this chapter on operators of transient
12 accommodations and passed on, collected, and received from the
13 consumer as part of the receipts received as compensation for
14 the furnishing of transient accommodations. Where transient
15 accommodations are furnished through arrangements made by a
16 travel agency or tour packager at noncommissionable negotiated
17 contract rates and the gross income is divided between the
18 operator of transient accommodations on the one hand and the
19 travel agency or tour packager on the other hand, gross rental
20 or gross rental proceeds to the operator means only the
21 respective portion allocated or distributed to the operator, and
22 no more. For purposes of this definition where the operator



1 maintains a schedule of rates for identifiable groups of
 2 individuals, such as kamaainas, upon which the accommodations
 3 are leased, let, or rented, gross rental, or gross rental
 4 proceeds means the receipts collected and received based upon
 5 the scheduled rates and recorded as receipts in its books and
 6 records."

7 SECTION 3. Statutory material to be repealed is bracketed
 8 and stricken. New statutory material is underscored.

9 SECTION 4. This Act shall take effect upon its approval
 10 and shall apply to taxable years beginning after December 31,
 11 2009.

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INTRODUCED BY:

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JAN 25 2010

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Report Title:

General Excise Tax; Transient Accommodations Tax; Rewards Club
Central Fund

Description:

Imposes the general excise tax and the transient accommodations
tax on gross rental proceeds received from a rewards club
central fund to the operator of a transient accommodation.

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not legislation or evidence of legislative intent.*

