
A BILL FOR AN ACT

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

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

1 SECTION 1. The purpose of this Act is to address the
2 economic crisis facing the State by amending the transient
3 accommodations tax. More specifically, this Act temporarily:

4 (1) Establishes a minimum daily tax when transient
5 accommodations are furnished at no charge;

6 (2) Increases the tax rate on resort time share vacation
7 units to equal the rate on other transient
8 accommodations; and

9 (3) Limits the transient accommodations tax revenue
10 distribution to the counties to approximately the same
11 amount distributed in fiscal year 2009-2010.

12 SECTION 2. Section 237D-2, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "**§237D-2 Imposition and rates.** (a) There is levied and
15 shall be assessed and collected each month a tax of:

16 (1) Five per cent for the period beginning on January 1,
17 1987, to June 30, 1994;



1 (2) Six per cent for the period beginning July 1, 1994, to
2 December 31, 1998; and

3 (3) 7.25 per cent for the period beginning on January 1,
4 1999, and thereafter;

5 on the gross rental or gross rental proceeds derived from
6 furnishing transient accommodations.

7 (b) There is levied and shall be assessed and collected
8 each month an additional:

9 (1) One per cent for the period beginning July 1, 2009, to
10 June 30, 2010; and

11 (2) Two per cent for the period beginning July 1, 2010, to
12 June 30, 2015;

13 on the gross rental or gross rental proceeds derived from
14 furnishing transient accommodations. The rate levied and
15 assessed under this subsection shall be additional to the rate
16 levied and assessed under [~~section 237D-2(a)(3).~~] subsection
17 (a)(3).

18 (c) For the period beginning July 1, 2011, to June 30,
19 2015, there is levied and shall be assessed and collected each
20 month a daily tax of \$10 for every transient accommodation that
21 is furnished to a transient without imposing a cash charge on
22 the transient, including transient accommodations furnished as



1 part of a tour package or points program. For the purposes of
2 this subsection, "points program" means a program, no matter the
3 nomenclature, under which a person receives the right to use a
4 transient accommodation at no charge in exchange or as reward
5 for the person's purchase of other property or services.

6 This subsection shall not apply to a resort time share
7 vacation unit.

8 [~~e~~] (d) Every operator shall pay to the State the tax
9 imposed by subsections (a) [~~and~~], (b), and (c), as applicable,
10 as provided in this chapter.

11 [~~d~~] (e) For resort time share vacation units:

12 (1) There is levied and shall be assessed and collected
13 each month[~~7~~] on the occupant of a resort time share
14 vacation unit, a transient accommodations tax of 7.25
15 per cent on the fair market rental value[~~-~~]; and

16 (2) For the period beginning July 1, 2011, to June 30,
17 2015, there is levied and shall be assessed and
18 collected each month on the occupant of a resort time
19 share vacation unit an additional two per cent on the
20 fair market rental value.

21 [~~e~~] (f) Every plan manager shall be liable for and pay
22 to the State the transient accommodations tax imposed by



1 subsection [~~(d)~~] (e) as provided in this chapter. Every resort
2 time share vacation plan shall be represented by a plan manager
3 who shall be subject to this chapter."

4 SECTION 3. Section 237D-6.5, Hawaii Revised Statutes, is
5 amended by amending subsections (b) and (c) to read as follows:

6 "(b) Revenues collected under this chapter, except for
7 revenues collected under section 237D-2(b) [~~7~~] and (e)(2), shall
8 be distributed as follows, with the excess revenues to be
9 deposited 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 \$33,000,000 in any calendar year,
16 revenues collected in excess of \$33,000,000 shall be
17 deposited into the general fund;

18 (2) 34.2 per cent of the revenues collected under this
19 chapter shall be deposited into the tourism special
20 fund established under section 201B-11 for tourism
21 promotion and visitor industry research; provided that
22 [~~beginning~~]:



1 (A) Beginning on July 1, 2002, of the first \$1,000,000
2 in revenues deposited:

3 ~~[(A)]~~ (i) Ninety per cent shall be deposited into the
4 state parks special fund established in
5 section 184-3.4; and

6 ~~[(B)]~~ (ii) Ten per cent shall be deposited into the
7 special land and development fund
8 established in section 171-19 for the Hawaii
9 statewide trail and access program;

10 ~~[provided that of]~~

11 (B) Of the 34.2 per cent, 0.5 per cent shall be
12 transferred to a sub-account in the tourism
13 special fund to provide funding for a safety and
14 security budget, in accordance with the Hawaii
15 tourism strategic plan 2005-2015; ~~[provided~~
16 ~~further that of]~~; and

17 (C) Of the revenues remaining in the tourism special
18 fund after revenues have been deposited as
19 provided in this paragraph and except for any sum
20 authorized by the legislature for expenditure
21 from revenues subject to this paragraph,
22 beginning July 1, 2007, funds shall be deposited



1 into the tourism emergency trust fund,
2 established in section 201B-10, in a manner
3 sufficient to maintain a fund balance of
4 \$5,000,000 in the tourism emergency trust fund;

5 and

6 (3) 44.8 per cent or \$101,978,000, whichever is less, of
7 the revenues collected under this chapter shall be
8 transferred as follows: Kauai county shall receive
9 14.5 per cent, Hawaii county shall receive 18.6 per
10 cent, city and county of Honolulu shall receive 44.1
11 per cent, and Maui county shall receive 22.8 per cent.

12 Revenues collected under ~~[section]~~:

13 (1) Section 237D-2(b); and

14 (2) Section 237D-2(e)(2) from July 1, 2011, to June 30,
15 2015;

16 shall be deposited into the general fund.

17 All transient accommodations taxes shall be paid into the
18 state treasury each month within ten days after collection and
19 shall be kept by the ~~[state]~~ director of finance in special
20 accounts for distribution as provided in this subsection.

21 (c) On or before January or July 1 of each year or after
22 the disposition of any tax appeal with respect to an assessment



1 for periods after June 30, 1990, the [state] director of finance
2 shall compute and pay the amount due as provided in this
3 subsection and subsection (b) to the director of finance of each
4 county to become a general realization of the county expendable
5 as such, except as otherwise provided by law.

6 Until June 30, 2015, the director of finance shall compute
7 the amount due to the counties by January 1 of each fiscal year
8 on the assumption that the counties' share of the transient
9 accommodations tax revenues for that fiscal year shall be
10 \$101,978,000. As to the amount due to the counties before the
11 following July 1, the director of finance shall pay the same
12 amount; provided that if, based on the actual transient
13 accommodations tax revenues derived during the fiscal year, the
14 counties' share for the entire fiscal year is less than
15 \$101,978,000, the director of finance shall pay the counties an
16 appropriately adjusted amount."

17 SECTION 4. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 5. This Act shall take effect on July 1, 2011;
20 provided that sections 2 and 3 of this Act shall be repealed on
21 June 30, 2015, and sections 237D-2 and 237D-6.5, Hawaii Revised



- 1 Statutes, shall be reenacted in the form in which they read on
- 2 June 30, 2009, pursuant to Act 61, Session Laws of Hawaii 2009.



Report Title:

Transient Accommodations Tax; Minimum Daily Tax; Time Share Rate; County Distribution

Description:

Establishes a temporary minimum daily tax on each transient accommodation furnished at no charge. Temporarily increases the tax rate on resort time share vacation units to the same as the rate on other transient accommodations. Temporarily limits the transient accommodations tax revenue distribution to the counties to approximately the same amount distributed in fiscal year 2009-2010. Effective July 1, 2011. (SB1186 HD1)

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