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# 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 transient accommodations tax. More specifically, this Act  
3 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 \$10.00 for every transient accommodation  
21 that is furnished to a transient without imposing a cash charge  
22 on the transient, including transient accommodations furnished



1 as part of a tour package or points program. For the purposes  
2 of this subsection, "points program" means a program, no matter  
3 the nomenclature, under which a person receives the right to use  
4 a 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[~~r~~] 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[~~r~~]; 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 2.00 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  
2                   \$1,000,000 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  
9                                   Hawaii 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  
12 cent~~[.]~~; and

13 (4) Revenues collected under ~~[section]~~:

14 (A) Section 237D-2(b); and

15 (B) Section 237D-2(e)(2) from July 1, 2011, to June  
16 30, 2015;

17 shall be deposited into the general fund.

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



1 (c) On or before January or July 1 of each year or after  
2 the disposition of any tax appeal with respect to an assessment  
3 for periods after June 30, 1990, the [~~state~~] director of finance  
4 shall compute and pay the amount due as provided in this  
5 subsection and subsection (b) to the director of finance of each  
6 county to become a general realization of the county expendable  
7 as such, except as otherwise provided by law.

8 Until June 30, 2015, the director of finance shall compute  
9 the amount due to the counties by January 1 of each fiscal year  
10 on the assumption that the counties' share of the transient  
11 accommodations tax revenues for that fiscal year shall be  
12 \$101,978,000. As to the amount due to the counties before the  
13 following July 1, the director of finance shall pay the same  
14 amount; provided that if, based on the actual transient  
15 accommodations tax revenues derived during the fiscal year, the  
16 counties' share for the entire fiscal year is less than  
17 \$101,978,000, the director of finance shall pay the counties an  
18 appropriately adjusted amount."

19 SECTION 4. Statutory material to be repealed is bracketed  
20 and stricken. New statutory material is underscored.

21 SECTION 5. This Act shall take effect on July 1, 2011;  
22 provided that sections 2 and 3 of this Act shall be repealed on



- 1** June 30, 2015, and sections 237D-2 and 237D-6.5, Hawaii Revised
- 2** Statutes, shall be reenacted in the form in which they read on
- 3** 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. (HD1 Proposed)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

