
A BILL FOR AN ACT

RELATING TO TIME SHARE TAXATION.

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

1 SECTION 1. The purpose of this Act is to modify the
2 transient accommodation tax provisions regarding time share
3 units.

4 SECTION 2. Section 237D-1, Hawaii Revised Statutes, is
5 amended by amending the definition of "fair market rental value"
6 to read as follows:

7 ""Fair market rental value" means an amount equal to [~~one-~~
8 ~~half]~~ one hundred fifty per cent of the gross daily maintenance
9 fees that are paid by the owner, are attributable to the time
10 share unit, and include maintenance costs, operational costs,
11 insurance, repair costs, administrative costs, taxes, other than
12 transient accommodations taxes, and other costs including
13 payments required for reserves or sinking funds. The taxpayer
14 shall use gross daily maintenance fees, unless the taxpayer
15 proves or the director determines that the gross daily
16 maintenance fees do not fairly represent fair market rental
17 value taking into account comparable transient accommodation
18 rentals or other appraisal methods."



1 SECTION 3. Section 237D-2, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§237D-2 Imposition and rates. (a) There is levied and
4 shall be assessed and collected each month a tax of:

5 (1) Five per cent for the period beginning on January 1,
6 1987, to June 30, 1994;

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

9 (3) 7.25 per cent for the period beginning on January 1,
10 1999, and thereafter;

11 on the gross rental or gross rental proceeds derived from
12 furnishing transient accommodations.

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

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

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

19 on the gross rental or gross rental proceeds derived from
20 furnishing transient accommodations. The rate levied and
21 assessed under this subsection shall be additional to the rate



1 levied and assessed under [~~section 237D-2(a)(3).~~] subsection
2 (a)(3).

3 (c) Every operator shall pay to the State the tax imposed
4 by subsections (a) and (b) as provided in this chapter.

5 (d) There is levied and shall be assessed and collected
6 each month on the occupant of a resort time share vacation unit,
7 a transient accommodations tax of 7.25 per cent on the fair
8 market rental value.

9 (e) There is levied and shall be assessed and collected
10 each month on the occupant of a resort time share unit, an
11 additional two per cent for the period beginning January 1,
12 2012, to June 30, 2015, on the fair market rental value. The
13 rate levied and assessed under this subsection shall be
14 additional to the rate levied and assessed under subsection (d).

15 [~~e~~] (f) Every plan manager shall be liable for and pay
16 to the State the transient accommodations tax imposed by
17 [~~subsection~~] subsections (d) and (e) as provided in this
18 chapter. Every resort time share vacation plan shall be
19 represented by a plan manager who shall be subject to this
20 chapter."

21 SECTION 4. Section 237D-6.5, Hawaii Revised Statutes, is
22 amended by amending subsection (b) to read as follows:



1 "(b) Revenues collected under this chapter, except for
2 revenues collected under section 237D-2(b), shall be distributed
3 as follows, with the excess revenues to be deposited into the
4 general fund:

5 (1) 17.3 per cent of the revenues collected under this
6 chapter shall be deposited into the convention center
7 enterprise special fund established under section
8 201B-8; provided that beginning January 1, 2002, if
9 the amount of the revenue collected under this
10 paragraph exceeds \$33,000,000 in any calendar year,
11 revenues collected in excess of \$33,000,000 shall be
12 deposited into the general fund;

13 (2) 34.2 per cent of the revenues collected under this
14 chapter shall be deposited into the tourism special
15 fund established under section 201B-11 for tourism
16 promotion and visitor industry research; provided that
17 beginning on July 1, 2002, of the first \$1,000,000 in
18 revenues deposited:

19 (A) Ninety per cent shall be deposited into the state
20 parks special fund established in section 184-
21 3.4; and



1 (B) Ten per cent shall be deposited into the special
2 land and development fund established in section
3 171-19 for the Hawaii statewide trail and access
4 program;

5 provided that of the 34.2 per cent, 0.5 per cent shall
6 be transferred to a sub-account in the tourism special
7 fund to provide funding for a safety and security
8 budget, in accordance with the Hawaii tourism
9 strategic plan 2005-2015; provided further that of the
10 revenues remaining in the tourism special fund after
11 revenues have been deposited as provided in this
12 paragraph and except for any sum authorized by the
13 legislature for expenditure from revenues subject to
14 this paragraph, beginning July 1, 2007, funds shall be
15 deposited into the tourism emergency trust fund,
16 established in section 201B-10, in a manner sufficient
17 to maintain a fund balance of \$5,000,000 in the
18 tourism emergency trust fund; and

19 (3) 44.8 per cent of the revenues collected under this
20 chapter shall be transferred as follows: Kauai county
21 shall receive 14.5 per cent, Hawaii county shall
22 receive 18.6 per cent, city and county of Honolulu

1 shall receive 44.1 per cent, and Maui county shall
2 receive 22.8 per cent.

3 Revenues collected under [~~section 237D-2(b)~~] subsections
4 (b) and (e) of section 237D-2 shall be deposited into the
5 general fund. All transient accommodations taxes shall be paid
6 into the state treasury each month within ten days after
7 collection and shall be kept by the state director of finance in
8 special accounts for distribution as provided in this
9 subsection."

10 SECTION 5. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 6. This Act shall take effect upon its approval;
13 provided that:

14 (1) Section 2 of this Act shall apply to fair market
15 rental value attributable to timeshare occupants on or
16 after July 1, 2011; and

17 (2) Section 3 of this Act shall apply to fair market
18 rental value attributable to timeshare occupants on or
19 after January 1, 2012.

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INTRODUCED BY: Caleb Ky Amy

BY REQUEST



Report Title:

Taxation; Transient Accommodation Tax; Time Shares

Description:

Modifies the transient accommodations tax provisions regarding time share units.

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

