



GOV. MSG. NO. 1400

EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

July 10, 2012

The Honorable Shan Tsutsui, President  
and Members of the Senate  
Twenty-Sixth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

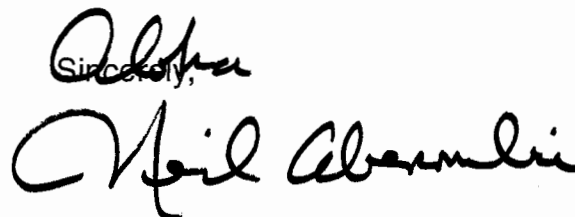
The Honorable Calvin Say, Speaker  
and Members of the House  
Twenty-Sixth State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Tsutsui, Speaker Say and Members of the Legislature:

I am transmitting herewith SB3017 SD2, without my approval, and with the statement of objections relating to the measure.

SB3017 SD2

RELATING TO THE TRANSIENT  
ACCOMMODATIONS TAX.

*Sincerely,*  


NEIL ABERCROMBIE  
Governor, State of Hawaii

EXECUTIVE CHAMBERS

HONOLULU

July 10, 2012

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 3017

Honorable Members  
Twenty-Sixth Legislature  
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 3017, entitled "A Bill for an Act Relating to the Transient Accommodations Tax."

The purpose of this bill is to clarify that the \$10 tax charged each day for a transient accommodation furnished on a complimentary or gratuitous basis applies to transient accommodations provided as a prize, but does not apply to transient accommodations provided for promotional or marketing purposes.

This bill expands amendments made by Act 103, Session Laws of Hawaii 2011, that, among other things, implemented the \$10 tax on a transient accommodation provided on a complimentary or gratuitous basis. Specifically, this bill amends section 237D-2(c), Hawaii Revised Statutes, to clarify that the phrase "complimentary or gratuitous basis" includes prize giveaways, contest winnings, charitable gifts, and complimentary or gratuitous rooms furnished as part of a travel package, but does not include transient accommodations furnished as part of a tourism industry promotional or marketing activity.

This bill is not required because the Department of Taxation has already published comprehensive guidance in Tax Information Release No. 2011-05 that provides nineteen examples regarding the implementation of this particular tax on accommodations furnished on a complimentary or gratuitous basis. Furthermore, because this bill does not cover all the issues addressed by Tax Information Release No. 2011-05, enactment of this bill may create confusion for taxpayers who have relied upon that Tax Information Release.

STATEMENT OF OBJECTIONS  
SENATE BILL NO. 3017  
Page 2

For the foregoing reasons, I am returning Senate Bill No. 3017 without my approval.

*Aloha*  
Respectfully,  
*Neil Abercrombie*  
NEIL ABERCROMBIE  
Governor of Hawaii

---

---

# 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. Section 237D-2, Hawaii Revised Statutes, is  
2 amended by amending subsection (c) to read as follows:

3 "(c) There is levied and shall be assessed and collected  
4 each month a daily tax of \$10 for every transient accommodation  
5 that is furnished on a complimentary or gratuitous basis, or  
6 otherwise at no charge [~~, including transient accommodations~~  
7 ~~furnished as part of a package.~~]; provided that for the purposes  
8 of this subsection, "complimentary or gratuitous basis":

9 (1) Includes transient accommodations such as prize  
10 giveaways, contestant winnings, charitable gifts, and  
11 complimentary or gratuitous rooms furnished as part of  
12 a travel package; and

13 (2) Does not include transient accommodations furnished as  
14 part of a tourism industry promotional or marketing  
15 activity, including activities for travel agents such  
16 as familiarization tours, promotions to meeting and  
17 event planners, and publicizing the property as part  
18 of a marketing program."



1 SECTION 2. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 3. This Act shall take effect on July 1, 2012;  
4 provided that the amendments made to section 237D-2, Hawaii  
5 Revised Statutes, in section 1 of this Act shall not be repealed  
6 when section 237D-2, Hawaii Revised Statutes, is reenacted on  
7 June 30, 2015, pursuant to Act 61, Session Laws of Hawaii 2009.

APPROVED this                      day of                      , 2012

GOVERNOR OF THE STATE OF HAWAII