

Honolulu, Hawaii
Feb 10 , 2012

RE: H.B. No. 1707
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Tourism, to which was referred H.B. No. 1707 entitled:

"A BILL FOR AN ACT RELATING TO TRANSIENT ACCOMMODATIONS,"

begs leave to report as follows:

The purpose of this measure is to ensure that nonresident owners of rental property that is rented for 30 days or less pay their fair share of general excise taxes on the rental income by requiring:

- (1) The rental transaction to be performed by licensed real estate brokers and salespersons;
- (2) The real estate licensees to collect the rental proceeds and remit the appropriate tax amount to the Department of Taxation; and
- (3) The Real Estate Commission to give non-complying owners seven-day notice to comply with requirements and providing for a non-compliance penalty.

The Department of Planning and Permitting of the City and County of Honolulu; Exclusive Getaways; the Kailua Neighborhood Board; ResorticaHawaii.com, Inc.; and numerous individuals testified in support of this measure. The Hawai'i Association of REALTORS testified in support of the intent of this measure. The Hawaii Real Estate Commission testified in opposition to this



measure. The Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs and the Hawaii Tourism Authority provided comments.

Your Committee has amended this measure by:

- (1) Placing the new statutory section created by this measure in Chapter 237D, Hawaii Revised Statutes, relating to the transient accommodations tax;
- (2) Deleting references to the term "condominium unit";
- (3) Requiring the real estate broker or salesperson to collect and pay the transient accommodations tax and general excise tax, if authorized by the nonresident owner;
- (4) Changing the enforcement agency from the Real Estate Commission to the Department of Taxation;
- (5) Including a property owner residing on a different island in the definition of "nonresident owner"; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee notes the following concerns to inform the Committees on Consumer Protection & Commerce and on Judiciary:

- (1) That the term "transient accommodations", as defined in section 237D-1, Hawaii Revised Statutes, is a property that is customarily occupied by a transient for less than 180 days. This measure refers to transient accommodations that are occupied for 30 days or less; and
- (2) That references to "condominium unit" have been deleted from this measure; however, a single-family dwelling, apartment, or townhouse could fall within the definition of a "condominium" pursuant to sections 502C-1, 514A-3, and 514B-3, Hawaii Revised Statutes.



As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1707, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1707, H.D. 1, and be referred to the Committees on Consumer Protection & Commerce and Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Tourism,

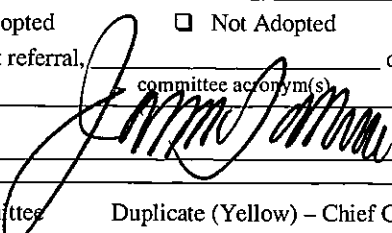


TOM BROWER, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

Record of Votes of the Committee on Tourism

Bill/Resolution No.: HB 1707		Committee Referral: TOU, CPC/JUD, FIN		Date: 02/05/12	
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.					
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)					
TOU Members		Ayes	Ayes (WR)	Nays	Excused
1. BROWER, Tom (C)		✓			
2. TOKIOKA, James Kunane (VC)		✓			
3. AWANA, Karen L.		✓			
4. CHOY, Isaac W.		✓			
5. EVANS, Cindy		✓			
6. HASHEM, Mark J.		✓			
7. McKELVEY, Angus L.K.					✓
8. NISHIMOTO, Scott Y.		✓			
9. TSUJI, Clift		✓			
10. CHING, Corinne W.L.					✓
11. MARUMOTO, Barbara C.		✓			
TOTAL (11)		9	0	0	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>					
Vice Chair's or designee's signature: 					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					