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# A BILL FOR AN ACT

RELATING TO 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 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;~~



1 ~~on the gross rental or gross rental proceeds derived from~~  
2 ~~furnishing transient accommodations. The rate levied and~~  
3 ~~assessed under this subsection shall be additional to the rate~~  
4 ~~levied and assessed under subsection (a) (3).~~

5 ~~— (c) There is levied and shall be assessed and collected~~  
6 ~~each month a daily tax of \$10 for every transient accommodation~~  
7 ~~that is furnished on a complimentary or gratuitous basis, or~~  
8 ~~otherwise at no charge, including transient accommodations~~  
9 ~~furnished as part of a package.]~~

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

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

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



1 SECTION 2. Section 237D-6.5, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:

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

- 7 (1) 17.3 per cent of the revenues collected under this  
8 chapter shall be deposited into the convention center  
9 enterprise special fund established under section  
10 201B-8; provided that beginning January 1, 2002, if  
11 the amount of revenue collected under this paragraph  
12 exceeds \$33,000,000 in any fiscal year, revenues  
13 collected in excess of \$33,000,000 shall be deposited  
14 into the general fund;
- 15 (2) 34.2 per cent of the revenues collected under this  
16 chapter shall be deposited into the tourism special  
17 fund established under section 201B-11 for tourism  
18 promotion and visitor industry research; provided that  
19 for any period beginning on July 1, 2012, and ending  
20 on June 30, 2015, no more than \$71,000,000 per fiscal  
21 year shall be deposited into the tourism special fund  
22 established under section 201B-11; provided [~~further~~]



1 that beginning on July 1, 2012, and ending on June 30,  
2 2015, \$2,000,000 shall be expended from the tourism  
3 special fund for development and implementation of  
4 initiatives to take advantage of expanded visa  
5 programs and increased travel opportunities for  
6 international visitors to Hawaii; and provided further  
7 that beginning on July 1, 2002, of the first  
8 \$1,000,000 in revenues deposited:

9 (A) Ninety per cent shall be deposited into the state  
10 parks special fund established in section  
11 184-3.4; and

12 (B) Ten per cent shall be deposited into the special  
13 land and development fund established in section  
14 171-19 for the Hawaii statewide trail and access  
15 program;

16 provided that of the 34.2 per cent, 0.5 per cent shall  
17 be transferred to a sub-account in the tourism special  
18 fund to provide funding for a safety and security  
19 budget, in accordance with the Hawaii tourism  
20 strategic plan 2005-2015; provided further that of the  
21 revenues remaining in the tourism special fund after  
22 revenues have been deposited as provided in this



1 paragraph and except for any sum authorized by the  
2 legislature for expenditure from revenues subject to  
3 this paragraph, beginning July 1, 2007, funds shall be  
4 deposited into the tourism emergency trust fund,  
5 established in section 201B-10, in a manner sufficient  
6 to maintain a fund balance of \$5,000,000 in the  
7 tourism emergency trust fund; and

8 (3) 44.8 per cent of the revenues collected under this  
9 chapter shall be transferred as follows: Kauai county  
10 shall receive 14.5 per cent, Hawaii county shall  
11 receive 18.6 per cent, city and county of Honolulu  
12 shall receive 44.1 per cent, and Maui county shall  
13 receive 22.8 per cent; provided that for any period  
14 beginning on July 1, 2011, [~~and ending on June 30,~~  
15 ~~2015,~~] the total amount transferred to the counties  
16 shall not exceed \$93,000,000 per fiscal year.

17 [~~Revenues collected under section 237D-2(b) shall be~~  
18 ~~deposited into the general fund.~~] All transient accommodations  
19 taxes shall be paid into the state treasury each month within  
20 ten days after collection and shall be kept by the state  
21 director of finance in special accounts for distribution as  
22 provided in this subsection.



1           As used in this subsection, "fiscal year" means the twelve-  
2 month period beginning on July 1 of a calendar year and ending  
3 on June 30 of the following calendar year."

4           SECTION 3. Act 61, Session Laws of Hawaii 2009, is amended  
5 by amending section 4 to read as follows:

6           "SECTION 4. This Act shall take effect on July 1, 2009[~~7~~  
7 and shall be repealed on June 30, 2015; provided that sections  
8 ~~237D-2 and 237D-6.5, Hawaii Revised Statutes, shall be reenacted~~  
9 ~~in the form in which they read on June 30, 2009]."~~

10          SECTION 4. Act 103, Session Laws of Hawaii 2011, is  
11 amended by amending section 4 to read as follows:

12          "SECTION 4. This Act shall take effect on July 1, 2011[~~7~~  
13 ~~provided that section 2 of this Act shall be repealed on~~  
14 ~~June 30, 2015, and section 237D-6.5, Hawaii Revised Statutes,~~  
15 ~~shall be reenacted in the form in which it read on June 30,~~  
16 ~~2009, pursuant to Act 61, Session Laws of Hawaii 2009]."~~

17          SECTION 5. Statutory material to be repealed is bracketed  
18 and stricken. New statutory material is underscored.

19          SECTION 6. This Act, upon its approval, shall take effect  
20 on July 1, 2050.



**Report Title:**

Transient Accommodations Tax

**Description:**

Reduces the effective transient accommodations tax rate of 9.25 per cent to 7.25 per cent on July 1, 2013. Eliminates the daily transient accommodations tax for complimentary accommodations. Retains the caps on transient accommodation tax revenue distributions to the convention center special fund, the tourism special fund, and the counties after 2015

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

