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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 on July 1, 1994,  
8 to December 31, 1998; [~~and~~]

9 (3) 7.25 per cent for the period beginning on January 1,  
10 1999, [~~and thereafter;~~] to June 30, 2009;

11 (4) 8.25 per cent for the period beginning on July 1,  
12 2009, to June 30, 2010; and

13 (5) 9.25 per cent for the period beginning on July 1,  
14 2010, and thereafter;

15 on the gross rental or gross rental proceeds derived from  
16 furnishing transient accommodations.

17 [~~(b) There is levied and shall be assessed and collected~~  
18 ~~each month an additional:~~



1       ~~(1) One per cent for the period beginning July 1, 2009, to~~  
2             ~~June 30, 2010, and~~

3       ~~(2) Two per cent for the period beginning July 1, 2010, to~~  
4             ~~June 30, 2015,~~

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

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

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

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

21       ~~[(f)]~~ (d) Every plan manager shall be liable for and pay  
22       to the State the transient accommodations tax imposed by



1 subsection [~~(e)~~] (c) 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 2. Section 237D-6.5, Hawaii Revised Statutes, is  
5 amended by amending subsection (b) to read as follows:

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

10 (1) [~~17.3~~] 13.6 per cent of the revenues collected under  
11 this chapter shall be deposited into the convention  
12 center enterprise special fund established under  
13 section 201B-8; provided that beginning January 1,  
14 2002, if the amount of revenue collected under this  
15 paragraph exceeds \$33,000,000 in any fiscal year,  
16 revenues collected in excess of \$33,000,000 shall be  
17 deposited into the general fund;

18 (2) [~~34.2~~] 23.5 per cent of the revenues collected under  
19 this chapter shall be deposited into the tourism  
20 special fund established under section 201B-11 for  
21 tourism promotion and visitor industry research;  
22 [~~provided that for any period beginning on July 1,~~



1           ~~2012, and ending on June 30, 2015, no more than~~  
2           ~~\$71,000,000 per fiscal year shall be deposited into~~  
3           ~~the tourism special fund established under section~~  
4           ~~201B-11,]~~ provided [further] that beginning on July 1,  
5           2012, and ending on June 30, 2015, \$2,000,000 shall be  
6           expended from the tourism special fund for development  
7           and implementation of initiatives to take advantage of  
8           expanded visa programs and increased travel  
9           opportunities for international visitors to Hawaii;  
10          and provided further that beginning on July 1, 2002,  
11          of the first \$1,000,000 in revenues deposited:

12          (A)   Ninety per cent shall be deposited into the state  
13               parks special fund established in section  
14               184-3.4; and

15          (B)   Ten per cent shall be deposited into the special  
16               land and development fund established in section  
17               171-19 for the Hawaii statewide trail and access  
18               program;

19          provided that of the [~~34.2~~] 23.5 per cent, 0.5 per  
20          cent shall be transferred to a sub-account in the  
21          tourism special fund to provide funding for a safety  
22          and security budget, in accordance with the Hawaii



1 tourism strategic plan 2005-2015; provided further  
2 that of the revenues remaining in the tourism special  
3 fund after revenues have been deposited as provided in  
4 this paragraph and except for any sum authorized by  
5 the legislature for expenditure from revenues subject  
6 to this paragraph, beginning July 1, 2007, funds shall  
7 be deposited into the tourism emergency trust fund,  
8 established in section 201B-10, in a manner sufficient  
9 to maintain a fund balance of \$5,000,000 in the  
10 tourism emergency trust fund; and

- 11 (3) ~~[44.8]~~ 35.1 per cent of the revenues collected under  
12 this chapter shall be transferred as follows: Kauai  
13 county shall receive 14.5 per cent, Hawaii county  
14 shall receive 18.6 per cent, city and county of  
15 Honolulu shall receive 44.1 per cent, and Maui county  
16 shall receive 22.8 per cent; provided that for any  
17 period beginning on July 1, 2011, ~~[and ending on~~  
18 ~~June 30, 2015,]~~ the total amount transferred to the  
19 counties shall not exceed \$93,000,000 per fiscal year.

20 ~~[Revenues collected under section 237D-2(b) shall be~~  
21 ~~deposited into the general fund.]~~ All transient accommodations  
22 taxes shall be paid into the state treasury each month within



1 ten days after collection and shall be kept by the state  
2 director of finance in special accounts for distribution as  
3 provided in this subsection.

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

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

9 "SECTION 4. This Act shall take effect on July 1, 2009[  
10 ~~and shall be repealed on June 30, 2015, provided that sections~~  
11 ~~237D-2 and 237D-6.5, Hawaii Revised Statutes, shall be reenacted~~  
12 ~~in the form in which they read on June 30, 2009]."~~

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

15 "SECTION 4. This Act shall take effect on July 1, 2011[  
16 ~~provided that section 2 of this Act shall be repealed on~~  
17 ~~June 30, 2015, and section 237D-6.5, Hawaii Revised Statutes,~~  
18 ~~shall be reenacted in the form in which it read on June 30,~~  
19 ~~2009, pursuant to Act 61, Session Laws of Hawaii 2009]."~~

20 SECTION 5. Statutory material to be repealed is bracketed  
21 and stricken. New statutory material is underscored.



1           SECTION 6. This Act, upon its approval, shall take effect  
2 on July 1, 2013.

3



**Report Title:**

Transient Accommodations Tax

**Description:**

Eliminates the sunset of the transient accommodations tax rate of 9.25 per cent, and decreases amounts to be distributed to the convention center enterprise special fund, the tourism special fund, and the counties. Eliminates the daily transient accommodations tax for complimentary accommodations. Eliminates the temporary cap on funds allocated to the tourism special fund. (SD1)

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

