

JAN 24 2013

SB. NO. 1202

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;

13 (5) 9.25 per cent for the period beginning on July 1,
14 2010, to June 30, 2013; and

15 (6) 11.25 per cent for the period beginning on July 1,
16 2013, and thereafter;

17 on the gross rental or gross rental proceeds derived from
18 furnishing transient accommodations.

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

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

5 ~~(2) Two per cent for the period beginning July 1, 2010, to~~
6 ~~June 30, 2015;~~

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

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

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

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

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

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

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

12 (1) [~~17.3~~] 11.1 per cent of the revenues collected under
13 this chapter shall be deposited into the convention
14 center enterprise special fund established under
15 section 201B-8; provided that beginning January 1,
16 2002, if the amount of revenue collected under this
17 paragraph exceeds \$33,000,000 in any fiscal year,
18 revenues collected in excess of \$33,000,000 shall be
19 deposited into the general fund;

20 (2) [~~34.2~~] 22.0 per cent of the revenues collected under
21 this chapter shall be deposited into the tourism
22 special fund established under section 201B-11 for
23 tourism promotion and visitor industry research;

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

13 (A) Ninety per cent shall be deposited into the state
14 parks special fund established in section 184-
15 3.4; and

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

20 provided that of the [~~34.2~~] 22.0 per cent, 0.5 per
21 cent shall be transferred to a sub-account in the
22 tourism special fund to provide funding for a safety
23 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 fun; and

- 11 (3) ~~[44.8]~~ 28.9 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 June~~
18 ~~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
23 ten days after collection and shall be kept by the state

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1 director of finance in special accounts for distribution as
2 provided in this subsection.

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

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

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

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

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

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

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

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INTRODUCED BY: 

5

BY REQUEST

6

Report Title:

Transient Accommodations Tax

Description:

Eliminates the sunset of the Transient Accommodations Tax rate of 9.25 per cent and raises the rate to 11.25 per cent beginning July 1, 2013, and also eliminates the sunset date for the amounts to be distributed to the tourism special fund and the counties.

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

JUSTIFICATION SHEET

DEPARTMENT: Taxation

TITLE: A BILL FOR AN ACT RELATING TO TRANSIENT ACCOMMODATIONS TAX.

PURPOSE: To amend the law to make the 9.25 percent Transient Accommodations Tax (TAT) rate permanent, raise the TAT rate to 11.25 percent beginning July 1, 2013, make the language easier for taxpayers to understand, and repeal the tax on complimentary rooms.

MEANS: Amend sections 237D-2 and 237D-6.5, Hawaii Revised Statutes, section 4 of Act 61, Session Laws of Hawaii 2009, and section 4 of Act 103, Session Laws of Hawaii 2011.

JUSTIFICATION: Allowing the rate to return to 7.25 percent would take needed funds from the general fund. Hawaii has a lower hotel tax rate than many locations in the nation. Raising the rate to 11.25 percent will bring the State revenue needed to fund important programs. Changing the wording in section 237D-2 to state the rate simply will make it easier for taxpayers to understand, and the complementary changes to section 237D-6.5 ensure that the way revenue is remitted under TAT law does not change. Provisions related to the furnishing of complimentary rooms have been repealed because it is difficult to administer and generates little revenue.

Impact on the public: The impact on the public should be minimal.

Impact on the department and other agencies: The impact on the department will be minimal because the department has already been administering the TAT in its current form.

GENERAL FUND: Pending.

OTHER FUNDS: Pending.

PPBS PROGRAM
DESIGNATION: None.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: July 1, 2013