

Honolulu, Hawaii

April 29, 2016

RE: H.B. No. 1850
H.D. 1
S.D. 3
C.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 1850, H.D. 1, S.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to establish a framework allowing transient accommodations brokers to register as tax collection agents for the collection and remittance of general excise and transient accommodations taxes owed by transient accommodations operators and plan managers using the broker's services.



Your Committee on Conference finds that the State should make more effort to ensure that operators of alternative accommodations, such as those potentially covered by this measure, pay their fair share of applicable transient accommodations taxes and general excise taxes.

Specifically, this measure is intended to increase compliance by operators of alternative accommodations with their obligation to pay transient accommodations taxes and general excise taxes by allowing a transient accommodations broker to collect and remit these taxes on behalf of their operators and plan managers. This measure is not intended to preempt or affect the authority of or exercise by the counties of their land use regulatory powers.

Your Committee on Conference also finds that it is incumbent upon the Department of Taxation to diligently monitor and review the implementation of this measure to ensure that all transient accommodations taxes and general excise taxes are properly paid and to appropriately exercise the Department of Taxation's authority to review and examine the payments and information provided under this measure, so that, prior to the expiration of this measure in five years, the Department of Taxation is able to provide the Legislature with a clear and comprehensive understanding of the effectiveness of this measure.

Your Committee on Conference has amended this measure by:

- (1) Specifying that a registered transient accommodations broker tax collection agent must include, with their filing of monthly or other periodic returns as required by section 237-30, Hawaii Revised Statutes, taxable income, gross transient accommodations rentals, and other information regarding the agent's business activity;
- (2) Clarifying the licensure procedure for a registered transient accommodations broker tax collection agent's represented operators and plan managers;



- (3) Establishing notification and disclosure procedures for transient accommodations broker tax collection agents regarding their notification duties to both operators and plan managers using their services and to the Director of Taxation;
- (4) Amending land use compliance provisions to require operators or plan managers to attest, rather than verify by written certification, verification, or permit issued by an appropriate county agency, that the subject property complies with applicable land use laws;
- (5) Specifying that the provisions of this measure do not compromise the authority of the Department of Taxation to conduct audits, investigations, hearings, or issue subpoenas under section 231-7, Hawaii Revised Statutes;
- (6) Requiring each transient accommodations broker tax collection agent to submit an annual report to the Director of Taxation regarding aggregate data for the total number of operators and plan managers represented by the agent and the total amount of taxes remitted by the agent on a county-by-county basis;
- (7) Establishing a five-year sunset that specifies that the provisions of the measure shall be repealed on December 31, 2021, and shall not apply to taxable years beginning after December 31, 2021; and
- (8) Making technical, nonsubstantive amendments for clarity, consistency, and style.

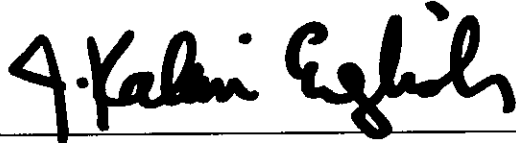
As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1850, H.D. 1, S.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1850, H.D. 1, S.D. 3, C.D. 1.



Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE

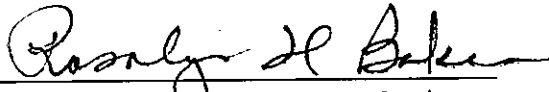
ON THE PART OF THE HOUSE



J. KALANI ENGLISH, Chair



JO JORDAN, Chair



ROSALYN H. BAKER, Co-Chair



JILL N. TOKUDA, Co-Chair



