

STAND. COM. REP. NO. 852-16

Honolulu, Hawaii
March 4, 2016

RE: H.B. No. 1850
H.D. 1

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 1850 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

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.

The Maui Hotel & Lodging Association, Airbnb, and numerous individuals testified in support of this measure. Councilmembers from Districts VII and IX of the City and County of Honolulu, Kailua Neighborhood Board No. 31, Faith Action for Community Equity, SONHawai'i, Keep It Kailua, UNITE HERE Local 5, Hawaii Appleseed Center for Law & Economic Justice, Aloha Aina No Koolauloa, and numerous individuals testified in opposition to this measure. The Department of Taxation (Department), County of Kauai Planning Department, County of Maui Department of Planning, Tax Foundation of Hawaii, Rental By Owner Awareness Association, Hawaii Lodging & Tourism Association, and several individuals provided comments.

HB1850 HD1 HSCR FIN HMS 2016-2184-1




Your Committee has amended this measure by:

- (1) Expanding the reasons the Department may deny an application for registration to include failure to meet minimum criteria set forth by the Department in accordance with the administrative rules process;
- (2) Specifying that registration as a tax collection agent is non-transferable;
- (3) Authorizing the Department to cancel a registration for any cause, rather than any cause authorized by law;
- (4) Removing provisions specifying that registered transient accommodations broker tax collection agents shall not assume the duties, obligations, or liabilities of an operator, plan manager, or provider of transient accommodations solely because of actions authorized under state or county law;
- (5) Permitting registered transient accommodations broker tax collection agents to inquire and ensure that a transient accommodation is in compliance with all pertinent land use laws; and
- (6) Changing the applicable tax dates to begin after December 31, 2016, to allow the Department sufficient time to create and adopt necessary forms and rules.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1850, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1850, H.D. 1, and be placed on the calendar for Third Reading.

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



SYLVIA LUKE, Chair



