

Honolulu, Hawaii March y , 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.



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Your Committee has amended this measure by:

- 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,

LUKE . Chair



State of Hawaii House of Representatives The Twenty-eighth Legislature

HSCR 852-16

Record of Votes of the Committee on Finance

Bill/Resolution No.:	Committee Referral: Date:			
HB1850	FIN 02/23/16			
□ The committee is reconsidering its previo	ous decision on the measure.			
1	namended (as is) Pas	s, with amendments (I mmit for future public		
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)				
2. NISHIMOTO, Scott Y. (VC)			- -	
3. CACHOLA, Romy M.				
4. CULLEN, Ty J.K.				
5. DeCOITE, Lynn				
6. JOHANSON, Aaron Ling				
7. JORDAN, Jo				
8. KEOHOKALOLE, Jarrett				
9. KOBAYASHI, Bertrand	64V7			
10. LoPRESTI, Matthew S.				
11. LOWEN, Nicole E.				405M
12. ONISHI, Richard H.K.				
13. TOKIOKA, James Kunane				
14. YAMASHITA, Kyle T.				
15. POUHA, Feki				
16. WARD, Gene				
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TOTAL (16)		8		
	Adopted If joint referral, did not support recommendation.			
Vice Chair's or designee's signature:				
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