

Honolulu, Hawaii

APR 08 2016

RE: H.B. No. 1850  
H.D. 1  
S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1850, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to address the collection of general excise and transient accommodations taxes.

Specifically, this measure:

- (1) Allows transient accommodations brokers to register as tax collection agents to collect and remit general excise and transient accommodations taxes on behalf of operators and plan managers using their services; and
- (2) Requires transient accommodations brokers to take certain actions to ensure compliance with applicable land use laws.

Your Committee received written comments in support of this measure from Airbnb and one individual.

Your Committee received written comments in opposition to this measure from the Hawaii Appleseed Center for Law and Economic Justice, Kailua Neighborhood Board, Keep it Kailua, Rental by Owner Awareness Association, Save Oahu's Neighborhoods, UNITE HERE Local 5, and sixty-five individuals.



Your Committee received comments on this measure from the Department of Taxation, Department of Planning and Permitting of the City and County of Honolulu, Hawaii Lodging and Tourism Association, Tax Foundation of Hawaii, and one individual.

Your Committee finds that, under certain circumstances, a private person is allowed to act as a tax collection agent. For example, section 237-9, Hawaii Revised Statutes, allows a person engaged in network marketing, multi-level marketing, or other similar business to enter into an agreement with the Department of Taxation to act as a tax collection agent on behalf of its direct sellers. Your Committee believes that similarly allowing transient accommodations brokers to act as tax collection agents on behalf of providers of transient accommodations that utilize their services may facilitate the collection of transient accommodations taxes and general excise taxes.

Your Committee has amended this measure by:

- (1) Changing the date by which the Department of Taxation is required to make application forms available for registration as a transient accommodations broker tax collection agent from ninety days after the effective date of the measure to January 1, 2017;
- (2) Clarifying that only transient accommodations brokers who are registered as tax collection agents are required to take the actions specified in the measure to ensure compliance with applicable land use laws; and
- (3) Making a technical nonsubstantive amendment for the purposes of consistency and clarity.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1850, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1850, H.D. 1, S.D. 2.



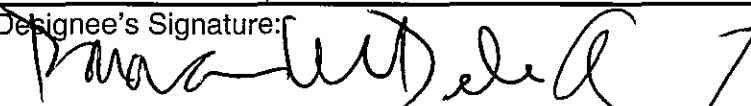
Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
\_\_\_\_\_  
JILL N. TOKUDA, Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

| Bill / Resolution No.:*<br><b>HB 1850, HDI, SDI</b>  | Committee Referral:<br><b>TSI/CPH, WAM</b> | Date:<br><b>3/29/16</b> |          |          |
|--|--|-------------------------|----------|----------|
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure.<br>If so, then the previous decision was to: _____  |  |                         |          |          |
| The Recommendation is:<br><input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313             |  |                         |          |          |
| Members  | Aye  | Aye (WR)                | Nay      | Excused  |
| TOKUDA, Jill N. (C)  | /  |                         |          |          |
| DELA CRUZ, Donovan M. (VC)   | /  |                         |          |          |
| CHUN OAKLAND, Suzanne  |  |                         | /        | /        |
| ENGLISH, J. Kalani   | -  |                         |          | /        |
| GALUTERIA, Brickwood   | /  |                         |          |          |
| HARIMOTO, Breene   | /  |                         |          |          |
| INOUYE, Lorraine R.  | /  |                         |          |          |
| RIVIERE, Gil   | /  |                         | /        |          |
| TANIGUCHI, Brian T.  | /  |                         |          |          |
| WAKAI, Glenn   |  |                         |          | /        |
| SLOM, Sam  | /  |                         |          |          |
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| <b>TOTAL</b>   | <b>7</b>                                   |                         | <b>2</b> | <b>2</b> |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted   |  |                         |          |          |
| Chair's or Designee's Signature:<br>   |  |                         |          |          |
| Distribution:            Original                      Yellow                      Pink                      Goldenrod<br>File with Committee Report    Clerk's Office            Drafting Agency        Committee File Copy |  |                         |          |          |

\*Only one measure per Record of Votes