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To: The Honorable Tom Brower, Chair  
and Members of the House Committee on Tourism

Date: Wednesday, February 4, 2015  
Time: 9:30 A.M.  
Place: Conference Room 312, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: H.B. 999, Relating to Transient Accommodations Tax

The Department of Taxation (Department) appreciates the intent of H.B. 999 offers the following comments for your consideration.

H.B. 999 provides an exemption from Transient Accommodations Tax for gross rental received from individuals seeking temporary lodging while receiving healthcare services or treatment, or received from immediate family members of that individual.

The Department notes that the term "healthcare services" is not defined. For instance, it is unclear whether "healthcare services" includes elective cosmetic procedures. The Department recommends clarifying the term so that there is no confusion as to which healthcare services qualify for the exemption.

Additionally, the Department recommends the following amendment at page 3, lines 15 and 16 of the bill:

or the individual's immediate family members [~~or companions~~], spouse, or civil union partner, for the sole purpose of serving as...

Thank you for the opportunity to provide comments.

# TAXBILLSERVICE

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**SUBJECT:** TRANSIENT ACCOMMODATION, Exempt temporary lodging while receiving healthcare services

**BILL NUMBER:** SB 1252; HB 999 (Identical)

**INTRODUCED BY:** SB by Chun Oakland; HB by Creagan

**BRIEF SUMMARY:** Amends HRS section 237D-3 to provide that the transient accommodations tax shall not be imposed on such accommodations furnished to the individual, or individual's immediate family members or companions while the individual is receiving healthcare services or treatment; provided that the individual is receiving treatment in a county other than where the individual resides.

Directs the director of taxation to determine what shall be deemed acceptable proof of the receipt of such healthcare services.

**EFFECTIVE DATE:** Upon approval

**STAFF COMMENTS:** The proposed measure would provide that the transient accommodation tax (TAT) shall not be imposed on accommodations occupied by an individual's family while the individual is receiving healthcare services in a county other than where the individual resides.

As proposed, if an individual from the north shore of Oahu is receiving treatment in a local hospital in Honolulu, while his family flies in from the mainland, the exemption will not be applicable to the individual's family. In addition, if the individual lived on Lanai and needed to fly to Maui Memorial Hospital for treatment and the family flew in from the mainland, the same result would obtain: no exemption. If these are not the results intended, then the language may have to be fine-tuned a bit more.

Digested 2/3/15



**LATE**

HOUSE OF REPRESENTATIVES  
THE TWENTY-EIGHTH LEGISLATURE  
REGULAR SESSION OF 2015

COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS  
Representative Derek S. K. Kawakami, Chair

2/4/2015  
Rm. 312, 9:00 AM

HB 999  
Relating to Transient Accommodations

Chair Kawakami and Members of this Committee, my name is Max Sword, here on behalf of Outrigger Hotels Hawaii to add our comments to HB 999.

Outrigger Hotels & Resorts has for many years supported organizations such as the American Cancer, the Ronald McDonald House and others by providing either free rooms or rooms at a discounted rate.

While we support any effort to make rooms available for these organizations, either for free or at a discount, we are concerned with the logistics of administering the exemption of the Transient Accommodations Tax.

Who determines who qualifies for the exemption? How will DoTax administrate the over sight of these exemption?

To administrate the exemption will be a headache all around.

Mahalo for allowing use to testify.