

STAND. COM. REP. NO.

590

Honolulu, Hawaii

February 17, 2017

RE: H.B. No. 1471  
H.D. 2

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1471, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Promote ease and efficiency in the collection of transient accommodations and general excise taxes by establishing 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 brokers' services; and
- (2) Allocate Transient Accommodations Tax revenues to the counties for fiscal year 2017-2018 for compliance and enforcement of the Transient Accommodations Tax.

AIRBNB, Oahu Alternative Lodging Association, Rental By Owner Awareness Association, International Longshore and Warehouse Union Local 142, Internet Association, Maui Hotel & Lodging Association, and numerous individuals testified in support of this measure. The Department of Budget and Finance, Department of Planning and

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Permitting of the City and County of Honolulu, Coalition for Equal Taxation, Hilton Hawaii, UNITE HERE Local 5, American Hotel and Lodging Association, and Outrigger Hotels Hawaii testified in opposition to this measure. The Department of Taxation, Office of Hawaiian Affairs, Hawaii Lodging and Tourism Association, and Tax Foundation of Hawaii provided comments.

Your Committee has amended this measure by:


- (1) Requiring, rather than permitting, transient accommodations brokers to act as tax collection agents;
- (2) Requiring that a portion of the Transient Accommodation Tax revenues allocated to the counties be used to comply and enforce county ordinances regulating transient vacation rentals;
- (3) Specifying that transient accommodations brokers shall continue to be subjected to the provisions of Act 204, Session Laws of Hawaii, 2015, unless they enter into a tax collection agreement with the director of taxation;
- (4) Establishing a surcharge tax on transient accommodations brokers to be deposited into the Rental Housing Revolving Fund; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee notes that it has been informed by various testifiers that Act 204, Session Laws of Hawaii, 2015, may be in conflict with the federal Communications Decency Act, 47 U.S.C. § 230 rendering Act 204 invalid and unenforceable. Nevertheless, your Committee finds that this matter is important and deserves further consideration.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1471, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 1471, H.D. 2.



Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,



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ANGUS L.K. MCKELVEY, Chair



