

Honolulu, Hawaii

March 2, 2018

RE: H.B. No. 2605
H.D. 2

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2605, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TRANSIENT ACCOMMODATIONS,"

begs leave to report as follows:

The purpose of this measure is to assist the counties in enforcing transient accommodations and short-term vacation rental laws and ordinances by:

- (1) Establishing a one-year temporary program whereby a county can receive up to \$1,000,000, in transient accommodations revenues if the following conditions are met:
 - (A) Established a real property tax rate that applies only to transient accommodations or short-term vacation rentals;
 - (B) Developed a process to expeditiously issue special use permits and collect all applicable taxes from properties used as transient accommodations or short-term vacation rentals;



- (C) Established a registry to track compliance by and complaints concerning permittees receiving special use permits;
 - (D) Established an expedited process to address violations of zoning laws, special use permits, and ordinances by operators of transient accommodations and short-term vacation rentals;
 - (E) Established an expedited process for filing appeals by parties denied a special use permit; and
 - (F) Enacted legislation to implement the conditions set forth in (A) through (E); and
- (2) Appropriating \$4,000,000, of transient accommodations tax revenues to assist the counties in enforcing all applicable laws and ordinances relating to transient accommodations and short-term vacation rentals.

The Maui County Council Chair, Hawaii County Council Chairwoman, Hawaii County Councilmembers representing Districts 1 and 4, and Leleiwi Community Association supported this measure. Coalition for Equal Taxation and Save O'ahu's Neighborhoods opposed this measure. The Office of the Governor, Department of the Attorney General, Department of Budget and Finance, Hawai'i Tourism Authority, Office of Hawaiian Affairs, Mayor for the County of Hawaii, Land Use Research Foundation of Hawaii, Pacific Resource Partnership, and Tax Foundation of Hawaii offered comments for this measure.

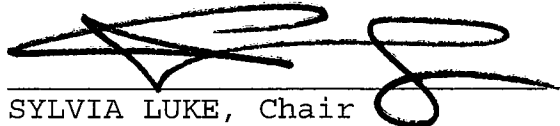
Your Committee has amended this measure by:

- (1) Changing the amount of the appropriation to the counties to an unspecified amount;
- (2) Removing the cap on the amount that a county may receive from the appropriation;
- (3) Changing the effective date to July 1, 2030, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.



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. 2605, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2605, H.D. 2.

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


SYLVIA LUKE, Chair



