

STAND. COM. REP. NO.

2852

Honolulu, Hawaii

MAR 02 2018

RE: S.B. No. 2868
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2868, 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 improve the collection of the transient accommodations tax.

More specifically, this measure amends the definition of "gross rental" or "gross rental proceeds", as used in the transient accommodations tax law, to apply the transient accommodations tax to the share of proceeds received by transient accommodations brokers, travel agencies, and tour packagers in noncommissioned transactions.

Your Committee received written comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that, under current law, when transient accommodations are sold through a transient accommodations broker, travel agency, or tour packager at a noncommissioned negotiated contract rate, the transient accommodations tax is only imposed on the share of the proceeds received by the operator of the transient accommodation. Your Committee also finds that the intent of this measure is to create parity by also applying the transient accommodations tax to the share of proceeds received by



the transient accommodations broker, travel agency, or tour packager. However, as currently drafted, the measure only applies the transient accommodations tax to the share of proceeds received by the transient accommodations broker, travel agency, or tour packager, and not the share received by the operator of the transient accommodation.

Your Committee has amended this measure by:

- (1) Adding provisions to ensure that the transient accommodations tax is applied to the respective shares of proceeds received by operators of transient accommodations, as well as transient accommodations brokers, travel agencies, and tour packagers, in noncommissioned transactions;
- (2) Amending section 237D-2, Hawaii Revised Statutes, to explicitly impose the transient accommodations tax on transient accommodations brokers, travel agencies, and tour packagers;
- (3) Inserting a new section into Chapter 237D, Hawaii Revised Statutes, that requires transient accommodations brokers, travel agencies, and tour packagers to register with the Department of Taxation and pay a \$15 registration fee; and
- (4) Specifying that Chapter 237D, Hawaii Revised Statutes, applies to transient accommodations brokers, travel agencies, and tour packagers in the same manner as it applies to operators of transient accommodations.

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 S.B. No. 2868, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2868, S.D. 2.



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

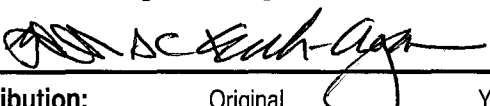


DONOVAN M. DELA CRUZ, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 2868, SDI	Committee Referral: ETT, WAM	Date: 2/28/18		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
GALUTERIA, Brickwood	X			
HARIMOTO, Breene	X			
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i	X			
KIDANI, Michelle N.	X			
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.	X			
WAKAI, Glenn	X			
TOTAL	11			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes