

STAND. COM. REP. NO.

2656

Honolulu, Hawaii

MAR 02 2018

RE: S.B. No. 2999
S.D. 1

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

Sir:

Your Committees on Ways and Means and Economic Development, Tourism, and Technology, to which was referred S.B. No. 2999 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose and intent of this measure is to improve the monitoring, enforcement, and collection of the transient accommodations tax, the general excise tax, and other state taxes and compliance with state and county land use laws.

More specifically:

- (1) Part I of the measure establishes a one-time amnesty program for certain delinquent tax obligations; and
- (2) Part II of the measure:
 - (A) Allows transient accommodations brokers to register as tax collection agents on behalf of their operators and plan managers;
 - (B) Requires registered tax collection agents to inquire with their operators and plan managers as to whether the transient accommodation is in compliance with all state and county land use laws;



- (C) Requires an operator or plan manager to provide verification of compliance with state and county land use laws;
- (D) Requires a transient accommodations broker to remove a transient accommodation advertisement if the operator or plan manager fails to provide verification of compliance with state and county land use laws or upon notice that the property is not in compliance with state law or county ordinance;
- (E) Authorizes counties to disgorge profits obtained through unfair or unlawful business practices;
- (F) Authorizes counties to adopt ordinances to amortize or phase out transient vacation rental units; and
- (G) Allocates an unspecified percentage of general excise tax and transient accommodations tax revenues to the counties, contingent upon establishment of a process to provide verification of compliance by an operator or plan manager with county land use laws.

Your Committees received testimony in support of this measure from the Office of the Governor; Department of Budget and Finance; Department of Business, Economic Development, and Tourism; Department of Taxation; Hawaii Tourism Authority; Office of Hawaiian Affairs; Department of Planning and Permitting of the City and County of Honolulu; the Chairperson of the Hawaii County Council; County of Hawaii Planning Department; the Chairperson of the Maui County Council; County of Maui Department of Planning; a member of the Kauai County Council; County of Kauai Planning Department; AF3IRM Hawaii; American Hotel and Lodging Association; Friends Against Illegal Rentals; Hawaii Appleseed Center for Law and Economic Justice; Hawaii Lodging and Tourism Association; Hilton Hawaii; Keiko Conservation; Marriott International; Maui Hotel and Lodging Association; Maui Tomorrow Foundation; Napili Kai Beach Resort; Oahu Alternative Lodging Association; Outrigger Hotels Hawaii; UNITE HERE Local 5; Waikiki Improvement Association; Waikiki Resort Hotel; and thirty-two individuals.



Your Committees received testimony in opposition to this measure from Condominium Rentals Hawaii; Expedia, Inc.; Hawaii Association of REALTORS; Ice Hawaii LLC; Lokoea Farms; Rental by Owner Awareness Association; Kobayashi Sugita and Goda, LLP, on behalf of Airbnb; and one hundred-two individuals.

Your Committees received comments on this measure from the Mayor of the City and County of Honolulu; Airbnb; Tax Foundation of Hawaii; and nine individuals.

Your Committees believe that the issues of general tax amnesty and improving tax enforcement and compliance are too important to remain in a single legislative vehicle. Your Committees further believe that providing each issue with its own legislative vehicle will allow the Legislature to dedicate the attention needed to craft more effective legislation.

Accordingly, your Committees have amended this measure by:

- (1) Deleting Part II of the measure; and
- (2) Making technical nonsubstantive amendments for the purposes of consistency, clarity, and style.

As affirmed by the records of votes of the members of your Committees on Ways and Means and Economic Development, Tourism, and Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2999, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2999, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committees on Ways and Means
and Economic Development,
Tourism, and Technology,



GLENN WAKAI, Chair

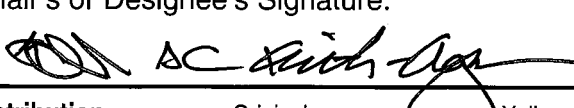


DONOVAN M. DELA CRUZ, Chair



The Senate
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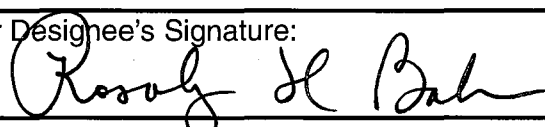
Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB2999	Committee Referral: WAM/ETT	Date: 2/5/18		
<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	10	0	0	1
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

The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Economic Development, Tourism, and Technology
ETT

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Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
BAKER, Rosalyn H.	✓			
GALUTERIA, Brickwood	✓			
THIELEN, Laura H.	✓			
TOTAL	5	-	-	-
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				

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