
A BILL FOR AN ACT

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that tourism has been a
2 critical industry and pillar of Hawaii's modern economy for
3 which the people of Hawaii are fortunate. However, the people
4 of Hawaii are increasingly feeling the negative impact of
5 growing tourism on everyday quality of life for local residents.
6 As Hawaii continues to host record numbers of visitors annually,
7 increasing traffic and crowds, conversion of long term housing
8 units, and wear on public infrastructure, among other impacts,
9 are beginning to take a toll.

10 The legislature further finds that according to the Hawaii
11 tourism authority, the islands now host nearly ten million
12 tourists annually and on average each visitor is spending less
13 while here. With numbers of tourists growing annually,
14 capturing additional dollars from tourists can pay for public
15 services, infrastructure, and other needs that local taxpayers
16 must currently pay for. Such a market-based mechanism to
17 capture additional visitor dollars as tourism increases can help



1 regulate the number of tourists visiting Hawaii and reduce costs
2 to local residents.

3 Therefore, the purpose of this Act is to reduce the cost
4 burden and negative impact from tourism on local residents by
5 adjusting the transient accommodation tax rate annually based on
6 whether the number of tourists visiting Hawaii annually
7 increases or decreases.

8 SECTION 2. Chapter 201, Hawaii Revised Statutes, is
9 amended by adding a new section to part I to be appropriately
10 designated and to read as follows:

11 "§201- Annual visitor report. Beginning on June 30,
12 2020, and each year thereafter, the director of the department
13 shall determine and publish the annual visitor arrivals in the
14 State for the preceding calendar year."

15 SECTION 3. Section 237D-2, Hawaii Revised Statutes, is
16 amended by amending subsection (e) to read as follows:

17 "(e) Notwithstanding the tax rates established in
18 subsections (a)(5) and (c)(3), the tax rates levied, assessed,
19 and collected pursuant to subsections (a) and (c) shall be 10.25
20 per cent for the period beginning on January 1, 2018, to
21 December 31, 2030; provided that:



1 (1) The tax revenues levied, assessed, and collected
2 pursuant to this subsection that are in excess of the
3 revenues realized from the levy, assessment, and
4 collection of tax at the 9.25 per cent rate shall be
5 deposited quarterly into the mass transit special fund
6 established under section 248-2.7; ~~and~~

7 (2) On January 1, 2021, and January 1 of each year
8 thereafter until December 31, 2030, if the total
9 number of visitor arrivals in the State, as determined
10 by the director of business, economic development, and
11 tourism pursuant to section 201- , is:

12 (A) Ten million or greater, then the tax rate of the
13 next calendar year shall be increased by one per
14 cent; or

15 (B) Fewer than ten million, then the tax rate of the
16 next calendar year shall be decreased by two per
17 cent; but shall not fall below 10.25 per cent;

18 and

19 ~~(+2)~~ (3) If a court of competent jurisdiction determines
20 that the amount of county surcharge on state tax
21 revenues deducted and withheld by the State, pursuant



1 to section 248-2.6, violates statutory or
 2 constitutional law and, as a result, awards moneys to
 3 a county with a population greater than five hundred
 4 thousand, then an amount equal to the monetary award
 5 shall be deducted and withheld from the tax revenues
 6 deposited under paragraph (1) into the mass transit
 7 special fund, and those funds shall be a general fund
 8 realization of the State.

9 The remaining tax revenues levied, assessed, and collected
 10 at the 9.25 per cent tax rate pursuant to subsections (a) and
 11 (c) shall be distributed in accordance with section 237D-
 12 6.5(b)."

13 SECTION 4. Statutory material to be repealed is bracketed
 14 and stricken. New statutory material is underscored.

15 SECTION 5. This Act shall take effect upon its approval.
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INTRODUCED BY:

[Handwritten signatures and names: M. A. Allen, R. Bellini, J. Wilton, Nicole E. Lower, C. O. O., J. J. J., and Michael Pittagore]



H.B. NO. 2742

Report Title:

Transient Accommodations Tax; DBEDT; Rate Adjustment; Visitor Arrivals

Description:

Provides for a mechanism to adjust the transient accommodations tax rate based on visitor arrivals for a calendar year. Requires the director of DBEDT to determine and publish visitor arrivals annually.

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