

Honolulu, Hawaii

February 13, 2019

RE: H.B. No. 419

H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Tourism & International Affairs, to which was referred H.B. No. 419 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 laws and ordinances relating to transient accommodations and short-term vacation rentals that are occupied for no more than 180 consecutive days, by establishing a program whereby counties can qualify to receive up to \$1,000,000 from Transient Accommodations Tax (TAT) revenues by:

- (1) Enacting the following implementing ordinances, and notifying the Governor when the conditions are satisfied:
  - (A) Establishing real property tax rates for transient accommodations and short-term vacation rentals;
  - (B) Expediting the issuance of special use permits to, and collecting taxes from, transient accommodations and short-term vacation rentals;
  - (C) Establishing a registry that tracks compliance by special use permittees;



- (D) Expediting the processing of zoning and special use permit violations by operators of transient accommodations and short-term vacation rentals; and
  - (E) Establishing an expedited process, or a contested case hearing in specified cases, to address appeals for special use permit denials;
- (2) Requiring counties that received enforcement appropriations to submit an interim report, prior to the Regular Session of 2020, and a final report by July 20, 2020, relating to enforcement expenditures; and
  - (3) Allocating \$4,000,000 of transient accommodation tax revenues for distribution to qualifying counties.

The Hawaii Lodging & Tourism Association and Maui Hotel & Lodging Association supported this measure. The Department of Budget and Finance, Department of the Attorney General, and Tax Foundation of Hawaii submitted comments on this measure.

Your Committee has amended this measure by:

- (1) Increasing the time period from ten days to thirty days after the Governor receives county notice that it has complied with the allocation conditions, within which the Governor must instruct the Director of Finance to determine whether the county's compliance is satisfactory;
- (2) Clarifying that the disbursements of TAT revenues to the counties are allocations, rather than appropriations; and
- (3) Changing its effective date to July 1, 2099, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Tourism & International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 419, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 419, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on  
behalf of the members of the  
Committee on Tourism &  
International Affairs,

  
RICHARD H.K. ONISHI, Chair



