

Honolulu, Hawaii

MAR 22 2019

RE: H.B. No. 419
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committees on Energy, Economic Development, and Tourism and Public Safety, Intergovernmental, and Military Affairs, to which was referred H.B. No. 419, H.D. 2, entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Provide that a county shall be eligible to receive an allocation of transient accommodations tax revenues from the State for the purpose of enforcing all applicable laws and ordinances relating to transient accommodations, provided that no funds shall be released to a county until it has satisfactorily complied with certain specified conditions; and
- (2) Require reports from counties receiving funds for enforcement of transient accommodations and short-term vacation rentals ordinances.

Your Committees received testimony in support of this measure from the Department of Planning of the County of Kaua'i, Kohala Coast Resort Association, and Maui Hotel & Lodging Association. Your Committees received testimony in opposition to this measure



from one individual. Your Committees received comments on this measure from the Tax Foundation of Hawaii.

Prior to decision making on this measure, your Committees made available for public review a proposed S.D. 1, which retains the contents of this measure and inserts additional provisions that:

- (1) Amend the definition of "transient accommodations" to include additional forms of transient accommodations;
- (2) Make it unlawful for a hosting platform to provide, and collect a fee for, booking services regarding transient accommodations if the operator or plan manager is not registered with the Director of Taxation;
- (3) Amend requirements relating to transient accommodations tax certificates of registration to ensure greater transparency; and
- (4) Allow a transient accommodations broker to register as a general excise and transient accommodations tax collection agent for its operators and plan managers.

Your Committees received testimony in support of the proposed S.D. 1 from the Department of Planning and Permitting of the City and County of Honolulu, American Hotel & Lodging Association, Hawai'i Lodging & Tourism Association, and Marriott International. Your Committees received testimony in opposition to this measure from Airbnb. Your Committees received comments on this measure from the Department of the Attorney General, Department of Taxation, Department of Budget and Finance, and Expedia Group.

Your Committees find that the proposed S.D. 1 improves enforcement of land use regulations relating to transient accommodations, while facilitating the collection of tax revenue from transient accommodations, which will improve transparency, enforcement, and accountability in the transient accommodations industry while preserving the quality of life for Hawaii's residents and visitors.

Your Committees have amended this measure by adopting the proposed S.D. 1 and further amending the measure by:



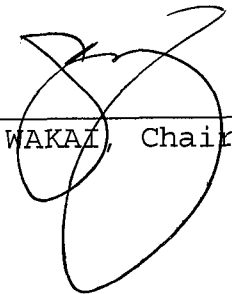
- (1) Changing references to "special use permits" in section 1 to refer instead to zoning permits issued pursuant to the respective county zoning ordinances;
- (2) Amending the quarterly data reporting requirement for transient accommodations brokers, hosting platforms, and booking services in section 237D-4, Hawaii Revised Statutes, as follows:
 - (A) Changing its statutory placement to chapter 201, Hawaii Revised Statutes, to reflect the submission of the reports to the Department of Business, Economic Development, and Tourism;
 - (B) Specifying that the data reported shall include the number of nights stayed per booking; and
 - (C) Removing the provision that would have subjected an entity in non-compliance with the reporting requirement to a citation process;
- (3) Changing the defective date to January 1, 2020; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Energy, Economic Development, and Tourism and Public Safety, Intergovernmental, and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 419, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 419, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Energy, Economic
Development, and Tourism and
Public Safety,
Intergovernmental, and Military
Affairs,



CLARENCE K. NISHIHARA, Chair


GLENN WAKAI, Chair



The Senate
Thirtieth Legislature
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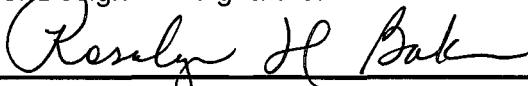
Record of Votes
Committee on Energy, Economic Development, and Tourism
EET

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 419 HD2	EET/PSM, WAM	3/20/19		
<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
WAKAI, Glenn (C)	X			
TANIGUCHI, Brian T. (VC)				X
INOUYE, Lorraine R.	X			
KEOHOKALOPE, Jarrett	X			
FEVELLA, Kurt	X			
TOTAL	4			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
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Public Safety, Intergovernmental, and Military Affairs
PSM

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<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
NISHIHARA, Clarence K. (C)	✓			
WAKAI, Glenn (VC)	✓			
BAKER, Rosalyn H.	✓			
HARIMOTO, Breene				✓
FEVELLA, Kurt	✓			
TOTAL	4	-	-	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

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