

Honolulu, Hawaii

, 2020

MAR 13

RE: S.B. No. 2922
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Tourism & International Affairs, to which was referred S.B. No. 2922, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to simplify and streamline administration of the transient accommodations tax (TAT) by:

- (1) Broadening the definition of "operator" to include any person operating a transient accommodation or engaging or continuing in any service business that results in the collection of receipts defined as gross rental proceeds under the TAT law;
- (2) Replacing the term "operator or plan manager" with "person" or "taxpayer" to ensure no technical defenses or loopholes to any TAT provisions have been created since the imposition of the TAT on transient accommodations brokers, travel agents, and tour packagers enacted by Act 211, Session Laws of Hawaii 2018;
- (3) Repealing the misdemeanor for failing to obtain a TAT registration identification number and replacing the



misdemeanor with a monetary fine to be consistent with similar violations under the general excise tax law;

- (4) Applying personal liability for certain controlling officers under section 237-41.5, Hawaii Revised Statutes, to taxpayers and others affected or covered by the TAT law; and
- (5) Removing outdated provisions requiring taxpayers to file and pay at specific taxation districts.

Your Committee received testimony in support of this measure from the Department of Taxation. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that many provisions of the TAT law are out of date and must be updated. Your Committee further finds that by making necessary updates and replacing the misdemeanor penalty for failure to register to engage or continue in the business of furnishing transient accommodations or as a plan manager with a fine structure, this measure will streamline TAT laws and make the penalty for failure to register consistent with similar violations under the general excise tax law.

Your Committee has amended this measure by:

- (1) Changing the effective date to upon approval; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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 S.B. No. 2922, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2922, S.D. 2, H.D. 1, and be referred to your Committee on Judiciary.



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



RICHARD H.K. ONISHI, Chair



