
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that the operation of
2 transient vacation rental units in areas that are not zoned as
3 resort areas creates adverse impacts in the affected areas. The
4 legislature further finds that additional funds are necessary to
5 mitigate these adverse impacts.

6 Accordingly, the purpose of this Act is to establish a
7 surcharge on the state transient accommodations tax for
8 transient vacation rental units located outside a zoned resort
9 area.

10 SECTION 2. Section 237D-1, Hawaii Revised Statutes, is
11 amended as follows:

12 1. By adding four new definitions to be appropriately
13 inserted and to read:

14 "Booking service" means any reservation or payment service
15 provided by a person or entity that facilitates a transient
16 vacation rental transaction between an operator and a
17 prospective renter, and for which the person or entity collects



1 or receives, directly or indirectly through an agent or
2 intermediary, a fee in connection with the reservation or
3 payment services provided for the transient vacation rental
4 transaction.

5 "County" means the city and county of Honolulu and the
6 counties of Hawaii, Kauai, and Maui; provided that the county of
7 Maui shall include the county of Kalawao for the purposes of
8 this section.

9 "Hosting platform" means a person or entity that
10 participates in the transient vacation rental business by
11 providing, and collecting or receiving a fee for, booking
12 services through which an operator may offer a transient
13 vacation rental unit. Hosting platforms usually, though not
14 necessarily, provide booking services through an online platform
15 that allows an operator to advertise the transient vacation
16 rental unit through a website provided by the hosting platform
17 and the hosting platform conducts a transaction by which
18 potential renters arrange use and payment, whether the renter
19 pays rent directly to the operator or to the hosting platform.

20 "Transient vacation rental" means "short-term rental home",
21 "short-term vacation rental", "transient vacation rental",



1 "transient vacation unit", or "transient vacation use", as
2 defined by county ordinance."

3 2. By amending the definition of "operator" to read:

4 "Operator" means any person operating a transient
5 accommodation[-] or transient vacation rental, whether as owner
6 or proprietor or as lessee, sublessee, mortgagee in possession,
7 licensee, or otherwise, or engaging or continuing in any service
8 business which involves the actual furnishing of transient
9 accommodation[-] or transient vacation rental."

10 SECTION 3. Section 237D-2, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "§237D-2 Imposition and rates. (a) There is levied and
13 shall be assessed and collected each month a tax of:

14 (1) Five per cent for the period beginning on January 1,
15 1987, to June 30, 1994;

16 (2) Six per cent for the period beginning on July 1, 1994,
17 to December 31, 1998;

18 (3) 7.25 per cent for the period beginning on January 1,
19 1999, to June 30, 2009;

20 (4) 8.25 per cent for the period beginning on July 1,
21 2009, to June 30, 2010; and



1 (5) 9.25 per cent for the period beginning on July 1,
2 2010, and thereafter;
3 on the gross rental or gross rental proceeds derived from
4 furnishing transient accommodations.

5 (b) Every transient accommodations broker, travel agency,
6 and tour packager who arranges transient accommodations at
7 noncommissioned negotiated contract rates and every operator or
8 other taxpayer who receives gross rental proceeds shall pay to
9 the State the tax imposed by subsection (a), as provided in this
10 chapter.

11 (c) There is levied and shall be assessed and collected
12 each month, on the occupant of a resort time share vacation
13 unit, a transient accommodations tax of:

14 (1) 7.25 per cent on the fair market rental value until
15 December 31, 2015;

16 (2) 8.25 per cent on the fair market rental value for the
17 period beginning on January 1, 2016, to December 31,
18 2016; and

19 (3) 9.25 per cent on the fair market rental value for the
20 period beginning on January 1, 2017, and thereafter.



1 (d) Every plan manager shall be liable for and pay to the
2 State the transient accommodations tax imposed by subsection (c)
3 as provided in this chapter. Every resort time share vacation
4 plan shall be represented by a plan manager who shall be subject
5 to this chapter.

6 (e) Notwithstanding the tax rates established in
7 subsections (a) (5) and (c) (3), the tax rates levied, assessed,
8 and collected pursuant to subsections (a) and (c) shall be 10.25
9 per cent for the period beginning on January 1, 2018, to
10 December 31, 2030; provided that:

11 (1) The tax revenues levied, assessed, and collected
12 pursuant to this subsection that are in excess of the
13 revenues realized from the levy, assessment, and
14 collection of tax at the 9.25 per cent rate shall be
15 deposited quarterly into the mass transit special fund
16 established under section 248-2.7; and

17 (2) If a court of competent jurisdiction determines that
18 the amount of county surcharge on state tax revenues
19 deducted and withheld by the State, pursuant to
20 section 248-2.6, violates statutory or constitutional
21 law and, as a result, awards moneys to a county with a



1 population greater than five hundred thousand, then an
2 amount equal to the monetary award shall be deducted
3 and withheld from the tax revenues deposited under
4 paragraph (1) into the mass transit special fund, and
5 those funds shall be a general fund realization of the
6 State.

7 The remaining tax revenues levied, assessed, and collected
8 at the 9.25 per cent tax rate pursuant to subsections (a) and
9 (c) shall be deposited into the general fund in accordance with
10 section 237D-6.5(b).

11 (f) Beginning January 1, 2025, with regard to a transient
12 vacation rental located outside of a zoned resort area, an
13 additional surcharge shall be applied to taxes levied, assessed,
14 and collected pursuant to subsections (a), (c), and (e). The
15 amount of the surcharge shall be equal to the greater of:

16 (1) Five per cent on the gross rental or gross rental
17 proceeds derived from furnishing transient
18 accommodations;

19 (2) Five per cent on the fair market rental value of a
20 resort time share vacation unit; or

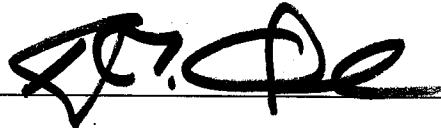
21 (3) \$25 per day."



1 SECTION 4. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect on January 1, 2025.
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INTRODUCED BY:

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JAN 24 2024



H.B. NO. 2778

Report Title:

Transient Accommodations Tax; Transient Vacation Rentals; Resort Areas; Surcharge

Description:

Establishes a surcharge on the state transient accommodations tax for transient vacation rental units located outside a zoned resort area.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

