
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 transient accommodations tax for transient
8 vacation rental units located outside a zoned resort area.

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

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

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



1 intermediary, a fee in connection with the reservation or
2 payment services provided for the transient vacation rental
3 transaction.

4 "County" means the city and county of Honolulu and the
5 counties of Hawaii, Kauai, and Maui; provided that the county of
6 Maui includes the county of Kalawao.

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

18 "Transient vacation rental" means "short-term rental home",
19 "short-term vacation rental", "transient vacation rental",
20 "transient vacation unit", or "transient vacation use", as
21 defined by county ordinance."



1 2. By amending the definition of "operator" to read:
2 ""Operator" means any person operating a transient
3 accommodation[~~7~~] or transient vacation rental, whether as owner
4 or proprietor or as lessee, sublessee, mortgagee in possession,
5 licensee, or otherwise, or engaging or continuing in any service
6 business which involves the actual furnishing of a transient
7 accommodation[~~-~~] or transient vacation rental."

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

10 "**§237D-2 Imposition and rates.** (a) There is levied and
11 shall be assessed and collected each month a tax of:

- 12 (1) Five per cent for the period beginning on January 1,
13 1987, to June 30, 1994;
- 14 (2) Six per cent for the period beginning on July 1, 1994,
15 to December 31, 1998;
- 16 (3) 7.25 per cent for the period beginning on January 1,
17 1999, to June 30, 2009;
- 18 (4) 8.25 per cent for the period beginning on July 1,
19 2009, to June 30, 2010; and
- 20 (5) 9.25 per cent for the period beginning on July 1,
21 2010, and thereafter;



1 on the gross rental or gross rental proceeds derived from
2 furnishing transient accommodations.

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

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

12 (1) 7.25 per cent on the fair market rental value until
13 December 31, 2015;

14 (2) 8.25 per cent on the fair market rental value for the
15 period beginning on January 1, 2016, to December 31,
16 2016; and

17 (3) 9.25 per cent on the fair market rental value for the
18 period beginning on January 1, 2017, and thereafter.

19 (d) Every plan manager shall be liable for and pay to the
20 State the transient accommodations tax imposed by subsection (c)
21 as provided in this chapter. Every resort time share vacation



1 plan shall be represented by a plan manager who shall be subject
2 to this chapter.

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

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

14 (2) If a court of competent jurisdiction determines that
15 the amount of county surcharge on state tax revenues
16 deducted and withheld by the State, pursuant to
17 section 248-2.6, violates statutory or constitutional
18 law and, as a result, awards moneys to a county with a
19 population greater than five hundred thousand, then an
20 amount equal to the monetary award shall be deducted
21 and withheld from the tax revenues deposited under



1 paragraph (1) into the mass transit special fund, and
2 those funds shall be a general fund realization of the
3 State.

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

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

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

18 (2) \$25 per day."

19 SECTION 4. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 5. This Act shall take effect on January 1, 3000.



H.B. NO. 2778 H.D. 1

Report Title:

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

Description:

Establishes a surcharge on the transient accommodations tax for transient vacation rental located outside a zoned resort area. Effective 1/1/3000. (HD1)

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