HOUSE OF REPRESENTATIVES
THIRTY-SECOND LEGISLATURE, 2024
STATE OF HAWAII

H.B. NO. 2081

A BILL FOR AN ACT

RELATING TO GOVERNMENT.

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

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

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

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

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

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

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

(5) 9.25 per cent for the period beginning on July 1, 2010[~~, and thereafter;~~]; and

(6) 10.25 per cent for the period beginning on July 1, 2024, and thereafter;

on the gross rental or gross rental proceeds derived from furnishing transient accommodations[~~.~~]<u>; provided that if the amount of transient accommodations tax calculated pursuant to paragraph (6) is less than $50, the tax shall be $50 per transient accommodation, and no portion of the $50 shall be deemed to be in excess of the revenues realized from the levy, assessment, and collection of tax at the 10.25 per cent rate for purposes of subsection (e).</u>

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

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

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

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

(3) 9.25 per cent on the fair market rental value for the period beginning on January 1, 2017[~~, and thereafter.~~]<u>; and</u>

<u>(4) 10.25 per cent on the fair market rental value for the period beginning on January 1, 2025;</u>

<u>provided that if the amount of transient accommodations tax calculated pursuant to paragraph (4) is less than $50, the tax shall be $50 per resort time share vacation unit, and no portion of the $50 shall be deemed to be in excess of the revenues realized from the levy, assessment, and collection of tax at the 10.25 per cent rate for purposes of subsection (e).</u>

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

(e) Notwithstanding the tax rates established in subsections [~~(a)(5)~~] <u>(a)(6)</u> and [~~(c)(3),~~] <u>(c)(4)</u> the tax rates levied, assessed, and collected pursuant to subsections (a) and (c) shall be [~~10.25~~] 11.25 per cent for the period beginning on January 1, 2018, to December 31, 2030; provided that:

(1) The tax revenues levied, assessed, and collected pursuant to this subsection that are in excess of the revenues realized from the levy, assessment, and collection of tax at the [~~9.25~~] 10.25 per cent rate shall be deposited quarterly into the mass transit special fund established under section 248-2.7; and

(2) If a court of competent jurisdiction determines that the amount of county surcharge on state tax revenues deducted and withheld by the State, pursuant to section 248-2.6, violates statutory or constitutional law and, as a result, awards moneys to a county with a population greater than five hundred thousand, then an amount equal to the monetary award shall be deducted and withheld from the tax revenues deposited under paragraph (1) into the mass transit special fund, and those funds shall be a general fund realization of the State.

The remaining tax revenues levied, assessed, and collected at the [~~9.25~~] 10.25 per cent tax rate or at $50 pursuant to subsections (a) and (c) shall be deposited into the general fund in accordance with section 237D-6.5(b)."

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of $ or so much thereof as may be necessary for fiscal year 2024-2025 to protect, manage, and restore the State's natural resources, including native forests; native plants and animals; aquatic resources; costal lands; and freshwater resources.

The sum appropriated shall be expended by the department of land and natural resources for the purposes of this Act.

SECTION 3. In accordance with section 9 of article VII of the Hawaii State Constitution and sections 37-91 and 37-93, Hawaii Revised Statutes, the legislature has determined that the appropriations contained in H.B. No. , will cause the state general fund expenditure ceiling for fiscal year 2024-2025 to be exceeded by $ or per cent. In addition, the appropriation contained in this Act will cause the general fund expenditure ceiling for fiscal year 2024-2025 to be further exceeded by $ or per cent. The combined total amount of general fund appropriations contained in only these two Acts will cause the state general fund expenditure ceiling for fiscal year 2024-2025 to be exceeded by $ or per cent. The reasons for exceeding the general fund expenditure ceiling are that:

(1) The appropriation made in this Act is necessary to serve the public interest; and

(2) The appropriation made in this Act meets the needs addressed by this Act.

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

SECTION 5. This Act shall take effect on July 1, 2024.

INTRODUCED BY: Linda Ichiyama

JAN 19 2024

H.B. NO. 2081

Report Title:
Transient Accommodations Tax; Minimum Tax; Increase; DLNR; Natural Resources; Appropriation; Expenditure Ceiling

Description:
Increases the transient accommodation tax rate to 10.25 per cent beginning on 1/1/2025. Requires a minimum $50 transient accommodation tax to be levied for each transient accommodation or resort time share vacation unit furnished and which shall be deposited into the general fund. Appropriates funds to DLNR for protection, management, and restoration of the State's natural resources.

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