
A BILL FOR AN ACT

RELATING TO TAX REVENUES.

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

1 SECTION 1. Section 213, Hawaiian Homes Commission Act,
2 1920, as amended, is amended by amending subsection (c) to read
3 as follows:
4 "(c) Hawaiian home general loan fund. Moneys appropriated
5 by the legislature for the construction of homes but not
6 otherwise set aside for a particular fund, for construction of
7 replacement homes, for home repairs or additions, or for the
8 development and operation of a farm, ranch, or aquaculture
9 operation; moneys transferred from other funds; moneys received
10 pursuant to section 237D-2(f), Hawaii Revised Statutes; and
11 installments of principal paid by the lessees upon loans made to
12 them from this fund, or as payments representing reimbursements
13 on account of advances, but not including interest on such loans
14 or advances, shall be deposited into this fund. The moneys in
15 the fund shall be used for purposes enumerated in section 214
16 and for payments provided in section 209; provided that, in



1 addition to the conditions enumerated in section 215, farm loans
2 shall be subject to the following conditions:

3 (1) To be eligible for a farm loan the applicant shall
4 derive, or present an acceptable plan to derive, a
5 major portion of the applicant's income from farming;

6 (2) Farm loans made for the purpose of soil and water
7 conservation shall not exceed \$20,000 and shall be for
8 a term not to exceed ten years;

9 (3) Subsidies and grants or cost-sharing funds entitled
10 and received by the lessee for soil and water
11 conservation purposes shall be assigned to the
12 department for the repayment of the outstanding farm
13 indebtedness; and

14 (4) The lessee shall carry out recommended farm management
15 practices approved by a qualified agricultural agency.

16 The department may create an account within this fund to
17 support the guarantee of repayment of loans made by government
18 agencies or private lending institutions to a holder of a lease
19 under section 207(a) or license issued under section
20 207(c) (1) (B) .



1 The department may create an account within this fund for
2 moneys borrowed from government agencies or private lending
3 institutions to be used for any of the purposes enumerated in
4 section 214. Installments of principal and that part of the
5 interest equal to the interest charged to the department by the
6 lender paid by the lessees on the loans made to them from this
7 account shall be deposited into the same account. Any
8 additional interest or other earnings arising out of investments
9 from this account shall be credited to and deposited into the
10 Hawaiian home receipts fund."

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

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

15 (1) Five per cent for the period beginning on January 1,
16 1987, to June 30, 1994;

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

19 (3) 7.25 per cent for the period beginning on January 1,
20 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, to December 31, 2025; and ~~[thereafter;]~~

(6) 10.25 per cent for the period beginning on January 1,
2026, and thereafter;

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

(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;



1 (2) 8.25 per cent on the fair market rental value for the
2 period beginning on January 1, 2016, to December 31,
3 2016; ~~and~~

4 (3) 9.25 per cent on the fair market rental value for the
5 period beginning on January 1, 2017, to December 31,
6 2025; and ~~[thereafter.]~~

7 (4) 10.25 per cent on the fair market rental value for the
8 period beginning on January 1, 2026, and thereafter.

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

14 (e) Notwithstanding the tax rates established in
15 subsections ~~[(a)-(5)]~~ (a) and ~~[(e)-(3)],~~ (c) the tax rates levied,
16 assessed, and collected pursuant to subsections (a) and (c)
17 shall be ~~[10.25 per cent]~~ increased by one percentage point for
18 the period beginning on January 1, 2018, to December 31, 2030;
19 provided that:

20 (1) The tax revenues levied, assessed, and collected
21 pursuant to this subsection that are in excess of the



1 lower revenues that otherwise would have been realized
2 from the levy, assessment, and collection of tax at
3 the ~~[9.25 per cent rate]~~ rates established pursuant to
4 subsections (a) and (c) shall be deposited quarterly
5 into the mass transit special fund established under
6 section 248-2.7; and

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

18 (f) Tax revenues levied, assessed, and collected pursuant
19 to the rates in subsections (a) (6) and (c) (4) that are in excess
20 of the lower revenues that otherwise would have been realized
21 under the tax rates effective under subsections (a) (5) and



1 (c) (3) shall be deposited quarterly into the Hawaiian home
2 general loan fund established pursuant to section 213 of the
3 Hawaiian Homes Commission Act, 1920, as amended.

4 (g) The [remaining] tax revenues levied, assessed, and
5 collected at the [9.25 per cent] tax [rate] rates established
6 pursuant to subsections (a) and (c), other than the revenues
7 required to be deposited pursuant to subsections (e) and (f),
8 shall be deposited [into the general fund in accordance with]
9 and distributed pursuant to section 237D-6.5(b)."

10 SECTION 3. Section 237D-6.5, Hawaii Revised Statutes, is
11 amended by amending subsection (b) to read as follows:

12 "(b) Except for the revenues collected pursuant to section
13 237D-2(e) [~~r~~] and (f), revenues collected under this chapter
14 shall be distributed in the following priority, with the excess
15 revenues to be deposited into the general fund:

16 (1) \$1,500,000 shall be allocated to the Turtle Bay
17 conservation easement special fund beginning July 1,
18 2015, for the reimbursement to the state general fund
19 of debt service on reimbursable general obligation
20 bonds, including ongoing expenses related to the
21 issuance of the bonds, the proceeds of which were used



to acquire the conservation easement and other real property interests in Turtle Bay, Oahu, for the protection, preservation, and enhancement of natural resources important to the State, until the bonds are fully amortized;

(2) \$11,000,000 shall be allocated to the convention center enterprise special fund established under section 201B-8;

(3) An allocation shall be deposited into the tourism emergency special fund, established in section 201B-10, in a manner sufficient to maintain a fund balance of \$5,000,000 in the tourism emergency special fund; and

(4) \$3,000,000 shall be allocated to the special land and development fund established under section 171-19; provided that the allocation shall be expended in accordance with the Hawaii tourism authority strategic plan for:

(A) The protection, preservation, maintenance, and enhancement of natural resources, including beaches, important to the visitor industry;



1 (B) Planning, construction, and repair of facilities;
2 and
3 (C) Operation and maintenance costs of public lands,
4 including beaches, connected with enhancing the
5 visitor experience.

6 All transient accommodations taxes shall be paid into the
7 state treasury each month within ten days after collection and
8 shall be kept by the state director of finance in special
9 accounts for distribution as provided in this subsection."

10 SECTION 4. This Act does not affect rights and duties that
11 matured, penalties that were incurred, and proceedings that were
12 begun before its effective date.

13 SECTION 5. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 6. This Act shall take effect upon its approval.

16

INTRODUCED BY:



JAN 17 2025



H.B. NO. 604

Report Title:

TAT; HHCA; Tax Revenues; Deposits; Hawaiian Home General Loan Fund

Description:

Beginning on 1/1/2026, increases transient accommodations tax rates by 1 percentage point. Deposits the increased revenues into the Hawaiian Home General Loan Fund established under the Hawaiian Homes Commission Act, 1920, as amended.

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