

ACT 103

S.B. NO. 1186

A Bill for an Act Relating to the Transient Accommodations Tax.

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 July 1, 1994, to December 31, 1998; and
- (3) 7.25 per cent for the period beginning on January 1, 1999, and thereafter;

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

(b) There is levied and shall be assessed and collected each month an additional:

- (1) One per cent for the period beginning July 1, 2009, to June 30, 2010; and
- (2) Two per cent for the period beginning July 1, 2010, to June 30, 2015;

on the gross rental or gross rental proceeds derived from furnishing transient accommodations. The rate levied and assessed under this subsection shall be additional to the rate levied and assessed under ~~[section 237D-2(a)(3)-]~~ subsection (a)(3).

(c) There is levied and shall be assessed and collected each month a daily tax of \$10 for every transient accommodation that is furnished on a complimentary or gratuitous basis, or otherwise at no charge, including transient accommodations furnished as part of a package.

~~[(e)]~~ (d) Every operator shall pay to the State the tax imposed by subsections (a) ~~[and]~~, (b), and (c), as applicable, as provided in this chapter.

~~[(d)]~~ (e) 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 7.25 per cent on the fair market rental value.

~~[(e)]~~ (f) Every plan manager shall be liable for and pay to the State the transient accommodations tax imposed by subsection ~~[(d)]~~ (e) 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.”

SECTION 2. Section 237D-6.5, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) Revenues collected under this chapter, except for revenues collected under section 237D-2(b), shall be distributed as follows, with the excess revenues to be deposited into the general fund:

- (1) 17.3 per cent of the revenues collected under this chapter shall be deposited into the convention center enterprise special fund established under section 201B-8; provided that beginning January 1, 2002, if the amount of the revenue collected under this paragraph exceeds \$33,000,000 in any calendar year, revenues collected in excess of \$33,000,000 shall be deposited into the general fund;
- (2) 34.2 per cent of the revenues collected under this chapter shall be deposited into the tourism special fund established under section 201B-11 for tourism promotion and visitor industry research; provided that for any period beginning on July 1, 2011, and ending on June 30, 2015, no more than \$69,000,000 per fiscal year shall be deposited into the tourism special fund established under section 201B-11; and provided further that beginning on July 1, 2002, of the first \$1,000,000 in revenues deposited:

- (A) Ninety per cent shall be deposited into the state parks special fund established in section 184-3.4; and
- (B) Ten per cent shall be deposited into the special land and development fund established in section 171-19 for the Hawaii statewide trail and access program;

provided that of the 34.2 per cent, 0.5 per cent shall be transferred to a sub-account in the tourism special fund to provide funding for a safety and security budget, in accordance with the Hawaii tourism strategic plan 2005-2015; provided further that of the revenues remaining in the tourism special fund after revenues have been deposited as provided in this paragraph and except for any sum authorized by the legislature for expenditure from revenues subject to this paragraph, beginning July 1, 2007, funds shall be deposited into the tourism emergency trust fund, established in section 201B-10, in a manner sufficient to maintain a fund balance of \$5,000,000 in the tourism emergency trust fund; and

- (3) 44.8 per cent of the revenues collected under this chapter shall be transferred as follows: Kauai county shall receive 14.5 per cent, Hawaii county shall receive 18.6 per cent, city and county of Honolulu shall receive 44.1 per cent, and Maui county shall receive 22.8 per cent[-]; provided that for any period beginning on July 1, 2011, and ending on June 30, 2015, the total amount transferred to the counties shall not exceed \$93,000,000 per fiscal year.

Revenues collected under section 237D-2(b) shall be deposited into the general fund. All transient accommodations taxes shall be paid into the state treasury each month within ten days after collection and shall be kept by the state director of finance in special accounts for distribution as provided in this subsection.”

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect on July 1, 2011; provided that section 2 of this Act shall be repealed on June 30, 2015, and section 237D-6.5, Hawaii Revised Statutes, shall be reenacted in the form in which it read on June 30, 2009, pursuant to Act 61, Session Laws of Hawaii 2009.

(Approved June 9, 2011.)