
A BILL FOR AN ACT

RELATING TO TRANSIENT ACCOMMODATIONS TAX.

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

1 SECTION 1. The legislature finds that the State needs a
2 better reporting system with respect to transient accommodations
3 tax revenues collected from residential properties. Better
4 reporting will enable the State to provide a more comprehensive
5 tax system that is more equitable and cost-effective. In
6 addition, better enforcement is needed to ensure that owners of
7 vacation rentals and bed and breakfast establishments comply
8 with the transient accommodations tax law.

9 The purpose of this Act is to, among other things:

10 (1) Require the department of taxation to coordinate with
11 the Hawaii tourism authority and each respective
12 county to identify owners of residential properties
13 subject to the transient accommodations tax who
14 operate vacation rentals -- where the owner does not
15 reside on the property -- and bed and breakfast
16 establishments -- where the owner resides on the
17 property;



- 1 (2) Allow the department of taxation to coordinate with
2 the Hawaii tourism authority and each respective
3 county to conduct audits of the owners of residential
4 properties who operate vacation rentals and bed and
5 breakfast establishments and take other administrative
6 and enforcement actions necessary to ensure compliance
7 with applicable statutes, rules, ordinances, and other
8 provisions of the law relating to the transient
9 accommodations tax;
- 10 (3) Require the counties and the Hawaii tourism authority
11 to share certain transient accommodations information
12 with the department of taxation;
- 13 (4) Require the department of taxation to report annually
14 to the legislature on:
- 15 (A) Transient accommodations tax revenues received
16 from owners of residential properties who operate
17 vacation rentals and bed and breakfast
18 establishments; and
- 19 (B) The estimated amount of general excise tax and
20 transient accommodations tax revenue that is
21 uncollected, and therefore lost, due to the lack
22 of county enforcement of the tax laws;



- 1 (5) Require the department of taxation to review the forms
 2 and process relating to the collection of the
 3 transient accommodations tax from vacation rentals and
 4 bed and breakfast establishments and submit a report
 5 on the results of the review to the legislature at
 6 least twenty days before the regular session of 2008;
 7 provided that the report also contain recommendations
 8 on the appropriate funding mechanism, to include
 9 consideration of revenue collected from the transient
 10 accommodations tax, to reimburse counties for the
 11 costs associated with implementing this Act; and
- 12 (6) Appropriate funds to the department of taxation for
 13 additional investigations.

14 SECTION 2. Chapter 237D, Hawaii Revised Statutes, is
 15 amended by adding a new section to be appropriately designated
 16 and to read as follows:

17 **"§237D- Vacation rentals and bed and breakfast**
 18 **establishments; enforcement; reporting.** (a) The department
 19 shall coordinate with the Hawaii tourism authority and each
 20 county to identify owners of residential properties subject to
 21 this chapter who operate:



1 (1) Vacation rentals, that is, when the owner does not
2 reside on the property; and

3 (2) Bed and breakfast establishments, that is, when the
4 owner resides on the property.

5 (b) The department may coordinate with the Hawaii tourism
6 authority and each county to conduct general excise and income
7 tax audits of the owners of residential property subject to this
8 chapter who operate vacation rentals or bed and breakfast
9 establishments and take other administrative and enforcement
10 actions necessary to ensure compliance with applicable statutes,
11 rules, ordinances, and other provisions of this chapter.

12 (c) The counties and the Hawaii tourism authority shall
13 provide to the department the location of vacation rentals or
14 bed and breakfast establishments subject to the taxes under this
15 chapter; provided that the department shall not release any
16 personal information regarding the taxes collected under this
17 chapter.

18 (d) The department shall report annually to the
19 legislature on:

20 (1) Tax revenues received under this chapter from owners
21 of residential properties subject to this chapter who



1 operate vacation rentals or bed and breakfast
2 establishments, or both; and
3 (2) The estimated amount of general excise tax and
4 transient accommodations tax revenue that is
5 uncollected, and therefore lost, due to the lack of
6 county enforcement of the tax laws;

7 (e) For the purposes of this section, the counties shall
8 establish criteria:

- 9 (1) To identify vacation rentals and bed and breakfast
10 establishments; and
11 (2) For the permitting of vacation rentals and bed and
12 breakfast establishments."

13 SECTION 3. Section 201B-3, Hawaii Revised Statutes, is
14 amended by amending subsection (a) to read as follows:

15 "(a) Except as otherwise limited by this chapter, the
16 authority may:

- 17 (1) Sue and be sued;
18 (2) Have a seal and alter the same at pleasure;
19 (3) Make and execute contracts and all other instruments
20 necessary or convenient for the exercise of its powers
21 and functions under this chapter; provided that the
22 authority may enter into contracts and agreements for



1 a period of up to five years, subject to the
2 availability of funds; and provided further that the
3 authority may enter into agreements for the use of the
4 convention center facility for a period of up to ten
5 years;

6 (4) Make and alter bylaws for its organization and
7 internal management;

8 (5) Unless otherwise provided in this chapter, adopt rules
9 in accordance with chapter 91 with respect to its
10 projects, operations, properties, and facilities;

11 (6) Through its executive director represent the authority
12 in communications with the governor and with the
13 legislature;

14 (7) Through its executive director, provide for the
15 appointment of officers, agents, and employees,
16 subject to the approval of the board, prescribing
17 their duties and qualifications, and fixing their
18 salaries, without regard to chapters 76 and 78 if
19 there is no anticipated revenue shortfall in the
20 tourism special fund and funds have been appropriated
21 by the legislature and allotted as provided by law;



- 1 (8) Through its executive director purchase supplies,
2 equipment, or furniture;
- 3 (9) Through its executive director allocate the space or
4 spaces [~~which~~] that are to be occupied by the
5 authority and appropriate staff;
- 6 (10) Engage the services of qualified persons to implement
7 the State's tourism marketing plan or portions thereof
8 as determined by the authority;
- 9 (11) Engage the services of consultants on a contractual
10 basis for rendering professional and technical
11 assistance and advice;
- 12 (12) Procure insurance against any loss in connection with
13 its property and other assets and operations in [~~such~~]
14 amounts and from [~~such~~] insurers as it deems
15 desirable;
- 16 (13) Contract for or accept revenues, compensation,
17 proceeds, and gifts or grants in any form from any
18 public agency or any other source, including any
19 revenues or proceeds arising from the operation or use
20 of the convention center;
- 21 (14) Develop, coordinate, and implement state policies and
22 directions for tourism and related activities taking



- 1 into account the economic, social, and physical
2 impacts of tourism on the State and its natural
3 resources infrastructure; provided that the authority
4 shall support the efforts of other state and county
5 departments or agencies to manage, improve, and
6 protect Hawaii's natural environment and areas
7 frequented by visitors;
- 8 (15) Have a permanent, strong focus on marketing and
9 promotion;
- 10 (16) Conduct market development-related research as
11 necessary;
- 12 (17) Coordinate all agencies and advise the private sector
13 in the development of tourism-related activities and
14 resources;
- 15 (18) Work to eliminate or reduce barriers to travel in
16 order to provide a positive and competitive business
17 environment, including coordinating with the
18 department of transportation on issues affecting
19 airlines and air route development;
- 20 (19) Market and promote sports-related activities and
21 events;



- 1 (20) Coordinate the development of new products with the
2 counties and other public sectors and private sectors,
3 including the development of sports, culture, health
4 and wellness, education, technology, agriculture, and
5 nature tourism;
- 6 (21) Establish a public information and educational program
7 to inform the public of tourism and tourism-related
8 problems;
- 9 (22) Encourage the development of tourism educational,
10 training, and career counseling programs;
- 11 (23) Establish a program to monitor, investigate, and
12 respond to complaints about problems resulting
13 directly or indirectly from the tourism industry and
14 [~~taking~~] take appropriate action as necessary[+],
15 including but not limited to coordination with the
16 department of taxation under section 237D- ;
- 17 (24) Set and collect rents, fees, charges, or other
18 payments for the lease, use, occupancy, or disposition
19 of the convention center facility without regard to
20 chapter 91;
- 21 (25) Notwithstanding the provisions of chapter 171,
22 acquire, lease as lessee or lessor, own, rent, hold,



1 and dispose of the convention center facility in the
2 exercise of its powers and the performance of its
3 duties under this chapter; and

4 (26) Acquire by purchase, lease, or otherwise, and develop,
5 construct, operate, own, manage, repair, reconstruct,
6 enlarge, or otherwise effectuate, either directly or
7 through developers, a convention center facility."

8 SECTION 4. The department of taxation shall review the
9 forms and process for the collection of the transient
10 accommodations tax and include separate categories of collection
11 for residential properties used as vacation rentals and bed and
12 breakfast establishments.

13 The department of taxation shall report the results of its
14 review and report any findings and recommendations, including
15 any proposed state and county enforcement and compliance
16 initiatives, to the legislature at least twenty days prior to
17 the convening of the regular session of 2008. In its report,
18 the department of taxation shall also submit recommendations on
19 the appropriate funding mechanism, to include consideration of
20 revenue collected from the transient accommodations tax, to
21 reimburse counties for the costs associated with implementing
22 this Act.



1 SECTION 5. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$, or so
3 much thereof as may be necessary for fiscal year 2007-2008, for
4 additional investigation of undocumented vacation rentals and
5 bed and breakfast establishments, in coordination with the
6 counties and the Hawaii tourism authority.

7 The sum appropriated shall be expended by the department of
8 taxation for the purposes of this Act.

9 SECTION 6. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 7. This Act shall take effect on January 1, 2025.



Report Title:

TAT; Vacation Rentals; Bed and Breakfasts

Description:

Requires the Department of Taxation (DOTAX) to coordinate with the Hawaii Tourism Authority and each respective county to identify property owners subject to the transient accommodations tax who operate vacation rentals and bed and breakfast establishments. Allows audits of these owners and other enforcement actions to ensure compliance with applicable laws relating to the transient accommodations tax. Requires the counties to share transient accommodations information with DOTAX. Requires DOTAX to provide annual reports, including providing information on the estimated amount of general excise tax and transient accommodations tax revenue that is uncollected, and therefore lost, due to the lack of county enforcement. (SB750 HD1)

