

STAND. COM. REP. NO. 1911

Honolulu, Hawaii

Ag-25, 2007

RE: S.B. No. 750
S.D. 3
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 750, S.D. 3, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TRANSIENT ACCOMMODATIONS TAX,"

begs leave to report as follows:

The purpose of this bill is to improve regulation of vacation rental and bed and breakfast establishments in the state by having the Department of Taxation (DOTAX) coordinate with the Hawaii Tourism Authority (HTA) and the respective counties to require the identification of and allow the audit of, owners of residential properties subject to the Transient Accommodations Tax (TAT) who operate vacation rentals and bed and breakfast establishments (owners of transient accommodations).

This bill also:

- (1) Requires the counties and HTA to provide DOTAX with the location of vacation rentals or bed and breakfast establishments subject to the TAT;
- (2) Requires DOTAX to report to the Legislature, on an annual basis, the TAT revenues received from owners of transient accommodations subject to the TAT and an estimate of lost TAT revenues due to lack of county enforcement of tax laws;



- (3) Requires DOTAX to review the forms and process for the collection of the TAT and submit a report of its review and any findings and recommendations, including proposed state and county enforcement and compliance initiatives and the appropriate funding mechanism to reimburse the counties, to the Legislature at least 20 days prior to the convening of the Regular Session of 2008; and
- (4) Provides an appropriation to DOTAX for the additional investigations provided for in this bill.

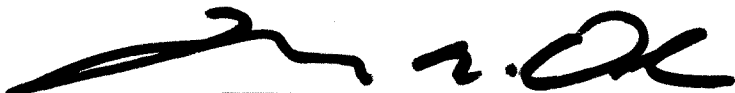
Windward Ahupuaa Alliance and a large number of concerned individuals testified in support of this bill. The Department of Planning and Permitting of the City and County of Honolulu and several concerned individuals supported this measure with amendments. The Department of Taxation and a large number of concerned individuals opposed this bill. The Hawaii Tourism Authority, Keep It Kailua!, Maui Vacation Rental Owners Association, and a concerned individual provided comments.

Your Committee has amended this bill by:

- (1) Requiring the counties to establish the criteria for the "control over," rather than "permitting of" vacation rentals and bed and breakfast establishments; and
- (2) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 750, S.D. 3, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 750, S.D. 3, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



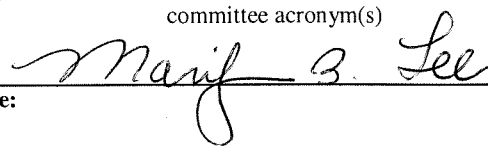
MARCUS R. OSHIRO, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

HSCR 1911

Record of Votes of the Committee on Finance

Bill/Resolution No.: SB 750 SD3 HD1		Date: 4/3/07		
Committee Referral: TAC/EDB, FIN		<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.		
The recommendation is to: <input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Pass, with amendments, for recommitment for further consideration				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. BELATTI, Della Au		✓		
4. BROWER, Tom	✓			
5. CARROLL, Mele	✓			
6. CHONG, Pono	✓			
7. HANOHANO, Faye P.	✓			
8. HAR, Sharon E.	✓			
9. MAGAOAY, Michael Y.	✓			
10. MANAHAN, Joey	✓			
11. MIZUNO, John	✓			
12. NAKASONE, Bob	✓			
13. RHOADS, Karl	✓			
14. SAGUM, Roland D., III	✓			
15. TOKIOKA, James Kunane	✓			
16. AWANA, Karen Leinani		/		
17. MEYER, Colleen Rose		✓		
18. WARD, Gene, Ph.D.				✓
TOTAL	14	3	0	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. committee acronym(s)				
				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – HMSO Duplicate (Pink) – Clerk's Office				