

Honolulu, Hawaii
March 20, 2015

RE: S.B. No. 519
S.D. 2
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committee on Tourism, to which was referred S.B. No. 519, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to strengthen the Department of Taxation's ability to enforce registration requirements and tax collections for transient accommodations. Specifically, this measure:

- (1) Extends imminently expiring requirements under Act 326, Session Laws of Hawaii 2012, for maintenance and disclosure of local contact information, display of registration certificates, and reporting of information to the Department of Taxation for an additional five years;
- (2) Authorizes the Department of Taxation to enforce civil penalties for operators of transient accommodations and plan managers of resort time share vacation plans who fail to conspicuously display the required certificate of registration or notice; and
- (3) Requires the Department of Taxation to submit an annual report to the Legislature regarding the implementation



of Act 326, Session Laws of Hawaii 2012, and recommendations to improve the enforcement of that Act.

Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; Rental By Owner Awareness Association; Maui Hotel and Lodging Association; and numerous concerned individuals supported this measure. Hawaii Tourism Authority; Department of Taxation; Outrigger Enterprises Group; Hawaii Association of Vacation Rental Managers; Kona Coast Property Management LLC dba Kona Coast Vacations; Abbey Vacation Rentals; Hawaiian Dream Properties; West Hawaii Property Services, Inc.; Boundless Hawaii; South Kohala Management; Sullivan Properties; Condominium Rentals Hawaii; Rentals Maui, Inc.; and several concerned individuals offered comments.

Your Committee has amended this measure by:

- (1) Extending the local contact, registration display, and reporting requirements under Act 326, Session Laws of Hawaii 2012, for one year, instead of five;
- (2) Authorizing the deposit of monetary fines from cease and desist citations into the Tax Administration Special Fund;
- (3) Authorizing the Department of Taxation to enforce civil penalties for failure to display a registration identification number on electronic advertisements and solicitations;
- (4) Clarifying that the penalty for failure to register a transient accommodation unit with the Department of Taxation is consistent with the penalty for a misdemeanor rather than for a felony; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Should the Committees on Consumer Protection and Commerce and Judiciary further deliberate on this bill, your Committee on Tourism respectfully requests that they consider suggestions raised in testimony that Hawaii adopt the San Francisco model for transient accommodations, which requires that individual advertised units display of general excise tax and transient accommodations tax numbers in advertisements and make specific disclosures as to key management, safety, and other issues.



As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 519, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 519, S.D. 2, H.D. 1, and be referred to the Committees on Consumer Protection & Commerce and Judiciary.

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



TOM BROWER, Chair



State of Hawaii
House of Representatives
The Twenty-eighth Legislature

HSCR 976

Record of Votes of the Committee on Tourism

Bill/Resolution No.: SB 519 SD 2	Committee Referral: TOU, CPC/JUD, FIN	Date: 3/18/15		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
TOU Members	Ayes	Ayes (WR)	Nays	Excused
1. BROWER, Tom (C)	/			
2. OHNO, Takashi (VC)	/			
3. CACHOLA, Romy M.	/			/ to
4. CHOY, Isaac W.	/			
5. DECOITE, Lynn	/			
6. ITO, Ken	/			
7. KAWAKAMI, Derek S.K.	/			
8. KONG, Sam Satoru	/			
9. ONISHI, Richard H.K.	/			
10. TOKIOKA, James Kunane	/			
11. TSUJI, Clift	/			
12. WOODSON, Justin H.	/			
13. MATSUMOTO, Lauren Kealohilani	/			
14. WARD, Gene	/			
TOTAL (14)	14	0	0	0
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 8pt;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____ <div style="text-align: center; font-size: 18pt; font-family: cursive;">Takashi Ohno</div>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				