

STAND. COM. REP. NO. 479

Honolulu, Hawaii

FEB 20 2015

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

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committees on Tourism and International Affairs,
Commerce and Consumer Protection, and Judiciary and Labor, to
which was referred S.B. No. 519 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose and intent of this measure is to require
operators of transient accommodations and plan managers of resort
time share vacation plans to indicate compliance with registration
requirements in advertisements and to increase penalties for
operators and plan managers who fail to comply with the law, with
escalating penalties for repeat violators.

Your Committees received testimony in support of this measure
from the Kailua Neighborhood Board, Maui Hotel & Lodging
Association, Hawaii Appleseed Center for Law and Economic Justice,
and three individuals. Your Committees received testimony in
opposition to this measure from the Hawaii Tourism Authority and
thirteen individuals. Your Committees received comments on this
measure from the Department of Taxation, Tax Foundation of Hawaii,
and three individuals.

Your Committees find that many residents of Hawaii believe
that home-based vacation rentals should be subject to the same
transient accommodations tax levied on hotel rooms and time
shares. Although many home-based vacation rentals are subject to
the same transient accommodations tax levied on hotel rooms and
time shares, many operators of transient accommodations and plan

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managers of resort time share vacation plans have been circumventing the law, creating an unfair advantage over their law-abiding counterparts. In line with public sentiment on this issue, your Committees find that action is necessary to correct this situation.

Your Committees further find that Act 326, Session Laws of Hawaii 2012, accomplishes many of the goals of this measure, specifically requiring registration numbers on all internet advertisements; however, Act 326 is set to be repealed on December 31, 2015. Your Committees also find that the Department of Taxation enforces civil penalties under the Cash Economy Enforcement Act, and similar civil penalties are suited for operators and plan managers who fail to conspicuously post their transient accommodations certificate of registration.

Accordingly, your Committees have amended this measure by:

- (1) Deleting section 2, which adds single family dwelling to the definition of "transient accommodations";
- (2) Deleting language that requires operators and plan managers to conspicuously display the registration number and address on all internet advertisements for that transient accommodation;
- (3) Deleting language that establishes criminal penalties and escalating fines for violation of the registration posting requirement for internet advertisements;
- (4) Inserting language that authorizes the Department of Taxation to issue cease and desist citations to an operator or plan manager who fails to conspicuously post the transient accommodations certificate of registration;
- (5) Amending Act 326, Session Laws of Hawaii 2012, to remove the repeal date and thereby make it permanent;
- (6) Amending the purpose statement; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Tourism and International Affairs, Commerce and



Consumer Protection, and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 519, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 519, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Tourism and International Affairs, Commerce and Consumer Protection, and Judiciary and Labor,



ROSALYN H. BAKER, Chair



GILBERT KAHELE, Chair



GILBERT S.C. KEITH-AGARAN, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

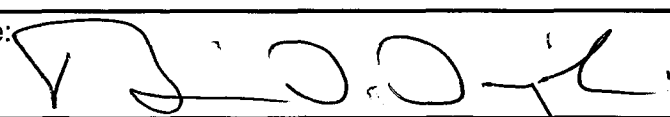
Record of Votes
Committee on Tourism and International Affairs
TSI

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 519	TSI/CPN/JDL, WAM	18 Feb 2015		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KAHELE, Gilbert (C)	X			
ENGLISH, J. Kalani (VC)	X			
TANIGUCHI, Brian T.	X			
TOKUDA, Jill N.				X
SLOM, Sam				X
TOTAL	3			2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>J. Kalani English</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes

The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 519	TSI/CPN/JDL,WAM	2/18/15		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
KAHELE, Gilbert	✓			
KIDANI, Michelle N.	✓			
NISHIHARA, Clarence K.	✓			
WAKAI, Glenn	✓			
SLOM, Sam				✓
TOTAL	6	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Judiciary and Labor
JDL

Bill / Resolution No.:* SB 519	Committee Referral: TSI/CPN/JDL, WAM	Date: 2/18/15		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KEITH-AGARAN, Gilbert S.C. (C)	✓			
SHIMABUKURO, Maile S.L. (VC)	✓			
ESPERO, Will	✓			
GABBARD, Mike				✓
IHARA, Jr., Les				✓
THIELEN, Laura H.	✓			
SLOM, Sam		✓		
TOTAL	4	1	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: [Signature]				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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