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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. The legislature finds that a recent business  
2 pulse survey in the January 9, 2015, edition of the Pacific  
3 Business News found that 71.5 per cent of respondents said "yes"  
4 when asked, "Should home-based vacation rentals be subject to  
5 the same transient accommodations tax (TAT) levied on hotel  
6 rooms and time-shares?" 25.7 per cent of respondents said "no"  
7 and 2.8 per cent were undecided. Although many home-based  
8 vacation rentals are subject to the same transient  
9 accommodations tax levied on hotel rooms and time shares, many  
10 operators of transient accommodations and plan managers of  
11 resort time share vacation plans have been circumventing the  
12 law, creating an unfair advantage over their law-abiding  
13 counterparts. In line with public sentiment on this issue, the  
14 legislature finds that action is necessary to correct this  
15 situation.

16           The purpose of this Act is to:

17           (1) Extend the changes adopted by Act 326, Session laws of  
18           Hawaii 2012, for five years;



1           (2) Require the department of taxation to submit an annual  
2           report to the legislature on the implementation of Act  
3           326, Session Laws of Hawaii 2012; and

4           (3) Allow the department of taxation to enforce civil  
5           penalties for operators and plan managers who fail to  
6           conspicuously display the certificate of registration  
7           in the registered transient accommodation.

8           SECTION 2. Section 237D-4, Hawaii Revised Statutes, is  
9           amended by amending subsection (c) to read as follows:

10           "(c) Any person who may lawfully be required by the State,  
11           and who is required by this chapter, to register as a condition  
12           precedent to engaging or continuing in the business of  
13           furnishing transient accommodations or as a plan manager subject  
14           to taxation under this chapter, who engages or continues in the  
15           business without registering in conformity with this chapter,  
16           shall be guilty of a misdemeanor. Any director, president,  
17           secretary, or treasurer of a corporation who permits, aids, or  
18           abets such corporation to engage or continue in business without  
19           registering in conformity with this chapter, shall likewise be  
20           guilty of a misdemeanor. The penalty for the misdemeanors shall  
21           be that prescribed by section 231-34 for individuals,



1 corporations, or officers of corporations, as the case may be,  
2 for violation of that section.

3 The department may issue cease and desist citations to any  
4 operator or plan manager who fails to conspicuously display the  
5 registration or notice as required by this section. A cease and  
6 desist citation may include a monetary fine for any unlawful  
7 act. Any fine assessed under this section:

8 (1) Shall be retained and deposited into the tax  
9 administration special fund;

10 (2) Shall be due and payable thirty days after issuance,  
11 subject to appeal rights provided under paragraph (3);  
12 and

13 (3) May be appealed to the director of taxation or the  
14 director's designee, and the determination of the  
15 director may be appealed to the circuit court,  
16 pursuant to chapter 91."

17 SECTION 3. Act 326, Session Laws of Hawaii 2012, is  
18 amended as follows:

19 1. By adding a new section to read:

20 "SECTION 2A. Commencing with the regular session of 2016,  
21 the department of taxation shall submit a report of its findings



1 and recommendations regarding the implementation of this Act,  
2 including any proposed legislation to improve the enforcement of  
3 this Act, to the legislature no later than twenty days prior to  
4 the convening of each regular session."

5 2. By amending section 4 to read:

6 "SECTION 4. This Act shall take effect on July 1, 2012;  
7 provided that this Act shall be repealed on December 31, [~~2015-~~]  
8 2020."

9 SECTION 4. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11 SECTION 5. This Act shall take effect upon its approval.



**Report Title:**

Vacation Rentals; Transient Accommodations Tax; Registration; Advertisements

**Description:**

Extends Act 326, Session Laws of Hawaii 2012, for 5 years. Requires the department of taxation to submit an annual report to the legislature on the implementation of Act 326, Session Laws of Hawaii 2012. Authorizes the department of taxation to enforce civil penalties for operators and plan managers who fail to conspicuously display the certificate of registration for transient accommodations. (SD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

