

Honolulu, Hawaii

February 16, 2018

RE: H.B. No. 2008
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Tourism, to which was referred H.B. No. 2008 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to create parity in the imposition of the Transient Accommodations Tax (TAT) on accommodations booked directly and those booked through a travel company by:

- (1) Requiring travel agencies and tour packagers to register with the Director of Taxation before entering into an arrangement to furnish transient accommodations at noncommissioned negotiated contract rates; and
- (2) Amending the definition of "gross rental" or "gross rental proceeds" to provide for the imposition of the TAT on the portion of the gross proceeds kept by a travel agency or tour packager who receives a noncommissionable negotiated contract rate for booking the transient accommodation.

The Travel Technology Association and Expedia, Inc. opposed this measure. The Department of Taxation and Tax Foundation of Hawaii commented on this measure.



Your Committee has amended this measure by:

- (1) Clarifying language requiring travel agencies and tour packagers who arrange transient accommodations at noncommissioned negotiated contract rates to pay the TAT to avoid inadvertently imposing the TAT twice on amounts received by commissioned agencies or packagers not subject to this measure;
- (2) Clarifying that the allocation of TAT amounts established by this measure applies to taxable years beginning after December 31, 2018; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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 H.B. No. 2008, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2008, H.D. 1, and be referred to your Committee on Finance.

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



RICHARD H.K. ONISHI, Chair



