

Honolulu, Hawaii

FEB 15 2019

RE: S.B. No. 714

S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Energy, Economic Development, and Tourism,  
to which was referred S.B. No. 714 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Impose the transient accommodations tax on resort fees that are calculated separately from the advertised transient accommodation's rate;
- (2) Amend the formula for the amount of transient accommodations tax to be collected from time shares by increasing the base on which time share occupancy is taxed from fifty percent to one hundred percent of the gross daily maintenance fees paid by the owner and are attributable to the time share unit; and
- (3) Specify that the transient accommodations tax is to be collected from transient accommodations intermediaries who arrange transient accommodations at noncommissioned negotiated contract rates in the same manner as transient accommodations operators.



Your Committee received testimony in opposition to this measure from the Hawai'i Lodging and Tourism Association; Prince Resorts Hawaii; Kohala Coast Resort Association; OLS Hotels and Resorts; Waikoloa Beach Marriott Resort and Spa; Honolulu County Republican Party; Sheraton Kauai Resort; Aqua-Aston Hospitality; Hampton Inn & Suites Oahu/Kapolei; Soleil Management Hawaii, LLC; Marriott Vacations Worldwide Corporation; Maui Hotel & Lodging Association; Outrigger Waikiki Beach Resort and Outrigger Reef Waikiki Beach Resort, Marriott Ko Olina Beach Club, Outrigger Hospitality Group; Marriott's Maui Ocean Club; Hyatt Resorts Hawaii; ARDA Hawaii; Hyatt Regency Resort; Pualeilani Atrium Shops at Hyatt Regency Waikiki Beach Resort & Spa; Hyatt Regency Waikiki Beach Resort & Spa; Outrigger Enterprises Group; Trump International Hotel Waikiki; Kyo-ya Management Co., Ltd.; and two individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that in recent years, the transient accommodations industry has expanded rapidly, especially in tourist destinations such as Hawaii. Although technological advancements have improved the lifestyle for many consumers, they have also introduced issues with tax compliance. Your Committee believes that further refinement and specificity are needed to address the growth of the transient accommodations industry while protecting the interests of state residents.

Your Committee has amended this measure by:

- (1) Amending the definition of "resort fees" to mean only mandatory charges or surcharges;
- (2) Changing the statutory placement of language requiring transient accommodations intermediaries to register with the Director of Taxation before arranging to furnish transient accommodations at noncommissioned negotiated contract rates, along with associated requirements, from section 237D-4 to section 237D-4.5, Hawaii Revised Statutes;
- (3) Making conforming amendments in section 237D-4.5, Hawaii Revised Statutes, to reflect the consolidation of certain entities into the definition of "transient accommodations intermediaries"; and



- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Energy, Economic Development, and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 714, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 714, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Energy, Economic  
Development, and Tourism,

  
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GLENN WAKAI, Chair



