
A BILL FOR AN ACT

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

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

1 SECTION 1. The legislature finds that tourism has been a
2 critical industry and pillar of Hawaii's modern economy for
3 which the people of Hawaii are fortunate. However, as Hawaii
4 continues to host record numbers of visitors annually,
5 increasing traffic and crowds, conversion of long-term housing
6 units, and wear on public infrastructure, among other impacts,
7 are beginning to take a toll on the quality of life for local
8 residents.

9 The legislature further finds that in 2019, the islands
10 hosted over ten million tourists, but with each visitor spending
11 decreasingly less while here. With numbers of tourists expected
12 to continue growing annually as Hawaii recovers from the
13 coronavirus disease 2019 (COVID-19), capturing additional
14 dollars from tourism can pay for public services,
15 infrastructure, and other needs that local taxpayers must
16 currently pay for. Such a market-based mechanism to capture
17 additional visitor dollars as tourism increases can help both



1 regulate the number of tourists visiting Hawaii as well as
2 reduce costs to local residents.

3 Therefore, the purpose of this Act is to reduce the cost
4 burden and negative impact from tourism on local residents by
5 adjusting the transient accommodations tax rate based on the
6 number of tourists visiting Hawaii.

7 SECTION 2. Chapter 201, Hawaii Revised Statutes, is
8 amended by adding a new section to part I to be appropriately
9 designated and to read as follows:

10 "§201- Annual visitor report. Beginning on June 30,
11 2021, and each year thereafter, the Hawaii tourism authority and
12 the State data book shall determine and publish the annual
13 visitor arrivals in the State for the preceding calendar year."

14 SECTION 3. Section 237D-2, Hawaii Revised Statutes, is
15 amended by amending subsection (e) to read as follows:

16 "(e) Notwithstanding the tax rates established in
17 subsections (a) (5) and (c) (3), the tax rates levied, assessed,
18 and collected pursuant to subsections (a) and (c) shall be 10.25
19 per cent for the period beginning on January 1, 2018, to
20 December 31, 2030; provided that:



- 1 (1) The tax revenues levied, assessed, and collected
2 pursuant to this subsection that are in excess of the
3 revenues realized from the levy, assessment, and
4 collection of tax at the 9.25 per cent rate shall be
5 deposited quarterly into the mass transit special fund
6 established under section 248-2.7; ~~and~~
- 7 (2) On January 1, 2022, and January 1 of each year
8 thereafter, until December 31, 2030, if the total
9 number of visitor arrivals in the State, as determined
10 by the Hawaii tourism authority and State data book
11 pursuant to section 201- , is:
- 12 (A) Six million or less, the baseline tax rate is six
13 per cent; or
- 14 (B) Seven million or greater, then the tax rate shall
15 increase or decrease by one per cent per one
16 million visitors, provided that it shall not fall
17 below the baseline tax rate of six per cent; and
- 18 (C) The tax rate shall be applied at the time of the
19 hotel booking.
- 20 ~~(2)~~ (3) If a court of competent jurisdiction determines
21 that the amount of county surcharge on state tax



1 revenues deducted and withheld by the State, pursuant
2 to section 248-2.6, violates statutory or
3 constitutional law and, as a result, awards moneys to
4 a county with a population greater than five hundred
5 thousand, then an amount equal to the monetary award
6 shall be deducted and withheld from the tax revenues
7 deposited under paragraph (1) into the mass transit
8 special fund, and those funds shall be a general fund
9 realization of the State.

10 The remaining tax revenues levied, assessed, and collected
11 at the 9.25 per cent tax rate pursuant to subsections (a) and
12 (c) shall be distributed in accordance with section
13 237D-6.5(b)."

14 SECTION 4. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 5. This Act shall take effect on January 1, 2022.



S.B. NO. 775 S.D. 1

Report Title:

Transient Accommodations Tax; Hawaii Tourism Authority; State Data Book; Rate Adjustment; Visitor Arrivals

Description:

Provides for a mechanism to adjust the transient accommodations tax rate based on visitor arrivals for a calendar year. Requires the Hawaii tourism authority and statistics from the State data book to determine and publish visitor arrivals annually. Effective date January 1, 2022. (SD1)

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

