

Honolulu, Hawaii

MAR 04 2016

RE: S.B. No. 2693

S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2693, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to address the collection of general excise and transient accommodations taxes.

Specifically, this measure allows transient accommodations brokers to register as tax collection agents to collect and remit general excise and transient accommodations taxes on behalf of operators and plan managers using their services.

Your Committee received written comments in support of this measure from Airbnb, Inc., and Rental by Owner Awareness Association.

Your Committee received written comments in opposition to this measure from the Planning Department of the County of Kauai, Kailua Neighborhood Board, and four individuals.

Your Committee received comments on this measure from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that, under certain circumstances, a private person is allowed to act as a tax collection agent. For example, section 237-9, Hawaii Revised Statutes, allows a person engaged in network marketing, multi-level marketing, or other



similar business to enter into an agreement with the Department of Taxation to act as a tax collection agent on behalf of its direct sellers. Your Committee also finds that similarly allowing a transient accommodations broker to act as a tax collection agent on behalf of providers of transient accommodations that utilize their services may facilitate the collection of transient accommodations taxes and general excise taxes.

Your Committee has amended this measure by:

- (1) Clarifying the causes upon which an application for registration as a transient accommodations broker tax collection agent could be denied;
- (2) Expanding the Department of Taxation's authority to cancel a transient accommodations broker tax collection agent's registration;
- (3) Providing that a transient accommodations broker tax collection agent's registration is not transferable under any circumstances; and
- (4) Specifying that the measure shall apply to taxable years beginning after December 31, 2016.

Your Committee recognizes that the transient vacation rental unit issue is controversial in many communities. Your Committee realizes that this measure provides some anonymity to transient vacation rental operators. Thus, your Committee requests future tax collection agents and the Department of Taxation to guard against permitting illegal rental units to operate.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2693, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2693, S.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

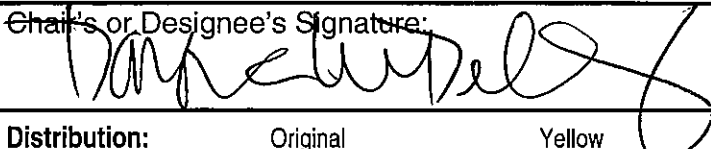


JILL N. TOKUDA, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2693, SD1	TS1/CPH, WAM	2/25/16		
<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
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHUN OAKLAND, Suzanne	/			/
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood				/
HARIMOTO, Breene	/			
INOUYE, Lorraine R.	/			
RIVIERE, Gil		/		
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
SLOM, Sam	/			
TOTAL	8/9	1		2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes