

STAND. COM. REP. NO.

13

Honolulu, Hawaii

FEB 06 2007

RE: S.B. No. 750
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Tourism and Government Operations, to which was referred S.B. No. 750 entitled:

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

begs leave to report as follows:

The purpose of this measure is to ensure that vacation rentals and bed and breakfast establishments comply with the transient accommodation tax laws as well as other state and county laws and ordinances.

Specifically, the measure requires the Department of Taxation (DOTAX) to coordinate with the Hawaii Tourism Authority (HTA) and each respective county to identify owners of residential properties subject to the transient accommodations tax (TAT) who operate vacation rentals, where the owner does not reside on the property, and bed and breakfast establishments, where the owner resides on the property.

This measure also requires DOTAX to conduct audits of the owners of residential properties used for vacation rentals and bed and breakfast establishments, and to report annually to the Legislature on TAT revenues from such properties.

The organization, Keep it Kailua! testified in support of the measure. Your Committee received testimony in support of the intent of the measure from DOTAX, HTA, the City and County of Honolulu Department of Planning and Permitting, and one



individual. Comments were received from the Tax Foundation of Hawaii.

Your Committee finds that vacation rentals and bed and breakfast establishments have long operated incognito from the oversight of government zoning, licensing, and taxation. The results have been detrimental to the well-being and economy of the State. This measure is an important step in implementing a means of identifying and keeping inventory of these illegal operations.

The intent of this measure is to level the playing field among furnishers of transient accommodations. Your Committee believes that it is inherently unfair for vacation rentals and bed and breakfasts to escape their responsibility to the counties and to the State.

Your Committee has amended this measure by:

- (1) Making a conforming statutory amendment to the HTA chapter to reflect its responsibility to cooperate with the DOTAX; and
- (2) Making other technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 750, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 750, S.D. 1, and be referred to the Committee on Economic Development and Taxation.


Respectfully submitted on
behalf of the members of the
Committee on Tourism and
Government Operations,


CLARENCE K. NISHIHARA, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Tourism and Government Operations
TSG

Bill / Resolution No.:*	Committee Referral:	Date:		
SB750	TSG, EDT, WAM	2-1-07		
<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
NISHIHARA, Clarence K. (C)	/			
KIM, Donna Mercado (VC)	/			
TSUTSUI, Shan S.	/			
TRIMBLE, Gordon	/			
TOTAL	4			
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink		
File with Committee Report	Clerk's Office	Drafting Agency		

*Only one measure per Record of Votes