

Honolulu, Hawaii

FEB 15 2007

RE: S.B. No. 750  
S.D. 2

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

Madam:

Your Committee on Economic Development and Taxation, to which was referred S.B. No. 750, S.D. 1, 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 stricter compliance of transient accommodations tax requirements from vacation rentals and bed and breakfast establishments by requiring the Department of Taxation to:

- (1) Review the forms and process for collecting the transient accommodations tax from vacation rentals and bed and breakfast establishments and report revenues received from them;
- (2) Work with the Hawaii Tourism Authority and the counties to identify owners operating vacation rentals and bed and breakfast establishments and enforce transient accommodations tax compliance; and
- (3) Clarify the duties of Hawaii Tourism Authority.

Testimony in support of this measure was received from Keep it Kailua!. The Department of Taxation (Department), City and County of Honolulu Department of Planning and Permitting, Hawai'i Tourism Authority (HTA), and Tax Foundation of Hawaii submitted comments. The Windward Ahupua'a Alliance and seventeen individuals submitted testimony in opposition to one component of the bill.



Your Committee finds that the number of undocumented vacation rentals and bed and breakfast establishments continues to expand, despite efforts to determine the scope of the problem and implement practical solutions.

Your Committee has heard that identifying these enterprises is very time consuming, since many that advertise on the Internet do not provide addresses or other locating factors. Complaints by neighbors are one means of locating a vacation rental or bed and breakfast establishment, but this is sporadic at best.

Your Committee believes that the provisions of this measure begin to address the issue. It is the intent of your Committee to further clarify and strengthen the proposed language.

Your Committee has amended this measure by:

- (1) Adding language to the purpose section to reflect the following changes;
- (2) Requiring the Department to provide to the counties the location of vacation rentals or bed and breakfast establishments subject to the taxes under chapter 237D, Hawaii Revised Statutes; provided that the Department shall not release any information regarding the taxes collected;
- (3) Requiring the Department to include any proposed state and county enforcement and compliance initiatives in its report to the Legislature;
- (4) Appropriating funds to the Department for additional investigation of undocumented vacation rentals and bed and breakfast establishments, in coordination with the counties and the HTA.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 750, S.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.B. No. 750, S.D. 2.



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

*Carol Fukunaga*

CAROL FUKUNAGA, Chair



The Senate  
Twenty-Fourth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Economic Development and Taxation**  
**EDT**

Bill / Resolution No.:*	Committee Referral:	Date:		
<i>SB 750 SDI</i>	<i>TSG, EDT, WAM</i>	<i>2/13/07</i>		
<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
FUKUNAGA, Carol (C)	/			
ESPERO, Will (VC)	/			
ENGLISH, J. Kalani				/
IGE, David Y.	/			
SLOM, Sam		/		
<b>TOTAL</b>	<b>3</b>	<b>1</b>		<b>1</b>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Will Espero</i>				
Distribution:				
Original	Yellow	Pink		
File with Committee Report	Clerk's Office	Drafting Agency		

\*Only one measure per Record of Votes