

Honolulu, Hawaii

MAR 02 2007

RE: S.B. No. 750
S.D. 3

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

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 750, S.D. 2, 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 with 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 Hawaii Tourism Authority and counties to identify owners operating vacation rentals and bed and breakfast establishments and enforce transient accommodations tax compliance;
- (3) Share location information on transient accommodations taxpayers with counties; and
- (4) Clarify duties of the Hawaii Tourism Authority.

Testimony in support of this measure was submitted by the City and County of Honolulu, Department of Planning and Permitting; Chair of the Windward Democrats, Oahu County



Committee, Democratic Party of Hawaii; Save Oahu's Neighborhood; and twenty-five individuals. Testimony in opposition to this measure was submitted by the Windward Ahupua'a Alliance; President of the BB-TVU Association of Oahu; and thirty-eight individuals. Comments on this measure were submitted by the Tax Foundation of Hawaii and the Department of Taxation.

In comments submitted by the Department of Taxation, the department advised that addresses utilized for audits are obtained from federal tax returns that, by federal law, cannot be shared. This does not speak to the provisions or intent of this bill. Currently, under section 237D-13(a)(10), Hawaii Revised Statutes, the counties have access to state transient accommodation tax returns, which is a state tax having nothing to do with federal returns. Your Committee finds that the transient accommodation tax returns contain taxpayer addresses that are not obtained from federal tax returns. Your Committee also finds that the Department of Taxation has many ways to meet the objectives of this bill without jeopardizing any federal tax returns or information.

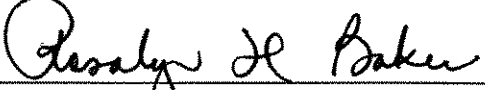
Your Committee finds that the State needs a more effective reporting system with respect to Transient Accommodations Tax revenues collected from residential properties. Better reporting will enable the State to provide a more comprehensive tax system that is more equitable and cost-effective. To this end, this measure provides for improved enforcement measures to ensure that owners of vacation rentals and bed and breakfast establishments comply with the Transient Accommodations Tax law.

Your Committee has amended this measure to make technical, nonsubstantive amendments for purposes of clarity and consistency.

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. 750, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 750, S.D. 3.



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




ROSALYN H. BAKER, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:
SB 750 SD 2	TSG, EDT, WAM	2-23-07
<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
BAKER, Rosalyn H. (C)	/	
TSUTSUI, Shan S. (VC)	/	
CHUN OAKLAND, Suzanne		/
ENGLISH, J. Kalani	/	
FUKUNAGA, Carol	/	
HOOSER, Gary L.	/	
KIM, Donna Mercado	/	
MENOR, Ron		/
TOKUDA, Jill N.	/	
HEMMINGS, Fred		/
WHALEN, Paul	/	
TOTAL	8	0
	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

*Only one measure per Record of Votes