

Honolulu, Hawaii

MAR 23 2012

RE: H.B. No. 2078  
H.D. 2  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Tourism, to which was referred H.B.  
No. 2078, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to require:

- (1) All advertisements and solicitations for transient accommodations to conspicuously display the registration identification number or the website address for a website containing the registration identification number; and
- (2) Any advertisement or solicitation for a transient accommodation to provide contact information for a local agent if the operator of the residential property resides off-island or out-of-state.

Your Committee received testimony in support of this measure from the Department of Taxation, Department of Planning and Permitting of the City and County of Honolulu, Hawaii Association of Realtors, and Outrigger Enterprises Group. Your Committee received testimony in opposition to this measure from numerous individuals. Your Committee received comments on this measure from the Hawaii Tourism Authority.



Your Committee finds history has shown that regulating transient accommodations operations can be a difficult task. However, your Committee is not convinced that the approach in this measure will provide the State with enhanced collection of transient accommodations tax revenues, and finds that this measure raises a number of privacy issues for owners of these transient accommodations.

Your Committee further finds that S.B. No. 2089, S.D. 1, employs a more balanced and comprehensive means of fostering consumer protection in the State's transient vacation rental market and ensuring greater compliance with applicable state and county laws by owners who operate transient accommodations in the State.

Your Committee has amended this measure accordingly, by deleting its contents and replacing them with the language in S.B. No. 2089, S.D. 1, with additional amendments. Specifically, this measure:

- (1) Requires any nonresident owner who operates a transient accommodation located in the nonresident owner's private residence to employ a licensed real estate broker or salesperson;
- (2) Requires any nonresident owner who operates a transient accommodation located in the nonresident owner's private residence in a condominium hotel to employ a condominium hotel operator;
- (3) Requires relevant information about owners who may be leasing their property as transient accommodations, to be provided to the Department of Taxation for enforcement purposes;
- (4) Requires the counties to provide the Department of Taxation with relevant owner information about every transient accommodation permitted by the respective counties annually;
- (5) Requires the Department of Taxation to issue a registration identification number for each nonresident owner, which shall be included as part of the relevant information related to an owner who may be leasing property as transient accommodations;



- (6) Establishes fines for noncompliance;
- (7) Provides an exemption from the mandatory employment of a licensed real estate broker or salesperson or condominium hotel operator in certain circumstances;
- (8) Requires the name and phone number of a local point of contact for each transient accommodation to be included in any transient accommodation contract or written rental agreement and to be prominently posted in the transient accommodation; and
- (9) Makes technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee has requested information from the Department of Taxation regarding the scope of noncompliance for transient accommodations tax collections, as well as other relevant information. Your Committee considers that further amendments may be necessary as this measure advances through the legislative process.

As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2078, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2078, H.D. 2, S.D. 1, and be referred to the Committee on Commerce and Consumer Protection.


Respectfully submitted on  
behalf of the members of the  
Committee on Tourism,

  
DONNA MERCADO KIM, Chair



The Senate  
Twenty-Sixth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Tourism**  
**TSM**

Bill / Resolution No.:* <div style="text-align: center; font-size: 1.2em;">HB 2078 HD 2</div>	Committee Referral: <div style="text-align: center; font-size: 1.2em;">TSM, CPN</div>	Date: <div style="text-align: center; font-size: 1.5em;">3/12/12</div>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312         </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311         </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310         </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313         </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	✓			
KOUCHI, Ronald D. (VC)	✓			
GALUTERIA, Brickwood	✓			
KAHELE, Gilbert		✓		
SLOM, Sam		✓		
TOTAL	3	2		
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted         <input type="checkbox"/> Not Adopted         </div>				
Chair's or Designee's Signature: <div style="text-align: center; font-size: 1.5em;">  </div>				
<b>Distribution:</b> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

\*Only one measure per Record of Votes