

JAN 27 2016

A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 237, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§237- General excise tax on food and medical expenses.

5 (a) Notwithstanding any other law to the contrary, there is
6 hereby levied and shall be assessed and collected a general
7 excise tax on food and medical expenses at the rate of per
8 cent on the gross proceeds received on the sale of food or on
9 the provision of medical expenses.

10 (b) For purposes of this section:

11 "Food" shall have the same meaning as in section 328-1. -)

12 "Medical expense" means any cost incurred in the prevention
13 or treatment of injury or disease, including health and dental
14 insurance premiums, doctor and hospital visits, co-payments,
15 glasses and contacts, and wheelchairs. "Medical expense"
16 excludes "nonprescription drug", "over-the-counter drug", or
17 "nonlegend drug", as those terms are defined in section 328-1."



SECTION 2. Section 237D-2, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (a) to read:

"(a) There is levied and shall be assessed and collected each month a tax of:

(1) Five per cent for the period beginning on January 1, 1987, to June 30, 1994;

(2) Six per cent for the period beginning on July 1, 1994, to December 31, 1998;

(3) 7.25 per cent for the period beginning on January 1, 1999, to June 30, 2009;

(4) 8.25 per cent for the period beginning on July 1, 2009, to June 30, 2010; [and]

(5) 9.25 per cent for the period beginning on July 1, 2010 [~~, and thereafter~~]; and

(6) 13.00 per cent for the period beginning on July 1, 2016, and thereafter,

on the gross rental or gross rental proceeds derived from furnishing transient accommodations."

2. By amending subsection (c) to read:



1 "(c) There is levied and shall be assessed and collected
2 each month, on the occupant of a resort time share vacation
3 unit, a transient accommodations tax of:

4 (1) 7.25 per cent on the fair market rental value until
5 December 31, 2015;

6 (2) 8.25 per cent on the fair market rental value for the
7 period beginning on January 1, 2016, to December 31,
8 2016; and

9 (3) [~~9.25~~] 13.00 per cent on the fair market rental value
10 for the period beginning on January 1, 2017, and
11 thereafter."

12 SECTION 3. Section 237D-6.5, Hawaii Revised Statutes, is
13 amended by amending subsection (b) to read as follows:

14 "(b) Revenues collected under this chapter shall be
15 distributed in the following priority, with the excess revenues
16 to be deposited into the general fund:

17 (1) \$1,500,000 shall be allocated to the Turtle Bay
18 conservation easement special fund beginning July 1,
19 2015, for the reimbursement to the state general fund
20 of debt service on reimbursable general obligation
21 bonds, including ongoing expenses related to the



1 issuance of the bonds, the proceeds of which were used
2 to acquire the conservation easement and other real
3 property interests in Turtle Bay, Oahu, for the
4 protection, preservation, and enhancement of natural
5 resources important to the State, until the bonds are
6 fully amortized;

7 (2) \$26,500,000 shall be allocated to the convention
8 center enterprise special fund established under
9 section 201B-8;

10 (3) \$82,000,000 shall be allocated to the tourism special
11 fund established under section 201B-11; provided that:

12 (A) Beginning on July 1, 2012, and ending on June 30,
13 2015, \$2,000,000 shall be expended from the
14 tourism special fund for development and
15 implementation of initiatives to take advantage
16 of expanded visa programs and increased travel
17 opportunities for international visitors to
18 Hawaii;

19 (B) Of the \$82,000,000 allocated:

20 (i) \$1,000,000 shall be allocated for the
21 operation of a Hawaiian center and the



1 museum of Hawaiian music and dance at the
2 Hawaii convention center; and

3 (ii) 0.5 per cent of the \$82,000,000 shall be
4 transferred to a sub-account in the tourism
5 special fund to provide funding for a safety
6 and security budget, in accordance with the
7 Hawaii tourism strategic plan 2005-2015; and

8 (C) Of the revenues remaining in the tourism special
9 fund after revenues have been deposited as
10 provided in this paragraph and except for any sum
11 authorized by the legislature for expenditure
12 from revenues subject to this paragraph,
13 beginning July 1, 2007, funds shall be deposited
14 into the tourism emergency special fund,
15 established in section 201B-10, in a manner
16 sufficient to maintain a fund balance of
17 \$5,000,000 in the tourism emergency special fund;

18 (4) ~~[\$103,000,000 for fiscal year 2014-2015, \$103,000,000~~
19 ~~for fiscal year 2015-2016, and \$93,000,000 for each~~
20 ~~fiscal year thereafter shall be allocated as follows:~~
21 ~~Kauai county shall receive 14.5 per cent, Hawaii~~



1 ~~county shall receive 18.6 per cent, city and county of~~
2 ~~Honolulu shall receive 44.1 per cent, and Maui county~~
3 ~~shall receive 22.8 per cent]~~ Beginning on July 1,
4 2016, of the revenues received pursuant to section
5 237D-2, one-half shall be distributed to the city and
6 county of Honolulu and the counties of Hawaii, Kauai,
7 and Maui in proportion to the revenue generated by
8 each county under this chapter; provided that
9 commencing with fiscal year 2018-2019, a sum that
10 represents the difference between a county public
11 employer's annual required contribution for the
12 separate trust fund established under section 87A-42
13 and the amount of the county public employer's
14 contributions into that trust fund shall be retained
15 by the state director of finance and deposited to the
16 credit of the county public employer's annual required
17 contribution into that trust fund in each fiscal year,
18 as provided in section 87A-42, if the respective
19 county fails to remit the total amount of the county's
20 required annual contributions, as required under
21 section 87A-43; and



1 (5) \$3,000,000 shall be allocated to the special land and
2 development fund established under section 171-19;
3 provided that the allocation shall be expended in
4 accordance with the Hawaii tourism authority strategic
5 plan for:

6 (A) The protection, preservation, maintenance, and
7 enhancement of natural resources, including
8 beaches, important to the visitor industry;

9 (B) Planning, construction, and repair of facilities;
10 and

11 (C) Operation and maintenance costs of public lands,
12 including beaches, connected with enhancing the
13 visitor experience.

14 All transient accommodations taxes shall be paid into the
15 state treasury each month within ten days after collection and
16 shall be kept by the state director of finance in special
17 accounts for distribution as provided in this subsection.

18 After distribution of the allocation to the counties under
19 paragraph (4), the director shall ensure that the balance is
20 applied to reducing the general excise tax on fuel, fuel license



1 taxes under section 243-4, and county fuel taxes under section
2 243-5.

3 As used in this subsection, "fiscal year" means the twelve-
4 month period beginning on July 1 of a calendar year and ending
5 on June 30 of the following calendar year."

6 SECTION 4. Section 243-4, Hawaii Revised Statutes, is
7 amended by amending subsection (d) to read as follows:

8 "(d) No tax shall be collected in respect to any liquid
9 fuel, including diesel oil and liquefied petroleum gas, shown to
10 the satisfaction of the department to have been sold for use in
11 and actually delivered to, or sold in, the county of Kalawao.

12 Notwithstanding any provision of this chapter to the
13 contrary, the director shall adjust the license taxes from time
14 to time in accordance with section 237D-6.5(b)."

15 SECTION 5. Section 243-5, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "§243-5 County fuel tax. The amount of the "county of
18 Hawaii fuel tax", "city and county of Honolulu fuel tax",
19 "county of Maui fuel tax", and "county of Kauai fuel tax",
20 respectively, shall be determined by resolution of the county or
21 the city council of each county adopted in the manner provided



1 by law relating to resolutions involving the expenditure of
2 public money. The amount fixed by the resolution may be, per
3 gallon, one or more cents or a fraction of a cent or both, or it
4 may be zero. The amount fixed for alternative fuels may be
5 proportional to the energy contents of the fuels, as determined
6 by their lower heating values, times one-half. No resolution
7 shall be adopted until the county or the city council shall
8 conduct a public hearing on the amount of tax proposed. Public
9 notice of the hearing shall be given in the county at least
10 twice within a period of thirty days immediately preceding the
11 date of hearing. If the resolution is adopted, it shall take
12 effect on the first day of the second month following the date
13 of adoption of the resolution. The county or the city council
14 shall notify the department of taxation of any county fuel tax
15 changes within ten days after the resolution is adopted.

16 Until and unless otherwise provided by resolution adopted
17 as above provided, the amount of the "county of Hawaii fuel tax"
18 shall be zero, the amount of the "city and county of Honolulu
19 fuel tax" shall be 2-1/2 cents per gallon, the amount of the
20 "county of Maui fuel tax" shall be 2 cents per gallon, and the
21 amount of the "county of Kauai fuel tax" shall be 2 cents per



1 gallon[-]; provided that the director shall adjust the county
2 fuel taxes from time to time in accordance with section
3 237D-6.5(b)."

4 SECTION 6. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 7. This Act shall take effect on July 1, 2016;
7 provided that section 1 of this Act shall take effect on
8 January 1, 2017.

9

INTRODUCED BY: Frederick V. Allen



S.B. NO. 2945

Report Title:

Transient Accommodations Tax; Counties; Food and Medical Expenses; Fuel Taxes; Excise Tax

Description:

Increases TAT. Requires distribution of one-half of TAT revenue collections to each county based on the proportion of TAT revenues generated by each county. Reduces the general excise tax rate for gross proceeds received on the sale of food or on the provision of medical expenses. Requires one-half of TAT revenues after distribution to the counties to be applied to reducing general excise tax on fuel sold to consumer, fuel taxes, and county fuel taxes.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

