

JAN 24 2018

A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 237D-1, Hawaii Revised Statutes, is
2 amended by amending the definition of "'gross rental' or 'gross
3 rental proceeds'" to read as follows:
4 "'Gross rental" or "gross rental proceeds" means the gross
5 receipts, cash or accrued, of the taxpayer received as
6 compensation for the furnishing of transient accommodations and
7 the value proceeding or accruing from the furnishing of such
8 accommodations without any deductions on account of the cost of
9 property or services sold, the cost of materials used, labor
10 cost, taxes, royalties, interest, discounts, or any other
11 expenses whatsoever. Every taxpayer shall be presumed to be
12 dealing on a cash basis unless the taxpayer proves to the
13 satisfaction of the department of taxation that the taxpayer is
14 dealing on an accrual basis and the taxpayer's books are so
15 kept, or unless the taxpayer employs or is required to employ
16 the accrual basis for the purposes of the tax imposed by chapter
17 237 for any taxable year in which event the taxpayer shall



1 report the taxpayer's gross income for the purposes of this
2 chapter on the accrual basis for the same period.

3 The words "gross rental" or "gross rental proceeds" shall
4 not be construed to include the amounts of taxes imposed by
5 chapter 237 or this chapter on operators of transient
6 accommodations and passed on, collected, and received from the
7 consumer as part of the receipts received as compensation for
8 the furnishing of transient accommodations.

9 Where transient accommodations are furnished through
10 arrangements made by a transient accommodations broker, travel
11 agency, or tour packager at noncommissionable negotiated
12 contract rates and the gross income is divided between the
13 operator of transient accommodations on the one hand and the
14 transient accommodations broker, travel agency, or tour packager
15 on the other hand, gross rental or gross rental proceeds to the
16 operator means ~~[only the respective portion allocated or~~
17 ~~distributed to the operator, and no more.]~~ the full amount of
18 gross receipts received by the transient accommodations broker,
19 travel agency, or tour packager.

20 For purposes of this definition, where the operator
21 maintains a schedule of rates for identifiable groups of



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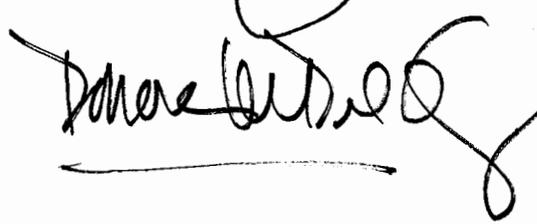
1 individuals, such as kamaainas, upon which the accommodations
2 are leased, let, or rented, gross rental or gross rental
3 proceeds means the receipts collected and received based upon
4 the scheduled rates and recorded as receipts in its books and
5 records."

6 SECTION 2. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 3. This Act shall take effect on July 1, 2018.
9

INTRODUCED BY:

~~SEN. AC. Keith Ayers~~



S.B. NO. 2868

Report Title:

Transient Accommodations Tax; Transient Accommodations Brokers;
Gross Rental Proceeds

Description:

Amends the definition of "gross rental proceeds" to provide that the transient accommodations tax for sales of transient accommodations that are arranged by transient accommodations brokers shall be calculated based on the amount charged by the transient accommodations broker, rather than the amount received by the operator of the transient accommodations.

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