

JAN 27 2021

A BILL FOR AN ACT

RELATING TO TAX REPORTING.

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

SECTION 1. Section 237-30.5, Hawaii Revised Statutes, is amended to read as follows:

"~~[f]~~ §237-30.5~~[f]~~ **Collection of rental by third party; filing with department; statement required.** ~~[(a) Every person authorized under an agreement by the owner of real property located within this State to collect rent on behalf of such owner shall be subject to this section.~~

~~[(b) Every written rental collection agreement shall have on the first page of the agreement the name, address, social security number, and, if available, the general excise tax number of the owner of the real property being rented, the address of the property being rented, and the following statement which shall be set forth in bold print and in ten-point type size:~~

~~"HAWAII GENERAL EXCISE TAXES MUST BE PAID ON THE GROSS RENTS COLLECTED BY ANY PERSON RENTING REAL PROPERTY IN THE STATE OF HAWAII. A COPY OF THE FIRST PAGE OF THIS AGREEMENT, OR OF FEDERAL INTERNAL REVENUE FORM 1099 STATING THE AMOUNT OF RENTS~~

S.B. NO. 1199

1 ~~COLLECTED, SHALL BE FILED WITH THE HAWAII DEPARTMENT OF~~
2 ~~TAXATION."~~

3 ~~Every person entering an oral rental collection agreement~~
4 ~~shall furnish the department of taxation the information~~
5 ~~required under this subsection and shall give the owner of the~~
6 ~~property a copy of the notice required by this subsection.~~

7 ~~(c) Every person authorized to collect rent for another~~
8 ~~person shall file a copy of the first page of the rental~~
9 ~~collection agreement with the department of taxation within~~
10 ~~thirty days after entering into the agreement, or shall file a~~
11 ~~copy of federal Internal Revenue form 1099, the property owner's~~
12 ~~social security number, and, if available, the general excise~~
13 ~~tax license number of the owner of the property being rented~~
14 ~~with the department of taxation at the same time as such forms~~
15 ~~must be filed with the Internal Revenue Service.~~

16 ~~(d) Every person authorized under an agreement by the~~
17 ~~owner of real property located within this State to collect rent~~
18 ~~on behalf of such owner within ninety days after the effective~~
19 ~~date of this section shall furnish the department of taxation~~
20 ~~with the information required in subsection (b) and in the case~~
21 ~~of federal form 1099 such form for the taxable year 1983. The~~
22 ~~person also shall notify the owner that such information is~~

S.B. NO. 1199

~~being furnished and give the owner a copy of the notice required~~
~~by subsection (b).]~~ (a) On or before January 31 of each year,
every person who has collected rent during the previous calendar
year on behalf of an owner or lessor of real property located
within the State shall provide the department with the following
information, on a form prescribed by the department:

(1) Name of the owner or lessor;

(2) Address of the owner or lessor;

(3) Social security number or federal employer

identification number of the owner or lessor;

(4) General excise tax number of the owner or lessor; and

(5) Total amount of rent collected for real property

located within the State, by county, on behalf of the

owner or lessor during the previous calendar year.

The person shall also provide to the owner or lessor, on or
before January 31 of each year, a copy of the information
furnished to the department and the following notice in writing:

"HAWAII GENERAL EXCISE TAXES MUST BE PAID ON THE GROSS

RENTS COLLECTED BY ANY PERSON RENTING REAL PROPERTY IN THE

STATE OF HAWAII. A FORM WITH YOUR NAME, ADDRESS, SOCIAL

SECURITY OR FEDERAL EMPLOYER IDENTIFICATION NUMBER, GENERAL

EXCISE TAX LICENSE NUMBER, AND THE AMOUNT OF RENT COLLECTED

S.B. NO. 1199

1 ON YOUR BEHALF HAS BEEN OR WILL BE FILED WITH THE HAWAII
2 DEPARTMENT OF TAXATION."

3 (b) Any person who fails to comply with this section shall
4 be fined, for each owner for which the person has failed to
5 provide any of the information required under subsection (a),
6 \$500 for each month or fraction thereof that the failure
7 continues, unless it is shown that the failure is due to
8 reasonable cause and not neglect."

9 SECTION 2. Section 237D-8.5, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "[~~+~~]**\$237D-8.5[~~+~~]** **Collection of rental by third party;**
12 **filing with department; statement required.** [~~(a)~~—Every person
13 ~~authorized under an agreement by the owner of transient~~
14 ~~accommodations located within this State to collect rent on~~
15 ~~behalf of such owner shall be subject to this section.~~

16 ~~(b)—Every written rental collection agreement shall have~~
17 ~~on the first page of the agreement the name, address, social~~
18 ~~security or federal identification number, and, if available,~~
19 ~~the general excise tax license and transient accommodations tax~~
20 ~~registration numbers of the owner of the transient~~
21 ~~accommodations being rented, the address of the property being~~

S.B. NO. 1199

1 ~~rented, and the following statement which shall be set forth in~~
2 ~~bold print and in ten-point type size:~~

3 ~~"HAWAII TRANSIENT ACCOMMODATIONS TAXES MUST BE PAID ON THE~~
4 ~~GROSS RENTS COLLECTED BY ANY PERSON RENTING TRANSIENT~~
5 ~~ACCOMMODATIONS IN THE STATE OF HAWAII. A COPY OF THE FIRST PAGE~~
6 ~~OF THIS AGREEMENT, OR OF FEDERAL INTERNAL REVENUE FORM 1099~~
7 ~~STATING THE AMOUNT OF RENTS COLLECTED, SHALL BE FILED WITH THE~~
8 ~~HAWAII DEPARTMENT OF TAXATION."~~

9 ~~Every person entering an oral rental collection agreement~~
10 ~~shall furnish the department of taxation the information~~
11 ~~required under this subsection and shall give the owner of the~~
12 ~~property a copy of the notice required by this subsection. The~~
13 ~~statement required by this subsection may be combined with the~~
14 ~~statement required under section 237-30.5 by adding in bold~~
15 ~~print and in ten-point type size to the front of the statement~~
16 ~~in section 237-30.5 the following:~~

17 ~~"HAWAII TRANSIENT ACCOMMODATIONS TAXES AND".~~

18 ~~(c) Every person authorized to collect rent for another~~
19 ~~person shall file a copy of the first page of the rental~~
20 ~~collection agreement with the department of taxation within~~
21 ~~ninety days after June 9, 1988, or within thirty days after~~
22 ~~entering into the agreement, or shall file a copy of federal~~

S.B. NO. 1199

~~Internal Revenue form 1099, the property owner's social security or federal identification number, and, if available, the general excise tax license and transient accommodations tax registration numbers of the owner of such property being rented with the department of taxation at the same time as such forms must be filed with the Internal Revenue Service for the applicable tax year. The person also shall notify the owner that such information is being furnished and give the owner a copy of the notice required by subsection (b).~~

~~(d) If a person complies with the provisions of this section, the person shall be deemed to have complied with section 237-30.5.]~~ (a) On or before January 31 of each year, every person who has collected gross rental proceeds during the previous calendar year on behalf of an operator of a transient accommodation located within the State shall provide the department with the following information, on a form prescribed by the department:

- (1) Name of the operator;
- (2) Address of the operator;
- (3) Social security number or federal employer identification number of the operator;

S.B. NO. 1199

1 (4) Transient accommodations tax registration

2 identification number of the operator; and

3 (5) Total amount of gross rental proceeds collected for

4 transient accommodations located within the State, by

5 county, on behalf of the operator during the previous

6 calendar year.

7 The person shall also provide to the operator, on or before
8 January 31 of each year, a copy of the information furnished to
9 the department and the following notice in writing:

10 "TRANSIENT ACCOMMODATIONS TAXES MUST BE PAID ON THE GROSS

11 RENTAL PROCEEDS COLLECTED BY ANY PERSON FURNISHING

12 TRANSIENT ACCOMMODATIONS IN THE STATE OF HAWAII. A FORM

13 WITH YOUR NAME, ADDRESS, SOCIAL SECURITY OR FEDERAL

14 IDENTIFICATION NUMBER, TRANSIENT ACCOMMODATIONS TAX

15 REGISTRATION IDENTIFICATION NUMBER, AND THE AMOUNT OF GROSS

16 RENTAL PROCEEDS COLLECTED ON YOUR BEHALF HAS BEEN OR WILL

17 BE FILED WITH THE HAWAII DEPARTMENT OF TAXATION."

18 (b) Any person who fails to comply with this section shall
19 be fined, for each operator for which the person has failed to
20 provide any of the information required under subsection (a),
21 \$500 for each month or fraction thereof that the failure

S.B. NO. 1199

1 continues, unless it is shown that the failure is due to
2 reasonable cause and not neglect.

3 (c) The penalty provided under this section and section
4 237-30.5 shall not both be applied to the same failure to
5 comply."

6 SECTION 3. This Act does not affect rights and duties that
7 matured, penalties that were incurred, and proceedings that were
8 begun before its effective date.

9 SECTION 4. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 5. This Act shall take effect upon its approval.

INTRODUCED BY:



BY REQUEST

S.B. NO. 1199

Report Title:

Required Information on Rent Collected on Behalf of an Owner of Real Property; Related Penalties

Description:

Revises the manner in which person authorized to collect rent provides information to the Department of Taxation and requires (as opposed to permits) them to report the total amount of rent collected under sections 237-30.5 and 237D-8.5, Hawaii Revised Statutes.

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

JUSTIFICATION SHEET

DEPARTMENT: Taxation.

TITLE: A BILL FOR AN ACT RELATING TO TAX REPORTING.

PURPOSE: Revises the manner in which person authorized to collect rent provides information to the Department of Taxation and requires (as opposed to permits) them to report the total amount of rent collected under sections 237-30.5 and 237D-8.5, Hawaii Revised Statutes (HRS). Imposes penalties for failing to provide the information required by sections 237-30.5 and 237D-8.5, HRS.

MEANS: Amend sections 237-30.5 and 237D-8.5, HRS.

JUSTIFICATION: The Department finds that sections 237-30.5, HRS, and 237D-8.5, HRS, currently require persons who collect rent on behalf of property owners to provide the Department with information regarding the owner, but do not impose any penalties for failing to comply. The creation of penalties will promote compliance with the reporting requirements. Requiring the reporting of total amount of rent and gross rental proceeds collected will further help the Department to monitor compliance.

Impact on the public: Persons who collect rent on behalf of property owners or lessors will be subject to penalties for failing to comply with the reporting requirements.

Impact on the department and other agencies: The Department will benefit from having additional tools to monitor and enforce compliance.

GENERAL FUND: Indeterminate..

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION:

None.

OTHER AFFECTED
AGENCIES:

None.

EFFECTIVE DATE:

Upon approval.