
A BILL FOR AN ACT

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

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

1 SECTION 1. The legislature finds that tourism has been a
2 critical industry and pillar of Hawaii's modern economy for
3 which the people of Hawaii are fortunate. However, as Hawaii
4 continues to host record numbers of visitors annually,
5 increasing traffic and crowds, conversion of long-term housing
6 units, and wear on public infrastructure, among other impacts,
7 are beginning to take a toll on the quality of life for local
8 residents.

9 The legislature further finds that in 2019, the islands
10 hosted over ten million tourists, but with each visitor spending
11 decreasingly less while here. With numbers of tourists expected
12 to continue growing annually as Hawaii recovers from the
13 coronavirus disease 2019 (COVID-19) pandemic, capturing
14 additional dollars from tourism can pay for public services,
15 infrastructure, and other needs that local taxpayers must
16 currently pay for. Such a market-based mechanism to capture
17 additional visitor dollars as tourism increases can help both



1 regulate the number of tourists visiting Hawaii as well as
2 reduce costs to local residents.

3 Therefore, the purpose of this Act is to reduce the cost
4 burden and negative impact from tourism on local residents by
5 adjusting the transient accommodations tax rate based on the
6 number of tourists visiting Hawaii.

7 SECTION 2. Chapter 201, Hawaii Revised Statutes, is
8 amended by adding a new section to part I to be appropriately
9 designated and to read as follows:

10 "§201- Annual visitor report. The Hawaii tourism
11 authority and department shall determine the number of visitor
12 arrivals in the State for each calendar year, beginning with
13 calendar year 2020. The department shall publish the number in
14 the State of Hawaii data book no later than June 30 of the
15 following calendar year, beginning on June 30, 2021."

16 SECTION 3. Section 237D-2, Hawaii Revised Statutes, is
17 amended by amending subsection (e) to read as follows:

18 "(e) Notwithstanding the tax rates established in
19 subsections (a)(5) and (c)(3), the tax rates levied, assessed,
20 and collected pursuant to subsections (a) and (c) shall be 10.25



1 per cent for the period beginning on January 1, 2018, to
2 December 31, 2030; provided that:

3 (1) The tax revenues levied, assessed, and collected
4 pursuant to this subsection that are in excess of the
5 revenues realized from the levy, assessment, and
6 collection of tax at the 9.25 per cent rate shall be
7 deposited quarterly into the mass transit special fund
8 established under section 248-2.7; [~~and~~]

9 (2) Effective January 1 of each calendar year, beginning
10 with calendar year 2022, until December 31, 2030, if
11 the total number of visitor arrivals in the State, as
12 published in the preceding year in the State of Hawaii
13 data book pursuant to section 201- , is:

14 (A) Six million or less, the baseline tax rate shall
15 be six per cent; or

16 (B) Seven million or greater, the tax rate described
17 in subparagraph (A) shall increase or decrease by
18 one per cent per one million visitors, provided
19 that it shall not fall below the baseline tax
20 rate of six per cent;



1 provided that the tax rate shall be applied at the
2 time of the hotel booking; and
3 ~~(2)~~ (3) If a court of competent jurisdiction determines
4 that the amount of county surcharge on state tax
5 revenues deducted and withheld by the State, pursuant
6 to section 248-2.6, violates statutory or
7 constitutional law and, as a result, awards moneys to
8 a county with a population greater than five hundred
9 thousand, then an amount equal to the monetary award
10 shall be deducted and withheld from the tax revenues
11 deposited under paragraph (1) into the mass transit
12 special fund, and those funds shall be a general fund
13 realization of the State.

14 The remaining tax revenues levied, assessed, and collected
15 at the 9.25 per cent tax rate pursuant to subsections (a) and
16 (c) shall be distributed in accordance with section
17 237D-6.5(b)."

18 SECTION 4. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 5. This Act shall take effect on July 1, 2050.



Report Title:

Transient Accommodations Tax; DBEDT; Hawaii Tourism Authority;
State Data Book; Rate Adjustment; Visitor Arrivals

Description:

Provides for a mechanism to adjust the transient accommodations tax rate based on visitor arrivals for a calendar year. Requires the Hawaii tourism authority and the department of business, economic development, and tourism to determine and the latter to publish visitor arrivals annually. Effective 7/1/2050. (SD2)

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

