A BILL FOR AN ACT

RELATING TO THE COUNTY TRANSIENT ACCOMMODATIONS TAX.

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

1   SECTION 1. Chapter 248, Hawaii Revised Statutes, is

2 amended by adding a new section to be appropriately designated

3 and to read as follows:

4   "**§248-   County transient accommodations tax; disposition**

5 **of proceeds.** (a) If adopted by county ordinance, all county

6 transient accommodations tax revenues collected by the director

7 of taxation shall be paid into the state treasury quarterly,

8 within ten working days after collection, and shall be placed by

9 the director of finance into special accounts. Out of the

10 revenues generated by county transient accommodations taxes paid

11 into each respective state treasury special account, the

12 director of finance shall deduct   per cent of the

13 gross proceeds of a respective county's transient accommodations

14 tax to reimburse the State for the costs of assessment,

15 collection, disposition, and oversight of the county transient

16 accommodations tax incurred by the State. Amounts retained

17 shall be general fund realizations of the State.

1   (b)   The amounts deducted for costs of assessment,

2   collection, disposition, and oversight of county transient

3   accommodations taxes shall be withheld from payment to the

4   counties by the State out of the county transient accommodations

5   tax revenues collected for the current calendar year.

6   (c)   For the purpose of this section, the costs of

7   assessment, collection, disposition, and oversight of any county

8   transient accommodations tax shall include any and all costs,

9   direct or indirect, that are deemed necessary and proper to

10 effectively administer this section and section 237D-2.5.

11   (d)   After the deduction and withholding of the costs under

12 subsections (a) and (b), the director of finance shall pay the

13 remaining balance on a quarterly basis to the director of

14 finance of each county that has adopted a county transient

15 accommodations tax under section 46-20.7.   The quarterly

16 payments shall be made after the county transient accommodations

17 tax revenues have been paid into the state treasury special

18 accounts or after the disposition of any tax appeal, as the case

19 may be.   All county transient accommodations tax revenues

20 collected shall be distributed by the director of finance to the

21 county in which the county transient accommodations tax is

1   generated and shall be a general fund realization of the

2   county."

3   SECTION 2.   Section 46-20.7, Hawaii Revised Statutes, is

4   amended to read as follows:

5   "[[]§46-20.7[]]   **County transient accommodations tax.**   (a)

6   Each county may establish a transient accommodations tax [not to

7   exceed the maximum rate set forth in section 237D-2.5].   The

8   county transient accommodations tax shall be in addition to any

9   state transient accommodations tax.   A county electing to

10   establish a transient accommodations tax pursuant to this

11   section shall do so by ordinance.

12   (b)   The revenues received from a transient accommodations

13   tax established pursuant to this section shall be used to

14   address the pressures of the visitor industry on the demand for

15   county services, including police and fire protection, parks and

16   recreation facilities, emergency services, water systems, roads

17   and transportation systems, sewage systems, and other

18   infrastructure; provided that impacted county services and

19   facilities may be further defined by ordinance.

20   (c)   A county electing to exercise the authority granted

21   under this section shall notify the director of taxation within

1 ten days after the county has adopted the county transient

2 accommodations tax ordinance. Beginning no earlier than January

3 1, following the enactment of the ordinance, the director of

4 taxation shall levy, assess, collect, and otherwise administer

5 the county transient accommodations tax."

6   SECTION 3. Section 237D-2.5, Hawaii Revised Statutes, is

7 amended to read as follows:

8   "[[]§237D-2.5[]] **County transient accommodations tax;**

9 **administration.** (a) The county transient accommodations tax,

10 upon the adoption of a county ordinance and in accordance with

11 the requirements of section 46-20.7, shall be levied, assessed,

12 and collected as provided in this section on all gross rental,

13 gross rental proceeds, and fair market rental value taxable

14 under this chapter. [No county shall set its transient

15 accommodations tax at a rate greater than three per cent of all

16 gross rental, gross rental proceeds, and fair market rental

17 value taxable under this chapter. With respect] All provisions

18 of this chapter shall apply to the county transient

19 accommodations tax, with respect to which the [applicable

20 county] director of [finance] taxation shall have all the rights

21 and powers [of the director of taxation] provided under this

1   chapter.   In addition, the director of taxation shall have the

2   exclusive rights and power to determine the county or counties

3   in which a person is engaged in business and, in the case of a

4   person engaged in business in more than one county, the director

5   shall determine, through apportionment or other means, that

6   portion of the county transient accommodations tax attributable

7   to business conducted in each county.

8   (b)   The county transient accommodations tax, if adopted,

9   shall be imposed on the gross rental, gross rental proceeds, and

10   fair market rental value of all written contracts that require

11   the passing on of the taxes imposed under this chapter; provided

12   that if the gross rental, gross rental proceeds, and fair market

13   rental value are received as payments beginning in the taxable

14   year in which the taxes become effective, on contracts entered

15   into prior to the adoption of the ordinance pursuant to

16   section 46-20.7, and the written contracts do not provide for

17   the passing on of increased rates of taxes, the county transient

18   accommodations tax shall not be imposed on the gross rental,

19   gross rental proceeds, and fair market rental value covered

20   under the written contracts.   The county transient

21   accommodations tax shall be imposed on the gross rental, gross

1 rental proceeds, and fair market rental value from all contracts

2 entered into on or after the adoption of the ordinance pursuant

3 to section 46-20.7, regardless of whether the contract allows

4 for the passing on of any tax or any tax increases.

5   (c) No county transient accommodations tax shall be

6 established on any form of accommodation that is exempt from the

7 taxes imposed by this chapter pursuant to section 237D-3.

8   (d) The director of taxation shall revise the transient

9 accommodations tax forms to provide for the clear and separate

10 designation of the imposition and payment of the county

11 transient accommodations tax.

12   (e) All taxpayers who file on a fiscal year basis whose

13 fiscal year ends after December 31 of the year prior to the

14 taxable year in which the taxes become effective, shall file a

15 short period annual return for the period preceding January 1 of

16 the taxable year in which the taxes become effective. Each

17 fiscal year taxpayer shall also file a short period annual

18 return for the period starting on January 1 of the taxable year

19 in which the taxes become effective, and ending before January 1

20 of the following year."

S.B. NO. 2053

1   SECTION 4. Statutory material to be repealed is bracketed

2 and stricken. New statutory material is underscored.

3   SECTION 5. This Act shall take effect on January 1, 2023.

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INTRODUCED BY: _____
<p style="text-align:center">By Request</p>

Report Title:
Hawaii State Association of Counties Package; DOTAX; County Transient Accommodations Tax; Administration; Disposition of Proceeds

Description:
Requires county transient accommodations taxes to be levied, assessed, collected, and otherwise administered by the Department of Taxation. Repeals the rate limit on the county transient accommodations tax. Requires transient accommodations tax revenues to be used to address pressures of the visitor industry on the demand for county services.

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