

'JAN 22 2021

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# A BILL FOR AN ACT

RELATING TO PROTECTION OF NATURAL RESOURCES.

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

1           SECTION 1. In 2015, 4,656,465 visitors to Hawaii used a  
2 hotel as their sole accommodation and 1,180,114 visitors used a  
3 condominium as their sole accommodation. The legislature finds  
4 that imposing a \$20 tax on each person who uses a transient  
5 accommodation in Hawaii could generate over \$100,000,000 per  
6 year, which could be used to fund hundreds of long-term and  
7 sustainable jobs for conservation and education efforts, which  
8 will protect Hawaii's lands and natural resources for  
9 generations.

10           The purpose of this Act is to impose a per person tax on  
11 transient accommodations for the purpose of funding conservation  
12 efforts.

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

15           "**§237D-2 Imposition and rates.** (a) There is levied and  
16 shall be assessed and collected each month a tax of:



- 1 (1) Five per cent for the period beginning on January 1,  
2 1987, to June 30, 1994;
- 3 (2) Six per cent for the period beginning on July 1, 1994,  
4 to December 31, 1998;
- 5 (3) 7.25 per cent for the period beginning on January 1,  
6 1999, to June 30, 2009;
- 7 (4) 8.25 per cent for the period beginning on July 1,  
8 2009, to June 30, 2010; and
- 9 (5) 9.25 per cent for the period beginning on July 1,  
10 2010, and thereafter;

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

13 (b) Every transient accommodations broker, travel agency,  
14 and tour packager who arranges transient accommodations at  
15 noncommissioned negotiated contract rates and every operator  
16 shall ~~pay~~:

- 17 (1) Pay to the State the tax imposed by subsection (a) [7];  
18 and  
19 (2) Be liable for and pay to the State the tax imposed by  
20 subsection (f),

21 as provided in this chapter.



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 per cent on the fair market rental value for the  
10 period beginning on January 1, 2017, and thereafter.

11 (d) Every plan manager shall be liable for and pay to the  
12 State the transient accommodations tax imposed by subsection (c)  
13 as provided in this chapter. Every resort time share vacation  
14 plan shall be represented by a plan manager who shall be subject  
15 to this chapter.

16 (e) Notwithstanding the tax rates established in  
17 subsections (a)(5) and (c)(3), the tax rates levied, assessed,  
18 and collected pursuant to subsections (a) and (c) shall be 10.25  
19 per cent for the period beginning on January 1, 2018, to  
20 December 31, 2030; provided that:



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

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

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



1       (f) In addition to the tax imposed pursuant to subsection  
2 (a), there is levied and shall be assessed and collected a tax  
3 of \$20 on each guest of transient accommodations beginning on  
4 July 1, 2021, and thereafter; provided that the tax imposed  
5 pursuant to this subsection shall not be imposed on the same  
6 person more than once in any one hundred eighty-day period."

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

9       "(b) Except for the revenues collected pursuant to section  
10 237D-2(e), revenues collected under this chapter shall be  
11 distributed in the following priority, with the excess revenues  
12 to be deposited into the general fund:

13       (1) \$1,500,000 shall be allocated to the Turtle Bay  
14 conservation easement special fund beginning July 1,  
15 2015, for the reimbursement to the state general fund  
16 of debt service on reimbursable general obligation  
17 bonds, including ongoing expenses related to the  
18 issuance of the bonds, the proceeds of which were used  
19 to acquire the conservation easement and other real  
20 property interests in Turtle Bay, Oahu, for the  
21 protection, preservation, and enhancement of natural



1 resources important to the State, until the bonds are  
2 fully amortized;

3 (2) \$16,500,000 shall be allocated to the convention  
4 center enterprise special fund established under  
5 section 201B-8;

6 (3) \$79,000,000 shall be allocated to the tourism special  
7 fund established under section 201B-11; provided that:

8 (A) Beginning on July 1, 2012, and ending on June 30,  
9 2015, \$2,000,000 shall be expended from the  
10 tourism special fund for development and  
11 implementation of initiatives to take advantage  
12 of expanded visa programs and increased travel  
13 opportunities for international visitors to  
14 Hawaii;

15 (B) Of the \$79,000,000 allocated:

16 (i) \$1,000,000 shall be allocated for the  
17 operation of a Hawaiian center and the  
18 museum of Hawaiian music and dance; and

19 (ii) 0.5 per cent of the \$79,000,000 shall be  
20 transferred to a sub-account in the tourism  
21 special fund to provide funding for a safety



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1                   and security budget, in accordance with the  
2                   Hawaii tourism strategic plan 2005-2015; and  
3           (C) Of the revenues remaining in the tourism special  
4           fund after revenues have been deposited as  
5           provided in this paragraph and except for any sum  
6           authorized by the legislature for expenditure  
7           from revenues subject to this paragraph,  
8           beginning July 1, 2007, funds shall be deposited  
9           into the tourism emergency special fund,  
10          established in section 201B-10, in a manner  
11          sufficient to maintain a fund balance of  
12          \$5,000,000 in the tourism emergency special fund;  
13    (4) \$103,000,000 shall be allocated as follows: Kauai  
14          county shall receive 14.5 per cent, Hawaii county  
15          shall receive 18.6 per cent, city and county of  
16          Honolulu shall receive 44.1 per cent, and Maui county  
17          shall receive 22.8 per cent; provided that commencing  
18          with fiscal year 2018-2019, a sum that represents the  
19          difference between a county public employer's annual  
20          required contribution for the separate trust fund  
21          established under section 87A-42 and the amount of the



1 county public employer's contributions into that trust  
2 fund shall be retained by the state director of  
3 finance and deposited to the credit of the county  
4 public employer's annual required contribution into  
5 that trust fund in each fiscal year, as provided in  
6 section 87A-42, if the respective county fails to  
7 remit the total amount of the county's required annual  
8 contributions, as required under section 87A-43; and  
9 (5) [~~\$3,000,000~~] \$103,000,000 shall be allocated to the  
10 special land and development fund established under  
11 section 171-19; provided that the allocation shall be  
12 expended in accordance with the Hawaii tourism  
13 authority strategic plan for:

- 14 (A) The protection, preservation, maintenance, and  
15 enhancement of natural resources, including  
16 beaches, important to the visitor industry;
- 17 (B) Planning, construction, and repair of facilities;  
18 and
- 19 (C) Operation and maintenance costs of public lands,  
20 including beaches, connected with enhancing the  
21 visitor experience.



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

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

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

10 SECTION 5. This Act shall take effect on July 1, 2021.

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INTRODUCED BY:

*A. Kalani Eghoh*



# S.B. NO. 718

**Report Title:**

Tourism; Visitors; Conservation; Special Land and Development Fund; Transient Accommodations Tax; Hotel; Condominium

**Description:**

Imposes a \$20 per guest tax on users of transient accommodations for the purposes of funding conservation efforts.

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