
A BILL FOR AN ACT

RELATING TO STATE TAX ADMINISTRATION.

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

1 SECTION 1. Section 231-10.8, Hawaii Revised Statutes, is
2 amended to read as follows:

3 " ~~[†]§231-10.8[†]~~ **Tax clearance fees.** The department may
4 charge a fee of \$20 for each tax clearance application submitted
5 ~~[and \$5 for each certified copy of a tax clearance]."~~

6 SECTION 2. Section 237-30.5, Hawaii Revised Statutes, is
7 amended to read as follows:

8 " ~~[†]§237-30.5[†]~~ **Collection of rental by third party;**
9 **filing with department; statement required.** (a) Every person
10 authorized under an agreement by the owner of real property
11 located within this State to collect rent on behalf of ~~[such]~~
12 the owner shall be subject to this section.

13 (b) Every written rental collection agreement shall have
14 on the first page of the agreement the name, address, social
15 security number, and, if available, the general excise tax
16 number of the owner of the real property being rented, the
17 address of the property being rented, and the following



1 statement [~~which~~] that shall be set forth in bold print and in
2 ten-point type size:

3

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

10

11 Every person entering an oral rental collection agreement
12 shall furnish the department of taxation the information
13 required under this subsection and shall give the owner of the
14 property a copy of the notice required by this subsection.

15 (c) Every person authorized to collect rent for another
16 person shall file a copy of the first page of the rental
17 collection agreement with the department of taxation within
18 thirty days after entering into the agreement, or shall file a
19 copy of federal Internal Revenue form 1099, the property owner's
20 social security number, and, if available, the general excise
21 tax license number of the owner of the property being rented



1 with the department of taxation at the same time [~~as such~~] that
2 the forms must be filed with the Internal Revenue Service.

3 (d) Every person authorized under an agreement by the
4 owner of real property located within this State to collect rent
5 on behalf of [~~such~~] the owner within ninety days after the
6 effective date of this section shall furnish the department of
7 taxation with the information required in subsection (b) and in
8 the case of federal form 1099 [~~such~~] the form for the taxable
9 year 1983. The person also shall notify the owner that [~~such~~]
10 the information is being furnished and give the owner a copy of
11 the notice required by subsection (b).

12 (e) Failure to comply with any provision of this section
13 shall be unlawful. The department of taxation may issue a
14 citation to any person who fails to comply with any provision of
15 this section. A citation issued pursuant to this subsection
16 shall include a monetary fine of no more than \$500 per
17 violation. Any fine assessed under this subsection shall be due
18 and payable thirty days after issuance, subject to appeal rights
19 provided under this subsection. Citations may be appealed to
20 the director or the director's designee, and the determination



1 of the director may be appealed to the circuit court pursuant to
2 chapter 91."

3 SECTION 3. Section 237-49, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§237-49 Unfair competition; penalty.** No taxpayer shall
6 advertise or hold out to the public in any manner, directly or
7 indirectly, that the tax hereby imposed upon the taxpayer is not
8 considered as an element in the price to the purchaser. Any
9 person violating this section shall be fined [~~not~~] no more than
10 [~~\$50~~] \$1,000 for each offense."

11 SECTION 4. Section 237D-8.5, Hawaii Revised Statutes, is
12 amended to read as follows:

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

18 (b) Every written rental collection agreement shall have
19 on the first page of the agreement the name, address, social
20 security or federal identification number, and, if available,
21 the general excise tax license and transient accommodations tax



1 registration numbers of the owner of the transient
2 accommodations being rented, the address of the property being
3 rented, and the following statement [~~which~~] that shall be set
4 forth in bold print and in ten-point type size:

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

12

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

21



1 "HAWAII TRANSIENT ACCOMMODATIONS TAXES AND".

2

3 (c) Every person authorized to collect rent for another
4 person shall file a copy of the first page of the rental
5 collection agreement with the department of taxation within
6 ninety days after June 9, 1988, or within thirty days after
7 entering into the agreement, or shall file a copy of federal
8 Internal Revenue form 1099, the property owner's social security
9 or federal identification number, and, if available, the general
10 excise tax license and transient accommodations tax registration
11 numbers of the owner of [such] the property being rented with
12 the department of taxation at the same time [~~as such~~] that the
13 forms must be filed with the Internal Revenue Service for the
14 applicable tax year. The person also shall notify the owner
15 that [such] the information is being furnished and give the
16 owner a copy of the notice required by subsection (b).

17 (d) If a person complies with the provisions of this
18 section, the person shall be deemed to have complied with
19 section 237-30.5.

20 (e) Failure to comply with any provision of this section
21 shall be unlawful. The department of taxation may issue a



1 citation to any person who fails to comply with any provision of
2 this section. A citation issued pursuant to this subsection
3 shall include a monetary fine of no more than \$500 per
4 violation. Any fine assessed under this subsection shall be due
5 and payable thirty days after issuance, subject to appeal rights
6 provided under this subsection. Citations may be appealed to
7 the director or the director's designee, and the determination
8 of the director may be appealed to the circuit court pursuant to
9 chapter 91."

10 SECTION 5. This Act does not affect rights and duties that
11 matured, penalties that were incurred, and proceedings that were
12 begun before its effective date.

13 SECTION 6. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 7. This Act shall take effect upon its approval.



Report Title:

General Excise Tax; Transient Accommodations Tax; Collection of Rental Payments; Unfair Competition Penalty

Description:

Repeals an obsolete fee for a certified copy of a tax clearance. Adds a penalty for failure to comply with reporting requirements under the general excise tax law and transient accommodations tax law for collection of rent by a third party. Raises the unfair competition penalty under the general excise tax law to adjust for inflation. (SD2)

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