
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. The legislature finds that, in the wake of the
2 August 2023 Maui wildfires, the county of Maui is facing
3 unanticipated revenue shortfalls, including in tax collections.
4 In December 2023, the office of the county auditor of the county
5 of Maui reported on significant delinquencies in collection of
6 the county transient accommodations tax. The county department
7 of finance is understaffed, and only two of eight positions with
8 the county transient accommodations tax team have been filled.
9 The legislature finds that temporary assistance from the
10 department of taxation in the collection of the county transient
11 accommodations tax would allow the county of Maui to clear the
12 existing backlog while it hires and trains needed personnel.

13 Accordingly, the purpose of this Act is to authorize the
14 department of taxation to assist a requesting county in levying,
15 assessing, collecting, and otherwise administering the county
16 transient accommodations tax, including delinquencies and
17 penalties, for a six-year period beginning January 1, 2025.



1 SECTION 2. Section 237D-2.5, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) The county transient accommodations tax, upon the
4 adoption of a county ordinance and in accordance with the
5 requirements of section 46-20.7, shall be levied, assessed, and
6 collected as provided in this section on all gross rental, gross
7 rental proceeds, and fair market rental value taxable under this
8 chapter. No county shall set its transient accommodations tax
9 at a rate greater than three per cent of all gross rental, gross
10 rental proceeds, and fair market rental value taxable under this
11 chapter. With respect to the county transient accommodations
12 tax, the applicable county director of finance shall have all
13 the rights and powers of the director of taxation provided under
14 this chapter~~[-]~~; provided that, if a major disaster is declared
15 by the governor in a county having a population greater than one
16 hundred thousand and less than two hundred thousand, the
17 director of taxation shall be authorized for a six-year period
18 beginning on January 1, 2025, to assist the county in levying,
19 assessing, collecting, and otherwise administering the county
20 transient accommodations tax, including delinquencies and
21 penalties.



1 All county transient accommodations taxes paid into the
2 state treasury pursuant to this section shall be kept by the
3 director of finance in a special account for distribution to the
4 applicable county. On or before January 1 or July 1 of each
5 year, the director of finance shall compute and pay the amount
6 due to the applicable county, which shall become a general fund
7 realization of the county to be used for housing infrastructure,
8 as defined in section 46-16.8, infrastructure rebuilding costs
9 related to a major disaster, as declared by the governor, or any
10 related debt service and finance agreement costs for both
11 purposes.

12 The director of finance shall deduct per cent of
13 the amount due to the applicable county to reimburse the State
14 for the costs of assessment, collection, disposition, and
15 oversight of the county transient accommodations tax incurred by
16 the State. Amounts retained shall be general fund realizations
17 of the State."

18 SECTION 3. In accordance with section 9 of article VII, of
19 the Constitution of the State of Hawaii and sections 37-91 and
20 37-93, Hawaii Revised Statutes, the legislature has determined
21 that the appropriation contained in this Act will cause the

1 state general fund expenditure ceiling for fiscal year 2024-2025
2 to be exceeded by \$, or per cent. The
3 reasons for exceeding the general fund expenditure ceiling are
4 that the appropriation made in this Act is necessary to serve
5 the public interest and to meet the needs provided for by this
6 Act.

7 SECTION 4. There is appropriated out of the general
8 revenues of the State of Hawaii the sum of \$ or so much
9 thereof as may be necessary for fiscal year 2024-2025 to assist
10 a county in levying, assessing, collecting, and otherwise
11 administering the county transient accommodations tax.

12 The sum appropriated shall be expended by the department of
13 taxation for the purposes of this Act.

14 SECTION 5. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 6. This Act shall take effect on July 1, 2050.



Report Title:

DOTAX; Counties; County Transient Accommodations Tax; General Fund Expenditure Ceiling Exceeded; Appropriation

Description:

Authorizes the Department of Taxation, under certain circumstances, to assist a county in levying, assessing, collecting, and otherwise administering the county transient accommodations tax, including delinquencies and penalties, for a 6-year period beginning 1/1/2025. Appropriates moneys. Declares that the appropriation exceeds the general fund expenditure ceiling for 2024-2025. Effective 7/1/2050. (SD1)

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