Honolulu, Hawaii

, 2024

FEB 0 8

RE: H.B. No. 2778 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-Second State Legislature Regular Session of 2024 State of Hawaii

Sir:

Your Committee on Tourism, to which was referred H.B. No. 2778 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish a surcharge on the transient accommodations tax for transient vacation rentals located outside a zoned resort area.

Your Committee received testimony in opposition to this measure from the Grassroot Institute of Hawaii and numerous individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

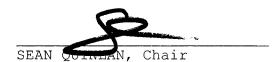
Your Committee finds that typically, transient vacation rentals are only authorized in areas zoned for resort or hotel uses. Despite this, transient vacation rentals that are outside areas where they are authorized continue to be a problem in the State. Your Committee believes that more needs to be done to discourage transient vacation rentals outside of authorized areas by establishing a surcharge on such units.

Your Committee has amended this measure by:

- (1) Clarifying that a transient vacation rental is subject to an additional surcharge on the transient accommodations tax unless it is wholly contained within the grounds of a resort;
- (2) Deleting language that would have charged a surcharge on the transient accommodations tax equal to five percent of the fair market rental value of a resort time share unit;
- (3) Changing the effective date to January 1, 3000, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2778, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2778, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Tourism,



State of Hawaii House of Representatives The Thirty-second Legislature

HSCR 211-24

Record of Votes of the Committee on Tourism

Bill/Resolution No.:	120	Committee	Referral:	. 🖛 .	Date:	1.	1 -41
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☐ The committee is reconsid	ering its previ	ious decision	on the measure.				
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2. HUSSEY-BURDICK,	, Natalia (V	C)	X				
3. HOLT, Daniel	No.		X				
4. KONG, Sam Satoru	T. G. 187/12	50-21 (Sec. 1) 50 Fr. (Sec. 1) 50 Fr. (Sec. 1)		<u> </u>		TOP TOP	
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