STAND. COM. REP. NO. 210

Honolulu, Hawaii

FEB 10 ' 2023

RE: H.B. No. 820 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-Second State Legislature Regular Session of 2023 State of Hawaii

Sir:

Your Committee on Tourism, to which was referred H.B. No. 820 entitled:

"A BILL FOR AN ACT RELATING TO THE TRANSIENT ACCOMMODATIONS TAX,"

begs leave to report as follows:

The purpose of this measure is to establish a transient accommodations tax rate of twenty-five percent for furnishing transient vacation units to transient occupants for less than thirty days.

Your Committee received testimony in opposition to this measure from four individuals. Your Committee received comments on this measure from the Department of Taxation, Hawai'i Tourism Authority, and Tax Foundation of Hawaii.

Your Committee finds that transient vacation rentals continue to be a problem for the State as public discourse and perception have grown more critical of the increasing number of visitors and the impacts of over-tourism. Your Committee believes that the State needs to take a strong stance on holding the tourism industry accountable for the impacts on the State's resources and residents, such as the lack of housing for residents, as many units that may have housed residents are instead used as transient vacation rentals. This measure will ensure that transient

vacation rentals that host visitors for less than thirty days pay their share to address the impacts of the tourism industry on the State.

Your Committee notes the concerns raised in the Department of Taxation's testimony regarding the definition of "transient vacation unit" falling under the definition of "transient accommodations", thereby subjecting transient vacation units to a transient accommodations tax rate of 35.25 percent. It is not the intent of your Committee to subject transient vacation units to a tax rate of 35.25 percent. Your Committee is working with the Department of Taxation to ensure that the language in this measure would tax transient vacation units at a rate of twenty-five percent and not 35.25 percent.

Your Committee has amended this measure by changing the effective date to June 30, 3000, to encourage further discussion.

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. 820, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 820, H.D. 1, and be referred to your Committee on Finance.

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

SEAN QUINLAN, Chair

## State of Hawaii House of Representatives The Thirty-second Legislature



## **Record of Votes of the Committee on Tourism**

Bill/Resolution No.:	Committee	Referral:	Date:	02/07/20	73
HB 821			J, FIN	04/07/20	
The committee is reconsidering its previous decision on the measure.					
The recommendation is to:  Pass, unamended (as is)  Pass, with amendments (HD)  Hold  Pass short form bill with HD to recommit for future public hearing (recommit)					
TOU Members		Ayes	Ayes (WR)	Nays	Excused
1. QUINLAN, Sean (C)		V			
2. HUSSEY-BURDICK, Natalia (VC)					
2. HUSSEI-BURDICK, Na	tana (VC)	<b>V</b>			
3. HOLT, Daniel		7		ta a a kama annya dia panja dia panja dia dia dia dia dia dia dia dia dia di	en to a ulum a Food introduction in the little of
					i Air y is i as
4. KONG, Sam Satoru					<b>V</b>
5. LAMOSAO, Rachele F.					
J. DAMOGAO, RACHELET.					
6. NAKAMURA, Nadine K.	sakan manana da arang ang ang ang ang ang ang ang ang ang	V		tinaa ee TAAN ee al Taar kaanii waa ka dhaada dhiibha	
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7. PIERICK, Elijah		<b>V</b>			
TOTAL (7)		6			1
The recommendation is:	Adopted	☐ Not Adopte	ed		1
	If joint referral,				
N MM					
Vice Chair's or designee's signature:					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					