

A BILL FOR AN ACT

RELATING TO VACATION RENTALS.

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

1 PART I

2 SECTION 1. The Hawaii Revised Statutes is amended by
3 adding a new chapter to be appropriately designated and to read
4 as follows:

5 "CHAPTER

6 SHORT-TERM VACATION RENTAL ENFORCEMENT

7 **§ -1 Definitions.** As used in this chapter, unless the
8 context otherwise requires:

9 "Hosting platform" has the same meaning as in section 237D-
10 1.

11 "Illegal short-term vacation rental" means any short-term
12 vacation rental that a court has determined violates a county
13 ordinance related to short-term vacation rentals, minimum stay
14 requirements, or zoning.

15 "Short-term vacation rental" means a room, apartment,
16 suite, single family dwelling, shelter, vehicle, boat or other



1 watercraft, or the like rented to a transient that does not
2 exceed a certain number of days as established by the counties.

3 **§ -2 County enforcement; evidence.** Any county enforcing
4 an ordinance pertaining to short-term vacation rentals may
5 consider time-stamped screenshots of vacation rentals operating
6 illegally on a hosting platform as evidence of the offering or
7 advertising of illegal short-term vacation rentals."

8 SECTION 2. Section 201B-1, Hawaii Revised Statutes, is
9 amended by amending the definition of "destination management"
10 to read as follows:

11 ""Destination management" means a collaborative and
12 coordinated process with public, private, and community
13 stakeholders to manage the various elements of a visitor
14 destination to:

15 (1) Create, implement, and monitor strategies that attract
16 targeted visitor markets and improve visitor
17 experiences;
18 (2) Improve natural and cultural resources valued by
19 Hawaii residents and visitors;



13 SECTION 3. Section 237D-2.5, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "[+]§237D-2.5[+] County transient accommodations tax;

16 **administration.** (a) The county transient accommodations tax,

17 upon the adoption of a county ordinance and in accordance with

18 the requirements of section 46-20.7, shall be levied, assessed,

19 and collected as provided in this section on all gross rental,

20 gross rental proceeds, and fair market rental value taxable

21 under this chapter. No county shall set its transient



1 accommodations tax at a rate greater than three per cent of all
2 gross rental, gross rental proceeds, and fair market rental
3 value taxable under this chapter. With respect to the county
4 transient accommodations tax, the applicable county director of
5 finance shall have all the rights and powers of the director of
6 taxation provided under this chapter.

7 (b) The county transient accommodations tax, if adopted,
8 shall be imposed on the gross rental, gross rental proceeds, and
9 fair market rental value of all written contracts that require
10 the passing on of the taxes imposed under this chapter; provided
11 that if the gross rental, gross rental proceeds, and fair market
12 rental value are received as payments beginning in the taxable
13 year in which the taxes become effective, on contracts entered
14 into prior to the adoption of the ordinance pursuant to section
15 46-20.7, and the written contracts do not provide for the
16 passing on of increased rates of taxes, the county transient
17 accommodations tax shall not be imposed on the gross rental,
18 gross rental proceeds, and fair market rental value covered
19 under the written contracts. The county transient
20 accommodations tax shall be imposed on the gross rental, gross
21 rental proceeds, and fair market rental value from all contracts



1 entered into on or after the adoption of the ordinance pursuant
2 to section 46-20.7, regardless of whether the contract allows
3 for the passing on of any tax or any tax increases.

4 (c) No county transient accommodations tax shall be
5 established on any form of accommodation that is exempt from the
6 taxes imposed by this chapter pursuant to section 237D-3.

7 (d) The counties may use any revenue from the county
8 transient accommodations tax for the enforcement of short-term
9 vacation rentals. For the purposes of this subsection, "short-
10 term vacation rental" has the same meaning as in section -1."

11 SECTION 4. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$ or so
13 much thereof as may be necessary for fiscal year 2026-2027 for
14 the department of taxation to collect taxes owed by illegal
15 short-term vacation rental operators.

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

18 PART II

19 SECTION 5. Chapter 237, Hawaii Revised Statutes, is
20 amended by adding a new section to be appropriately designated
21 and to read as follows:



1 "§237- Hosting platforms as tax collection agent. (a)

2 A hosting platform that earns service fees for providing booking
3 services shall register with the department of taxation as a tax
4 collection agent under this section, as a condition precedent to
5 providing booking services. Upon registration, the department
6 of taxation shall issue to the tax collection agent a separate
7 license for its activities in that capacity, with respect to
8 taxes due under this chapter on behalf of its operators and, if
9 applicable, for taxes payable under this chapter for its own
10 business activities. The director of taxation may prescribe the
11 form and manner of registration and may require any information
12 necessary for the administration of this section.

13 (b) In addition to its own responsibilities under this
14 chapter, a tax collection agent shall report, collect, and pay
15 over the taxes due under this chapter on behalf of all operators
16 for whom the tax collection agent provides booking services;
17 provided that the tax collection agent's obligation to report,
18 collect, and pay taxes on behalf of its operators shall apply
19 solely to transient accommodations located in the State for
20 which booking services were provided by the tax collection
21 agent. For all other business activities not related to the



1 booking services, each operator shall remain subject to all
2 applicable requirements of title 14 as if this section did not
3 apply.

4 (c) If a tax collection agent fails to collect and pay the
5 tax as required under subsection (b), the tax collection agent
6 shall be liable to pay to the State any unpaid portion of the
7 amount of tax that was required to be paid under subsection (b),
8 together with penalties and interest as provided by law.

9 (d) A tax collection agent shall file periodic returns in
10 accordance with section 237-30 and annual returns in accordance
11 with section 237-33. Each annual return required under section
12 237-33 shall include, in a form prescribed by the department of
13 taxation, the following information for each operator on whose
14 behalf the tax collection agent is required to report, collect,
15 or pay over taxes due under this chapter:

- 16 (1) Name;
- 17 (2) Social security number or federal employer
identification number;
- 18 (3) Address of each transient accommodation;
- 19 (4) General excise tax license number;
- 20 (5) Transient accommodations tax registration number;



1 (6) Amount of general excise tax paid on behalf of the
2 operator; and
3 (7) Amount of transient accommodations tax paid on behalf
4 of the operator.

5 (e) For the purposes of this section, and unless the
6 context otherwise requires:

7 "Booking service" has the same meaning as in section
8 237D-1.

9 "Hosting platform" has the same meaning as in section
10 237D-1.

11 "Operator" has the same meaning as in section 237D-1.

12 "Tax collection agent" has the same meaning as in section
13 237D-1.

14 "Transient accommodations" has the same meaning as in
15 section 237D-1."

16 SECTION 6. Chapter 237D, Hawaii Revised Statutes, is
17 amended by adding a new section to be appropriately designated
18 and to read as follows:

19 "§237D- Hosting platform as tax collection agent. (a)
20 A hosting platform that earns service fees for providing booking
21 services shall register with the department of taxation as a tax



1 collection agent under this section, as a condition precedent to
2 providing booking services. Upon registration, the department
3 of taxation shall issue to the tax collection agent a separate
4 certificate of registration for its activities in that capacity,
5 with respect to taxes due under this chapter on behalf of its
6 operators and, if applicable, for taxes payable under this
7 chapter for its own business activities. The director of
8 taxation may prescribe the form and manner of registration and
9 may require any information necessary for the administration of
10 this section.

11 (b) In addition to its own responsibilities under this
12 chapter, a tax collection agent shall report, collect, and pay
13 over the taxes due under this chapter on behalf of all operators
14 for whom the tax collection agent provides booking services;
15 provided that the tax collection agent's obligation to report,
16 collect, and pay taxes on behalf of its operators shall apply
17 solely to transient accommodations located in the State for
18 which booking services were provided by the tax collection
19 agent. For all other business activities not related to the
20 booking services, each operator shall remain subject to all



1 applicable requirements of title 14 as if this section did not
2 apply.

3 (c) If a tax collection agent fails to collect and pay the
4 tax as required under subsection (b), the tax collection agent
5 shall be liable to pay to the State any unpaid portion of the
6 amount of tax that was required to be paid under subsection (b),
7 together with penalties and interest as provided by law.

8 (d) A tax collection agent shall file periodic returns in
9 accordance with section 237D-6 and annual returns in accordance
10 with section 237D-7. Each annual return required under section
11 237D-7 shall include, in a form prescribed by the department of
12 taxation, the following information for each operator on whose
13 behalf the tax collection agent is required to report, collect,
14 or pay over taxes due under this chapter:

- 15 (1) Name;
- 16 (2) Social security number or federal employer
identification number;
- 18 (3) Address of each transient accommodation;
- 19 (4) General excise tax license number;
- 20 (5) Transient accommodations tax registration number;



- 1 (6) Amount of general excise tax paid on behalf of the
- 2 operator; and
- 3 (7) Amount of transient accommodations tax paid on behalf
- 4 of the operator."

5 SECTION 7. Section 231-8.5, Hawaii Revised Statutes, is
6 amended by amending subsection (b) to read as follows:

7 "(b) If the requirements of subsection (c) are satisfied,
8 the department may require electronic filing of any tax return,
9 application, report, or other document required under the
10 provisions of title 14 administered by the department for the
11 following taxpayers:

- 12 (1) For withholding tax filings required under chapter
13 235, only employers whose total tax liability under
14 sections 235-61 and 235-62 for the calendar or fiscal
15 year exceeds \$40,000;
- 16 (2) For income tax filings required under chapter 235,
17 only taxpayers who are subject to tax under section
18 235-71, 235-71.5, or 235-72;
- 19 (3) For general excise tax filings required under chapter
20 237, only taxpayers whose total tax liability under



1 chapter 237 for the calendar or fiscal year exceeds
2 \$4,000;

3 (4) For transient accommodations tax filings required
4 under chapter 237D, only [operators and plan managers]
5 taxpayers whose total tax liability under chapter 237D
6 for the calendar or fiscal year exceeds \$4,000; and

7 (5) For filings required under the following chapters, all
8 taxpayers subject to tax under those chapters:

9 (A) 236E;

10 (B) 239;

11 (C) 241;

12 (D) 243;

13 (E) 244D;

14 (F) 245; and

15 (G) 251."

16 SECTION 8. Section 237-30.5, Hawaii Revised Statutes, is
17 amended by amending subsection (a) to read as follows:

18 " (a) Every person authorized under an agreement by the
19 owner of real property located within this State to collect rent
20 on behalf of the owner shall be subject to this section[.];
21 provided that this section shall not apply to any hosting



1 platform registered as a tax collection agent under section
2 237- ."

3 SECTION 9. Section 237-41, Hawaii Revised Statutes, is
4 amended to read as follows:

5 **"§237-41 Records to be kept; examination.** (a) Every
6 taxpayer shall keep in the English language within the State,
7 and preserve for a period of three years, suitable records of
8 gross proceeds of sales and gross income, and such other books,
9 records of account, and invoices as may be required by the
10 department of taxation, and all such books, records, and
11 invoices shall be open for examination at any time by the
12 department or the Multistate Tax Commission pursuant to chapter
13 255, or the authorized representative thereof.

14 (b) Each tax collection agent registered under section
15 237- shall maintain records for each operator for whom the
16 agent provides booking services, including the operator's name,
17 the address of the transient accommodation, the period of
18 occupancy, the gross rental or gross rental proceeds, and the
19 taxes collected and remitted on behalf of the operator. The
20 records shall be preserved and made available for examination as
21 provided in subsection (a). Nothing in this subsection shall be



1 construed to diminish or eliminate the responsibilities of
2 taxpayers under this section."

3 SECTION 10. Section 237-41.5, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 " (a) There shall be personal liability for the taxes
6 imposed under this chapter as provided in this section for the
7 following amounts of gross income or gross proceeds:

8 (1) Any amount collected as a recovery of the taxpayer's
9 liability under this chapter, where the amount is
10 passed on as the tax owed by the taxpayer under this
11 chapter for the transaction and is separately stated
12 or accounted for in a receipt, contract, invoice,
13 billing, or other evidence of the business activity;
14 [or]

15 (2) An amount equal to the tax liability under this
16 chapter on a transaction where a taxpayer does not
17 separately state or account for the amount as a tax
18 recovery as provided in paragraph (1). For purposes
19 of this paragraph, the amount of the imputed tax
20 liability is the result of multiplying the gross



1 income or gross proceeds received in the transaction
2 by the tax rate[.]; or
3 (3) Any amount collected by a tax collection agent under
4 section 237- .

5 The amounts under paragraphs (1) [and], (2), and (3) shall be
6 held in trust for the benefit of the State and for payment to
7 the State in the manner and at the time required by this
8 chapter."

9 SECTION 11. Section 237D-1, Hawaii Revised Statutes, is
10 amended by adding three new definitions to be appropriately
11 inserted and to read as follows:

12 "Booking service" means any service, including a
13 reservation or payment service, provided by a person or entity
14 that facilitates a transient accommodations transaction between
15 an operator and a prospective transient or occupant, and for
16 which the person or entity collects or receives, directly or
17 indirectly, through an agent or intermediary, a fee in
18 connection with the reservation or payment service provided for
19 the transient accommodations transaction.

20 "Hosting platform" means a person or entity that
21 participates in the transient accommodations business by



1 providing, and collecting or receiving a fee for, booking
2 services through which an operator may offer transient
3 accommodations. "Hosting platform" includes a person or entity
4 that, usually though not necessarily, provides the booking
5 services through an online or digital platform that allows an
6 operator to advertise transient accommodations and enables a
7 renter to arrange, reserve, or pay for the rental of transient
8 accommodations, whether payment is made directly to the operator
9 or through the hosting platform. "Hosting platform" does not
10 include a marketplace facilitator as defined in section 237-1
11 and described in section 237-4.5.

12 "Tax collection agent" means a person or entity that
13 collects money and taxes from a renter owed to an operator, and
14 the portion of the amounts representing taxes does not
15 constitute the tax collection agent's own income."

16 SECTION 12. Section 237D-8.5, Hawaii Revised Statutes, is
17 amended by amending subsection (a) to read as follows:

18 "(a) Every person authorized under an agreement by the
19 owner of transient accommodations located within this State to
20 collect rent on behalf of the owner shall be subject to this
21 section[‐]; provided that this section shall not apply to any



1 hosting platform registered as a tax collection agent under
2 section 237D- ."

3 SECTION 13. Section 237D-12, Hawaii Revised Statutes, is
4 amended to read as follows:

5 **"§237D-12 Records to be kept; examination.** (a) Every
6 taxpayer shall keep in the English language within the State,
7 and preserve for a period of three years, suitable records of
8 gross rental, gross rental proceeds, or fair market rental value
9 relating to the business taxed under this chapter, and such
10 other books, records of account, and invoices as may be required
11 by the department, and all such books, records, and invoices
12 shall be open for examination at any time by the department or
13 the Multistate Tax Commission pursuant to chapter 255, or the
14 authorized representative thereof.

15 (b) Each tax collection agent registered under section
16 237D- shall maintain records for each operator for whom the
17 agent provides booking services, including the operator's name,
18 the address of the transient accommodation, the period of
19 occupancy, the gross rental or gross rental proceeds, and the
20 taxes collected and remitted on behalf of the operator. The
21 records shall be preserved and made available for examination as



1 provided in subsection (a). Nothing in this subsection shall be
2 construed to diminish or eliminate the responsibilities of
3 taxpayers under this section."

PART III

5 SECTION 14. This Act does not affect rights and duties
6 that matured, penalties that were incurred, and proceedings that
7 were begun before its effective date.

8 SECTION 15. If any provision of this Act, or the
9 application thereof to any person or circumstance, is held
10 invalid, the invalidity does not affect other provisions or
11 applications of the Act that can be given effect without the
12 invalid provision or application, and to this end the provisions
13 of this Act are severable.

14 SECTION 16. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 17. This Act shall take effect on July 1, 2026;
17 provided that part II shall take effect on January 1, 2027.



Report Title:

Short-term Vacation Rentals; Enforcement; Evidence Destination Management; County Transient Accommodations Tax; Hosting Platform; Tax Collection Agent; General Excise Tax, Transient Accommodations Tax; Appropriation

Description:

Part I: Allows counties to use time-stamped screenshots as evidence for the enforcement of short-term vacation rentals. Requires the Hawaii Tourism Authority's plans, practices, and efforts involving destination management to include promotion of use of traditional or lawful transient accommodations. Clarifies that the counties may use revenue from the County Transient Accommodations Tax for the enforcement of short-term vacation rentals. Appropriates funds. Part II: Requires hosting platforms that earn service fees for providing booking services for transient accommodations to register with the Department of Taxation as tax collection agents and report, collect, and remit general excise and transient accommodations taxes on behalf of operators. Part II effective 1/1/2027.

(HD1)

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