



House Committee on Finance
Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair

Testimony with Comments re: HB 1590 HD 2

Chair Todd, Vice Chair Takenouchi, and Committee Members:

UNITE HERE Local 5 represents 10,000 working people in the hotel, food service and health care industries across Hawaii.

We have several concerns with the HD2 version of HB 1590. **It should be heavily amended** if it is to keep moving forward:

- Section §237-___(e) should be removed. Unlike earlier versions, this section of HB 1590 HD2 explicitly prevents the Department of Taxation from sharing the information it receives with any other department or official, or using the information for anything other than taxes. This will prevent enforcement agencies from getting the list of vacation rentals from the hosting platforms through this process. The list is one of the key tools that would allow for enforcement of vacation rental laws. Vacation rentals are businesses, and are subject to both tax and zoning laws – there is no good reason for this provision. However, we would support narrowing the provision to prevent sharing the information with ICE, CBP and the Department of Homeland Security.
- The change to the definition of “Illegal short-term vacation rental” from the original version of HB 1590 would require a court determination of legality. This could severely restrict the enforcement capabilities of this measure in practice. The committee should revert to the original language on this.
- Regarding the liability to a tax collection agent that fails to pay any portion of the tax for any units, we feel the proposed penalties may not be enough to ensure all hosting platforms will prioritize accurately collecting and remitting taxes for all applicable units, especially if those units are not operating legally.
- HB 1590 HD2 removes the previously proposed requirements that the hosting platform share the amount of General Excise Tax and Transient Accommodations Tax collected on each owner’s behalf, and replaces it with gross receipts. We believe that both the gross receipts and the tax collections for each type of tax should be disclosed so as to quickly resolve any discrepancies.
- HB 1590 HD2 also removes owners’ names and social security numbers or federal employer identification numbers from the data the hosting platform must provide about the vacation rental owners. The names and FEINs should be required.
- While HB 1590 HD2 requires hosting platforms to keep records on the number of occupied nights and the rates charged, and to make those available to the tax department, they should really be included in the annual reporting requirement. Even prior to the modifications in HD2 that prevent the Department of Taxation from sharing information

with other agencies, the lack of required disclosure on these would make land use enforcement much more difficult.

- The revised definition of “destination management” uses the restrictive definition of “illegal short-term vacation rentals”, and removes HB 1590’s original language putting responsibility on private partners to ensure that vacation rentals are operating legally. It would be better to go back to the original definition under HB 1590.
- We support the use of time-stamped screenshots of vacation rental ads as prima facie evidence for counties to use in enforcement. However, we note that they will have limited usefulness without the other changes suggested above.

Thank you.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, TRANSIENT ACCOMMODATIONS, Short-term Vacation Rentals Enforcement; Hosting Platform as Tax Collection Agent

BILL NUMBER: HB 1590 HD 2

INTRODUCED BY: JHA

EXECUTIVE SUMMARY: Part I: Allows counties to use time-stamped screenshots as evidence for the enforcement of short-term vacation rentals. Requires the Hawai'i 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)

SYNOPSIS: Adds a new chapter to the HRS stating that a county may consider time-stamped screenshots of vacation rentals operating illegally on a hosting platform as evidence of the offering or advertising of illegal short-term vacation rentals.

Defines "Hosting platform" by cross-referencing section 237D-1.

Defines "Illegal short-term vacation rental" as any short-term vacation rental that a court has determined violates a county ordinance related to short-term vacation rentals, minimum stay requirements, or zoning.

Defines "Short-term vacation rental" as a room, apartment, suite, single family dwelling, shelter, vehicle, boat or other watercraft, or the like rented to a transient that does not exceed a certain number of days as established by the counties.

Amends section 201B-1, HRS, to the effect that Hawaii Tourism Authority is to promote positive visitor experiences aimed at encouraging visitors to stay at traditional transient accommodations, such as hotels or time shares, or legal vacation rentals and discourage the use of illegal short-term vacation rentals.

Amends section 237D-2.5, HRS, to allow counties to use revenue from the county TAT for the enforcement of short-term vacation rentals.

Adds new sections to chapters 237 and 237D requiring a hosting platform to register with the Department of Taxation as a tax collection agent, who will then report, collect, and pay taxes on

behalf of its operators. A hosting platform failing to do so is liable for the taxes that should have been collected but were not.

Amends section 237-41.5, HRS, to impose personal liability on responsible persons of an entity that has collected tax but has not turned it over to the State.

Adds definitions to section 237D-1, HRS, as follows:

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

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

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

Makes technical and conforming amendments to sections 231-8.5, 237-30.5, 237-41. 237D-8.5, and 237D-12.

EFFECTIVE DATE: July 1, 2026; provided that part II is effective January 1, 2027.

STAFF COMMENTS: This bill apparently is an attempt to address concerns about counties unable to enforce their own zoning restrictions on short-term vacation rentals. It allows counties to use funds from the county TAT to do so, which appears reasonable.

In addition, it places the onus on short-term vacation rental brokers to collect and pay over the applicable GET and TAT. This appears to be a reasonable method to increase compliance with tax collection requirements.

We understand that the personal liability imposed on brokers is not simply on unpaid liability, but on tax collected but not turned over. That appears appropriate. Perhaps the language could be modified to make this point clearer.

Digested: 2/7/2026



IN OPPOSITION TO HB1590

The Libertarian Party of Hawaii strongly opposes HB1590. This bill is a textbook example of cronyist government intervention that distorts free markets, punishes voluntary exchange, and expands state coercion under the pretext of "enforcement" and "destination management." It represents everything wrong with Hawaii's regulatory mindset. Under this proposed law, bureaucrats decide who can rent their own property and how they must report to the state. It forces private platforms to act as unpaid tax collectors while claiming to protect local tourism.

The free market has already proven superior at allocating resources in hospitality. Homeowners and visitors voluntarily agree to short-term rentals because both parties benefit. Owners gain income to afford high property taxes and living costs in Hawaii and visitors get affordable, authentic accommodations beyond sterile hotels, and local economies thrive from the spending. Platforms like Airbnb or VRBO facilitate these win-win transactions efficiently, without needing government middlemen.

Yet this proposed bill piles on layers of interference that undermine all organic systems:

- **Forcing hosting platforms to register as tax collection agents:** Requiring private companies to collect, remit, and report general excise tax (GET) and transient accommodations tax (TAT) on behalf of operators turns them into extensions of the state revenue department. This violates free-market principles by conscripting businesses into coercive tax enforcement, increasing compliance costs that get passed to users or suppress smaller platforms. Why should a tech company be liable for unpaid taxes by third-party hosts? This is compelled labor for the state.
- **Mandating annual data reporting** on operators: This invasive surveillance regime treats peaceful, consensual rentals as suspicious activity warranting government tracking. Individuals should not have their private transactions reported to bureaucrats without probable cause of wrongdoing. This chills voluntary exchange and erodes privacy rights essential to liberty.
- **Allowing time-stamped screenshots as evidence** for county enforcement: This enables low-bar, subjective crackdowns on "illegal" rentals based on online ads alone without full context or due process. Counties already have tools to enforce zoning and ordinances. This only lowers the evidentiary threshold, inviting abuse and over-enforcement against small-scale hosts.
- **Permitting counties to divert TAT revenue** for enforcement: Redirecting tourism taxes paid by visitors to fund government policing of private property transactions is a perversion of the tax's purpose. TAT should fund tourism promotion, not create a dedicated enforcement mechanism that targets lawful economic activity. This creates a self-perpetuating regulatory machine: more enforcement begets more revenue diversion, which funds even more enforcement.



- **Broader promotion of "lawful" accommodations in Hawaii Tourism Authority plans:** While seemingly benign, this directs a state agency to favor certain business models (hotels, resorts) over others (home sharing), distorting market competition. It is not the job of the government to decide what's best; let consumers decide what they value the most.

The bill's amendments only worsened the overreach by solidifying the platform-as-tax-agent mandate and expanding definitions/reporting without meaningful safeguards. Foreclosure provisions on liens for illegal rentals appear toned down or removed in HD2. Mahalo for this, but the core problem remains: this is not about stopping true harm; it's about centralizing control over an otherwise thriving peer-to-peer economy.

We should deregulate short-term rentals, reduce zoning barriers that artificially inflate housing costs, and let property owners and renters negotiate freely. The market self-regulates through reviews, insurance, and reputation far better than top-down mandates. Illegal or nuisance rentals can be addressed through existing nuisance laws and targeted enforcement. This does not require the use of blanket surveillance and conscription of private entities.

HB1590 is anti-liberty. It harms small homeowners, suppresses economic opportunity, burdens innovation in platforms, and expands government at the expense of individual rights and free exchange. **Kill this bill.** Hawaii needs more freedom in housing and tourism, not more chains. The Libertarian Party of Hawaii demands an end to this regulatory assault.

For freedom,

Abbra Green | LPHI Secretary | LibertarianHawaii.com | (808)824-LPHI



TESTIMONY OF
CAROLINE ANDERSON
Interim President & CEO
Hawai'i Tourism Authority
before the
HOUSE COMMITTEE ON FINANCE
Thursday, February 26, 2026
10 a.m.
State Capitol, Room 308

In consideration of
HB 1590 HD 2
RELATING TO VACATION RENTALS

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

The Hawai'i Tourism Authority (HTA) supports the intent of HB 1590 HD 2, which includes provisions related to short-term vacation rental compliance and requires the Hawai'i Tourism Authority's (HTA) plans, practices, and efforts involving destination management to include promotion of use of traditional or lawful transient accommodations.

We agree with the definition of destination management on page 3, lines 6-12. This aligns with HTA's strategy for responsible travel, encouraging stays in legal traditional transient accommodations or short-term rentals:

- In 2019, HTA, in partnership with the Hawai'i Visitors & Convention Bureau, launched the Kuleana Campaign, which aimed at curbing some of the challenges each county faced, such as ocean and land safety, pono travel, and astute renting of short-term vacation rentals.
- On the HTA-funded travel planning website, gohawaii.com, each island's accommodations page states that short-term rentals must be located in zoned areas and have the required authorizations. It also advises confirming property compliance with state and county laws before booking.
- Our Global Marketing Team educates travel agents, tour operators, and consumers about booking legal traditional accommodations and short-term vacation rentals.

We defer to the Department of Taxation on the substantive provisions and operational requirements of the proposed legislation.

Mahalo for the opportunity to share our comments on HB 1590 HD 2.

HB-1590-HD-2

Submitted on: 2/24/2026 10:10:58 PM

Testimony for FIN on 2/26/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Nicholas Zehr	Individual	Oppose	Written Testimony Only

Comments:

Chair, Vice Chair, and Members of the Committee:

I respectfully oppose HB1590. Hawai‘i’s housing and visitor-management challenges are real, but this bill takes an overly punitive and centralized enforcement approach that risks unintended harm to residents, small property owners, and lawful commerce, without clear evidence it will improve housing affordability or community well-being.

First, HB1590 expands enforcement authority and evidentiary standards in ways that weaken due process. Allowing time-stamped screenshots as sufficient evidence of illegal activity invites error and abuse, particularly where listings may be outdated, duplicated, or mischaracterized. Enforcement should be accurate and fair, not expedient at the expense of basic procedural protections.

Second, the bill deputizes hosting platforms as tax collection agents and compels extensive disclosure of operator data. This shifts core government enforcement and surveillance functions onto private intermediaries, raising privacy concerns and imposing significant compliance burdens, especially on small, local operators who already struggle with Hawai‘i’s high costs and complex regulations. The likely result is market consolidation favoring large hotels and well-capitalized firms, not healthier communities.

Third, dedicating new tax revenues and general funds to intensified enforcement, rather than addressing root causes like permitting bottlenecks, infrastructure constraints, and overall housing supply, misallocates scarce public resources. There is little evidence that escalating enforcement meaningfully increases long-term housing availability, while the costs to residents who rely on supplemental rental income are immediate and real.

Finally, amending “destination management” to actively discourage lawful consumer choices risks politicizing tourism policy and undermining competition. Hawai‘i can protect neighborhoods and cultural resources without steering visitors toward favored accommodations or penalizing alternative, lawful models.

A more balanced approach would prioritize clear, consistent county rules; streamlined permitting; targeted enforcement against demonstrably harmful actors; and policies that expand housing supply across the board.

For these reasons, I urge the Committee to oppose HB1590 or significantly amend it to protect due process, privacy, and fair competition while pursuing effective, evidence-based solutions. Mahalo for the opportunity to testify.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'I

JOSH GREEN, M.D.
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Statement of
JAMES KUNANE TOKIOKA
Director

Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Thursday, February 26, 2026
10:00 AM
State Capitol, Conference Room 308

In consideration of
HB 1590, HD2
RELATING TO VACATION RENTALS.

Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

The Department of Business, Economic Development and Tourism (DBEDT) supports HB1590, HD2, which allows counties to use time-stamped screenshots as evidence for enforcement; requires the Hawai'i Tourism Authority's plans, practices and efforts involving destination management to include promotion of use of traditional or lawful transient accommodations; requires hosting platforms 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; and appropriates funds.

Community concerns about tourism – particularly visitor encroachment in Hawai'i's residential neighborhoods and the proliferation of vacation rentals operating illegally – remain a high priority. DBEDT is in support of strengthening state and county tools to address illegal short-term vacation rentals in Hawai'i.

DBEDT is also supportive of promoting positive visitor experiences aimed at encouraging visitors to stay at traditional transient accommodations – such as hotels, time shares and legally permitted vacation rentals – and discouraging the use of illegal short-term vacation rentals. Ensuring compliance and responsible tourism practices is essential to preserving Hawai'i's unique sense of place, protecting community well-being and sustaining a healthy economy that benefits residents and visitors alike.

We look forward to continued collaboration to achieve destination management goals and minimize the negative economic and social impacts associated with illegal short-term vacation rentals.

Thank you for the opportunity to support this measure.



‘Ōlelo Hō‘ike ‘Aha Kau Kānāwai

HOUSE BILL 1590 HD2

Ke Kōmike Hale o ka ‘Oihana ‘Imi Kālā
(House Committee on Finance)

Hawai‘i State Capitol

Pepeluali 26th, 2026

10:00 AM

Lumi 308

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee on Finance:

The Office of Hawaiian Affairs (OHA) submits testimony in **support** for **HB1590 HD2**, which strengthens enforcement against illegal short term vacation rentals and protects long term housing supply and residential communities.

OHA’s constitutional and statutory responsibilities include advocating for the betterment of Native Hawaiians and supporting public policies that promote stable housing, community well-being, and the responsible stewardship of land. Illegal short-term vacation rentals undermine each of these objectives by removing housing from the long-term market, increasing neighborhood instability, and disproportionately impacting Native Hawaiian families who already face the greatest barriers to housing security.

OHA supports this measure because it focuses on enforcing existing laws while coordinating with county zoning authority and fair destination management. The bill clarifies enforcement by allowing counties to use time-stamped screenshots as evidence when enforcing short-term vacation rental ordinances and by defining illegal short-term vacation rentals based on court determinations of illegality, ensuring that enforcement actions are grounded in judicial findings. The measure also strengthens compliance with existing tax laws by requiring hosting platforms to register as tax collection agents and to collect and remit general excise and transient accommodations taxes on behalf of operators. This approach improves tax compliance, reduces evasion, and shifts administrative burdens away from counties and individual enforcement actions. In addition, the bill authorizes counties to use county transient accommodations tax revenues for enforcement, providing a dedicated and lawful funding source tied to visitor

activity. Together, these provisions reinforce county authority over land use and zoning, discourage illegal conversions of housing stock, and support the preservation of residential units for long-term use.

Illegal short-term vacation rentals have a disproportionate impact on Hawai‘i’s housing crisis. Hawai‘i has the highest share of rent-burdened households in the nation, with roughly half of all renters paying more than 30% of income toward housing.¹ Native Hawaiians experience even higher rates of rent burden and overcrowding. At the same time, thousands of housing units statewide are estimated to be used as short-term vacation rentals, many of them operating outside of county zoning and permitting laws. Research consistently shows that converting even a small share of housing stock to short-term rentals tightens local housing supply, drives up rents, and accelerates displacement particularly in rural areas and communities with limited rental inventory. Because Native Hawaiians are more likely to rent, live in multigenerational households, and remain in their home communities, the loss of residential units to illegal transient use disproportionately harms Native Hawaiian families and undermines long-term housing stability.

Recent events demonstrate the scale of housing recovery that can result from enforcing existing land-use rules. In 2025, OHA joined the Maui community in supporting Maui County Bill 9, a proposal advanced by Mayor Richard Bissen to return housing to local residents by ensuring that properties in apartment-zoned areas remain in residential use. Economic analysis by the University of Hawai‘i Economic Research Organization (UHERO) estimates that Bill 9 would return approximately 6,000 housing units to the long-term market, an impact equivalent to roughly ten years of new housing construction. This emphasizes that effective enforcement of existing zoning and land-use laws can restore housing at a scale that far exceeds what new construction alone can achieve in the near term.

For these reasons, the Office of Hawaiian Affairs **supports** this measure.

Mahalo for the opportunity to testify.

¹ UHERO, Hawai‘i Housing Factbook (2024), indicating that a majority of Hawai‘i renter households were rent-burdened, reflecting statewide housing cost pressures

HB-1590-HD-2

Submitted on: 2/25/2026 9:55:52 AM

Testimony for FIN on 2/26/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Penny Lee	Individual	Oppose	Written Testimony Only

Comments:

Using screenshots as evidence is highly problematic. Screenshots can easily be misinterpreted, faked or manipulated. It is very common on the Internet for scammers to use pictures unauthorized and advertise without the original poster even knowing about it. Vacation rental platforms distribute advertising on a variety of channels for greater reach, without the original owner even knowing where pictures and text are being posted. Booking platforms like vrbo add wording to advertisements that is often clumsy or inappropriate. They use AI to add automatic summaries or point out highlights that are often wrong or misleading. Pictures are analyzed by AI and advertisements are automatically translated into many languages and pictures labeled by the hosting platform, not the vacation rental owner/host. The vacation rental owner/host does not have complete control over what is shown on their individual advertisement on the various booking platforms and even less so how their pictures are being used on the larger worldwide Internet.

Instead of simplifying enforcement, this will create a sort of chaos, when vacation rental owners are confronted with their advertisement pictures on a Nigerian website. To use timestamped screenshots to apply large fines and potentially take somebody's property rights away is not due process and will not hold up in court.



**Testimony to the House Committee on Finance
Tuesday, February 26, 2026, 10:00 am
Conference Room 308**

To: The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice-Chair
Members of the Committee

From: Janel Cozzens, Airbnb

Re: **HB 1590 HD2 - Relating to Vacation Rentals**

Thank you for the opportunity to provide comments on HB 1590 HD2, which proposes a new state-level enforcement and tax collection framework for short-term vacation rentals.

We appreciate the Committee's efforts to ensure that Hawai'i effectively collects and remits taxes on overnight accommodations. We support the goal of improving compliance and strengthening revenue collection. However, we do have some concerns and recommendations on the bill as currently drafted.

Sections 5 and 6

Based on our experience collecting taxes across the U.S. and globally, platforms that collect taxes on behalf of hosts provide enough information through their standard filings for the Department of Taxation (DOTAX) to verify the amount of tax collected and remitted.

Further existing laws under HRS §§ 237-8, 237D-16, and 235-108 already give DOTAX the ability to request additional records to audit taxpayers and validate tax compliance when necessary.

Keeping platform filing requirements aligned with their actual role helps ensure effective administration without creating unnecessary administrative complexity and burden.

Accordingly, we respectfully request that Section 5(d) and 5(e) be amended to read:

(d) A hosting platform registered as a tax collection agent shall file periodic returns in accordance with section 237-30 and annual returns in accordance with

section 237-33. Each annual return required under section 237-33 shall include, in a form prescribed by the department of taxation, the following information for each operator on whose behalf the hosting platform is required to report, collect, and pay over taxes due under this chapter:

- ~~—(1) Address of each short-term vacation rental;~~
- ~~(1) Gross receipts;~~
- ~~—(3) General excise tax license number; and~~
- ~~—(4) Transient accommodations tax registration number.~~

(e) Information provided by a hosting platform pursuant to subsection (d) to the Department of Taxation or any other state or county tax official or employee, or any other person to whom such tax information is divulged, shall be confidential and shall not be divulged to any other department or official or any other political subdivision of the State or any county. The information may be used only for the purpose of levying and collecting taxes due under this chapter by tax collection agents.

Additionally, we request that Section 6 (d) and (e) be amended to read:

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

- ~~—(1) Address of each short-term vacation rental;~~
- ~~(1) Gross receipts;~~
- ~~—(3) General excise tax license number; and~~
- ~~—(4) Transient accommodations tax registration number.~~

(e) Information provided by a hosting platform pursuant to subsection (d) to the Department of Taxation or any other state or county tax official or employee, or any other person to whom such tax information is divulged, shall be confidential and shall not be divulged to any other department or official or any other political subdivision of the State or any county. The information may be used only for the purpose of levying and collecting taxes due under this chapter by tax collection agents."

Sections 9 and 13

We support reasonable recordkeeping requirements necessary to validate taxpayer obligations. The type of information provided may vary depending on the specific request and legal process involved. Any information shared should be subject to clear confidentiality safeguards to protect sensitive business and taxpayer information and to ensure it is used solely for legitimate tax administration purposes.

Therefore, we respectfully request that Section 9 (b) be amended to read:

(b) Each hosting platform registered as a tax collection agent under section 237- shall maintain **all suitable** records for each operator for whom the hosting platform provides booking services, ~~as may be necessary to determine and verify the tax collected under section 237-. including the operator's name, the address of the short-term vacation rental, the period of occupancy, the gross rental or gross rental proceeds, and the taxes collected and remitted on behalf of the operator.~~ The records shall be preserved and made available for examination as provided in subsection (a). Nothing in this subsection shall be construed to diminish or eliminate the responsibilities of taxpayers under this section. ~~Information furnished to or secured by the department of taxation from a tax collection agent pursuant to this section or contained in any audit report or findings made pursuant to this section shall be confidential and subject to section 237-34 and shall not be divulged to any other department or official of the state or any county. Such information shall be used by such officials only for the purpose of levying and collecting the general excise tax by tax collection agents.~~"

And we request Section 13 (b) to be amended to read:

(b) Each hosting platform registered as a tax collection agent under section 237D- shall maintain **all suitable** records for each operator for whom the agent provides booking services, ~~as may be necessary to determine and verify the tax collected under section 237D-. including the operator's name, the address of the short-term vacation rental, the period of occupancy, the gross rental or gross rental proceeds, and the taxes collected and remitted on behalf of the operator.~~ The records shall be preserved and made available for examination as provided in subsection (a). Nothing in this subsection shall be construed to diminish or eliminate the responsibilities of taxpayers under this section. ~~Information furnished to or secured by the department of taxation from a tax collection agent pursuant to this section or contained in any audit report or findings made pursuant to this section shall be confidential and subject to section 237-34 and shall not be divulged to any other department or official of the state or any county. Such information shall be used by such officials only for the purpose of levying and collecting the general excise tax by tax collection agents.~~"

Section 10

We respectfully request Section 10 be deleted because the requirements of hosting platforms are already clearly established under the newly added subsection designating hosting platforms as tax collection agents under HRS Chapters 237 and 237D. The proposed language is broader than necessary and could create unintended uncertainty around personal liability. We believe the proposed language under Section 5 and 6 is sufficient to effectuate the intent.

Section 11

We suggest refining the definition of “hosting platform” to ensure it accurately captures the intended platforms and avoids unintentional or duplicative language.

Further, a harmonized national framework is a global best practice when establishing a model mandatory platform collection law. The current definition of “short-term vacation rental” has variations in terminology and duration thresholds across the counties creating administrative challenges. To promote statewide uniformity and simplify administration, we respectfully suggest aligning definitions with the existing statutory definition of “transient accommodations” in HRS § 237D-1.

Accordingly, we request that the definitions in Section 11 for “hosting platform” and “short-term vacation rental” be amended to read:

“Hosting platform” means a person or entity that provides the booking services through an online or digital platform that allows an operator to list short-term vacation rentals and enables a renter to arrange, reserve, and pay for the rental of short-term vacation rentals, through the hosting platform, and facilitates reservations, payments, or charges a commission or fee for such booking services. ~~“Hosting platform” does not include a marketplace facilitator as defined in section 237-1 and described in section 237-4.5.~~

~~“Short-term vacation rental” means a residential dwelling unit rented to a transient that does not exceed a certain number of days as established by the counties. “Short-term vacation rental” does not include hotels, motels, inns, apartment hotels, boarding facilities, lodges, time shares, or other conventional lodging properties.~~

“Transient accommodations” means the furnishing of a room, apartment, suite, single family dwelling, shelter, or the like to a transient for less than one hundred eighty consecutive days for each letting in a hotel, apartment hotel, motel, condominium or unit as defined in chapter 514B, cooperative apartment, vehicle equipped with or advertised as including sleeping accommodations, dwelling unit, or rooming house that provides living quarters, sleeping, or housekeeping accommodations, or other place in which lodgings are regularly furnished to transients.

We appreciate the Committee’s consideration and remain committed to working collaboratively to ensure effective and efficient tax administration, and we appreciate the opportunity to work with policy makers on a targeted and effective approach.

Mahalo for the opportunity to testify.

Janel Cozzens
Sr. Policy Manager, Hawaii

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
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TESTIMONY OF GARY S. SUGANUMA, DIRECTOR OF TAXATION

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 1590, H.D.2, Relating to Vacation Rentals

BEFORE THE:

House Committee on Finance

DATE: Thursday, February 26, 2026
TIME: 10:00 a.m.
LOCATION: State Capitol, Room 308

Chair Todd, Vice-Chair Takenouchi, and Members of the Committee:

The Department of Taxation (DOTAX) supports the intent of Part II of H.B. 1590, H.D.2, and offers the following comments for your consideration.

Part II of H.B. 1590, H.D.2 requires hosting platforms that earn service fees for providing booking services for short-term vacation rentals (STVRs) in the State to register with DOTAX as tax collection agents for purposes of collecting general excise tax (GET) and transient accommodations tax (TAT). Hosting platforms registered as tax collection agents will be required to report, collect, and pay GET and TAT on behalf of all operators using its booking services and will be subject to personal liability, penalties, and interest for unpaid taxes.

Additionally, a hosting platform registered as a tax collection agent will be required to include with their annual GET and TAT return a report with information on each STVR operator, including the STVR address, GET license number, TAT registration number, and gross receipts. The information provided to DOTAX by the hosting platforms can be used only for levying and collection of GET and TAT and may

not be disclosed to any other department, official or political subdivision. Tax collection agents must also maintain records for each operator for a period of three years.

The tax collection agent registration and collection requirements do not apply to real estate brokers, real estate salespersons, and rents collected by a third party under section 237-30.5 or 237D-8.5, HRS.

Sections 8 and 12 of the bill exempt hosting platforms registered as tax collection agents from the reporting requirements in sections 237-30.5 and 237D-8.5, HRS, which apply to persons who collect rent on behalf of an owner.

The bill defines a “hosting platform” as a person or entity that provides booking services through an online or digital platform for short-term vacation rentals, where renters can book and pay for those rentals through the platform. A “short-term vacation rental” is defined as residential dwelling rented to a transient, and does not include hotels, motels, inns, apartment hotels, boarding facilities, lodges, times shares, or other similar conventional lodging properties.

The measure takes effect on July 1, 3000, with Part II effective starting January 1, 2027.

DOTAX supports the intent of the bill, as requiring hosting platforms to register as tax collection agents will improve overall tax compliance by shifting the responsibility for reporting and remitting GET and TAT from thousands of individual operators to a smaller number of hosting platforms. This will help minimize tax evasion, ease enforcement burdens, and assist with the timely and efficient collection of revenue. DOTAX requests, however, that the following amendments be made to the H.D.2 version.

First, DOTAX requests that section 237-__(e) on page 7 and section 237D-__(e) on page 11 of the bill, which will prohibit DOTAX from using information provided by a hosting platform for other tax purposes, be deleted. In addition to being subject to GET and TAT, hosting platforms and operators are also subject to State income tax. Prohibiting DOTAX from using GET and TAT information to enforce the State's income tax laws would impede enforcement and collection efforts.

Additionally, DOTAX notes that taxpayer information is already protected under sections 237-34 and 237D-13 and there are sufficient protections in place to prevent the disclosure of confidential information for non-tax purposes. DOTAX should be able to continue to share information with other agencies and governmental entities, including the Internal Revenue Service and the counties, for tax purposes as currently authorized by law.

Second, DOTAX recommends that section 237-___(f) on page 8, which exempts real estate brokers, real estate salespersons, and the collection of rentals by a third party under sections 237-30.5 and 237D-8.5, HRS, from the new tax collection agent requirements, be amended. Under current law, persons who collect rent on behalf of an owner, including hosting platforms, property managers, and agents, are required to report rental information to DOTAX pursuant to sections 237-30.5 and 237D-8.5, HRS. Sections 8 and 12 of the bill exempt hosting platforms that register as a tax collection agent from these reporting requirements. The bill also, however, exempts the collection of rent for third parties under sections 237-30.5 and 237D-8.5, HRS, from the hosting platform registration requirements.

This may create ambiguity for hosting platforms as to whether they are required to comply with the tax collection agent requirements or whether they may instead choose to comply with sections 237-30.5 and 237D-8.5, HRS, and forego the tax collection agent requirements. DOTAX therefore recommends amending subsection (f) by deleting "or to the collection of rentals by a third party under section 237-30.5 or 237D-8.5."

Third, DOTAX requests that the definition of "hosting platform" on page 16 be amended by replacing it with the definition in the H.D.1 version, which included all platforms that received a fee for their booking services:

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

Fourth, DOTAX recommends that the definition of "short-term vacation rental" and all references to STVRs be deleted and replaced with "transient accommodations." The GET and TAT apply to "transient accommodations," as defined in section 237D-1, HRS. There is no distinction between a transient accommodation and an STVR for purposes of chapters 237 and 237D, HRS. TAT is imposed on all rooms, apartments,

suites, single family dwelling, and shelters furnished to a transient for less than 180 days, regardless of county definitions. The bill, by requiring tax collection agents to only collect taxes for STVRs, which will be based on county requirements that are completely unrelated to TAT liability, will complicate administration and enforcement efforts. Accordingly, DOTAX recommends deleting "short-term vacation rental" from the bill.

Notwithstanding the foregoing, DOTAX is amenable to adding an exemption for hotels that are booked through hosting platforms, provided a definition of "hotel" is added to the bill.

Thank you for the opportunity to provide comments on this measure.