
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. Chapter 46, Hawaii Revised Statutes, is amended
3 by adding a new section to be appropriately designated and to
4 read as follows:

5 "§46- Short-term vacation rental enforcement; evidence.

6 (a) Any county enforcing an ordinance pertaining to short-term
7 vacation rentals may consider time-stamped screenshots of
8 vacation rentals operating illegally on a hosting platform as
9 evidence of the offering or advertising of illegal short-term
10 vacation rentals.

11 (b) As used in this section:

12 "Hosting platform" has the same meaning as in section
13 237D-1.

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



1 "Short-term vacation rental" has the same meaning as in
2 section 237D-1."

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

6 ""Destination management" means a collaborative and
7 coordinated process with public, private, and community
8 stakeholders to manage the various elements of a visitor
9 destination to:

- 10 (1) Create, implement, and monitor strategies that attract
11 targeted visitor markets and improve visitor
12 experiences;
- 13 (2) Improve natural and cultural resources valued by
14 Hawaii residents and visitors;
- 15 (3) Develop and maintain tourism-related infrastructure to
16 prevent overcrowding and overtaxing sites and
17 resources; [~~and~~]
- 18 (4) Ensure that the provision of services enhances the
19 visitor experience[~~+~~]; and
- 20 (5) Promote positive visitor experiences aimed at
21 encouraging visitors to stay at traditional transient



1 accommodations, such as hotels or time shares, or
2 legal vacation rentals and discouraging the use of
3 illegal short-term vacation rentals. For the purposes
4 of this paragraph, "illegal short-term vacation
5 rental" has the same meaning as in section 46- ."

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

8 "~~§237D-2.5~~ **County transient accommodations tax;**
9 **administration.** (a) The county transient accommodations tax,
10 upon the adoption of a county ordinance and in accordance with
11 the requirements of section 46-20.7, shall be levied, assessed,
12 and collected as provided in this section on all gross rental,
13 gross rental proceeds, and fair market rental value taxable
14 under this chapter. No county shall set its transient
15 accommodations tax at a rate greater than three per cent of all
16 gross rental, gross rental proceeds, and fair market rental
17 value taxable under this chapter. With respect to the county
18 transient accommodations tax, the applicable county director of
19 finance shall have all the rights and powers of the director of
20 taxation provided under this chapter.



1 (b) The county transient accommodations tax, if adopted,
2 shall be imposed on the gross rental, gross rental proceeds, and
3 fair market rental value of all written contracts that require
4 the passing on of the taxes imposed under this chapter; provided
5 that if the gross rental, gross rental proceeds, and fair market
6 rental value are received as payments beginning in the taxable
7 year in which the taxes become effective, on contracts entered
8 into [~~prior to~~] before the adoption of the ordinance pursuant to
9 section 46-20.7, and the written contracts do not provide for
10 the passing on of increased rates of taxes, the county transient
11 accommodations tax shall not be imposed on the gross rental,
12 gross rental proceeds, and fair market rental value covered
13 under the written contracts. The county transient
14 accommodations tax shall be imposed on the gross rental, gross
15 rental proceeds, and fair market rental value from all contracts
16 entered into on or after the adoption of the ordinance pursuant
17 to section 46-20.7, regardless of whether the contract allows
18 for the passing on of any tax or any tax increases.

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



1 respect to taxes due under this chapter on behalf of its
2 operators and, if applicable, for taxes payable under this
3 chapter for its own business activities. The director of
4 taxation may prescribe the form and manner of registration and
5 may require any information necessary for the administration of
6 this section.

7 (b) In addition to its own responsibilities under this
8 chapter, a hosting platform registered as a tax collection agent
9 shall report, collect, and pay over the taxes due under this
10 chapter on behalf of all operators for whom the hosting platform
11 provides booking services; provided that the hosting platform's
12 obligation to report, collect, and pay taxes on behalf of its
13 operators shall apply solely to short-term vacation rentals
14 located in the State for which booking services were provided by
15 the hosting platform. For all other business activities not
16 related to the booking services, each operator shall remain
17 subject to all applicable requirements of title 14 as if this
18 section did not apply.

19 (c) If a hosting platform registered as, or required to be
20 registered as, tax collection agent fails to collect and pay the
21 tax as required under subsection (b), the hosting platform shall



1 be liable to pay to the State any unpaid portion of the amount
2 of tax that was required to be paid under subsection (b),
3 together with penalties and interest as provided by law.

4 (d) A hosting platform registered as a tax collection
5 agent shall file periodic returns in accordance with section
6 237-30 and annual returns in accordance with section 237-33.
7 Each annual return required under section 237-33 shall include,
8 in a form prescribed by the department of taxation, the
9 following information for each operator on whose behalf the
10 hosting platform is required to report, collect, and pay over
11 taxes due under this chapter:

- 12 (1) Address of each short-term vacation rental;
13 (2) Gross receipts;
14 (3) General excise tax license number; and
15 (4) Transient accommodations tax registration number.

16 (e) Information provided by a hosting platform pursuant to
17 subsection (d) shall be confidential and shall not be divulged
18 to any other department or official or any other political
19 subdivision of the State. The information may be used only for
20 the purpose of levying and collecting taxes due under this
21 chapter.



1 (f) This section shall not apply to a real estate broker
2 or real estate salesperson or to the collection of rentals by a
3 third party under section 237-30.5 or 237D-8.5.

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

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

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

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

11 "Real estate broker" has the same meaning as in section
12 467-1.

13 "Real estate salesperson" has the same meaning as in
14 section 467-1.

15 "Short-term vacation rental" has the same meaning as in
16 section 237D-1.

17 "Tax collection agent" has the same meaning as in section
18 237D-1."

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



1 "§237D- Hosting platform 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 hosting platform a separate
7 certificate of registration for its activities as a tax
8 collection agent, with respect to taxes due under this chapter
9 on behalf of its operators and, if applicable, for taxes payable
10 under this chapter for its own business activities. The
11 director of taxation may prescribe the form and manner of
12 registration and may require any information necessary for the
13 administration of this section.

14 (b) In addition to its own responsibilities under this
15 chapter, a hosting platform registered as a tax collection agent
16 shall report, collect, and pay over the taxes due under this
17 chapter on behalf of all operators for whom the hosting platform
18 provides booking services; provided that the hosting platform's
19 obligation to report, collect, and pay taxes on behalf of its
20 operators shall apply solely to short-term vacation rentals
21 located in the State for which booking services were provided by



1 the hosting platform. For all other business activities not
2 related to the booking services, each operator shall remain
3 subject to all applicable requirements of title 14 as if this
4 section did not apply.

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

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

- 19 (1) Address of each short-term vacation rental;
20 (2) Gross receipts;
21 (3) General excise tax license number; and



1 (4) Transient accommodations tax registration number.

2 (e) Information provided by a hosting platform pursuant to
3 subsection (d) shall be confidential and shall not be divulged
4 to any other department or official or any other political
5 subdivision of the State. The information may be used only for
6 the purpose of levying and collecting taxes due under this
7 chapter."

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

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

15 (1) For withholding tax filings required under chapter
16 235, only employers whose total tax liability under
17 sections 235-61 and 235-62 for the calendar or fiscal
18 year exceeds \$40,000;

19 (2) For income tax filings required under chapter 235,
20 only taxpayers who are subject to tax under section
21 235-71, 235-71.5, or 235-72;



1 (3) For general excise tax filings required under chapter
2 237, only taxpayers whose total tax liability under
3 chapter 237 for the calendar or fiscal year exceeds
4 \$4,000;

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

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

11 (A) 236E;

12 (B) 239;

13 (C) 241;

14 (D) 243;

15 (E) 244D;

16 (F) 245; and

17 (G) 251."

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

20 "(a) Every person authorized under an agreement by the
21 owner of real property located within this State to collect rent



1 on behalf of the owner shall be subject to this section[-];
2 provided that this section shall not apply to any hosting
3 platform registered as a tax collection agent under section
4 237- ."

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

7 "**§237-41 Records to be kept; examination.** (a) Every
8 taxpayer shall keep in the English language within the State,
9 and preserve for a period of three years, suitable records of
10 gross proceeds of sales and gross income, and such other books,
11 records of account, and invoices as may be required by the
12 department of taxation, and all such books, records, and
13 invoices shall be open for examination at any time by the
14 department or the Multistate Tax Commission pursuant to chapter
15 255, or the authorized representative thereof.

16 (b) Each hosting platform registered as a tax collection
17 agent under section 237- shall maintain records for each
18 operator for whom the hosting platform provides booking
19 services, including the operator's name, the address of the
20 short-term vacation rental, the period of occupancy, the gross
21 rental or gross rental proceeds, and the taxes collected and



1 remitted on behalf of the operator. The records shall be
 2 preserved and made available for examination as provided in
 3 subsection (a). Nothing in this subsection shall be construed
 4 to diminish or eliminate the responsibilities of taxpayers under
 5 this section."

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

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

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

18 (2) An amount equal to the tax liability under this
 19 chapter on a transaction where a taxpayer does not
 20 separately state or account for the amount as a tax
 21 recovery as provided in paragraph (1). For purposes



1 of this paragraph, the amount of the imputed tax
2 liability is the result of multiplying the gross
3 income or gross proceeds received in the transaction
4 by the tax rate[-]; or

5 (3) Any amount collected by a hosting platform registered
6 as a tax collection agent under section 237- .

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

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

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



1 "Hosting platform" means a person or entity that provides
2 the booking services through an online or digital platform that
3 allows an operator to list short-term vacation rentals and
4 enables a renter to arrange, reserve, and pay for the rental of
5 short-term vacation rentals, through the hosting platform.

6 "Hosting platform" does not include a marketplace facilitator as
7 defined in section 237-1 and described in section 237-4.5.

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

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

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

20 "(a) Every person authorized under an agreement by the
21 owner of transient accommodations located within this State to



1 collect rent on behalf of the owner shall be subject to this
2 section[-]; provided that this section shall not apply to any
3 hosting platform registered as a tax collection agent under
4 section 237D- ."

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

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

17 (b) Each hosting platform registered as a tax collection
18 agent under section 237D- shall maintain records for each
19 operator for whom the agent provides booking services, including
20 the operator's name, the address of the short-term vacation
21 rental, the period of occupancy, the gross rental or gross



1 rental proceeds, and the taxes collected and remitted on behalf
2 of the operator. The records shall be preserved and made
3 available for examination as provided in subsection (a).
4 Nothing in this subsection shall be construed to diminish or
5 eliminate the responsibilities of taxpayers under this section."

6 PART III

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

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

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

18 SECTION 17. This Act shall take effect on July 1, 3000;
19 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 short-term vacation rentals 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. Effective 7/1/3000. (HD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

