
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- Transient accommodations enforcement; evidence.

6 (a) Any county enforcing an ordinance pertaining to transient
7 accommodations may consider time-stamped screenshots of
8 transient accommodations operating illegally on a hosting
9 platform as evidence of the offering or advertising of illegal
10 short-term 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 transient
15 accommodations that a court has determined violates a county
16 ordinance related to transient accommodations, minimum stay
17 requirements, or zoning.



1 "Transient accommodations" 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 over taxes on behalf of
13 its operators shall apply solely to transient accommodations
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, a tax collection agent fails to collect and pay
21 over the tax as required under subsection (b), the hosting



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

5 (d) A hosting platform registered as a tax collection
6 agent shall file periodic returns in accordance with section
7 237-30 and annual returns in accordance with section 237-33.

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

17 (f) This section shall not apply to a real estate broker
18 or real estate salesperson who collects general excise tax under
19 section 237-30.5 or transient accommodations tax under 237D-8.5.

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



1 "Booking service" has the same meaning as in section
2 237D-1.

3 "Hosting platform" has the same meaning as in section
4 237D-1.

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

6 "Real estate broker" has the same meaning as in section
7 467-1.

8 "Real estate salesperson" has the same meaning as in
9 section 467-1.

10 "Tax collection agent" has the same meaning as in section
11 237D-1.

12 "Transient accommodations" has the same meaning as in
13 section 237D-1."

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

17 "§237D- Hosting platform as tax collection agent. (a)

18 A hosting platform that earns service fees for providing booking
19 services shall register with the department as a tax collection
20 agent under this section, as a condition precedent to providing
21 booking services. Upon registration, the department shall issue



1 to the hosting platform a separate certificate of registration
2 for its activities as a tax collection agent, with respect to
3 taxes due under this chapter on behalf of its operators and, if
4 applicable, for taxes payable under this chapter for its own
5 business activities. The director of taxation may prescribe the
6 form and manner of registration and may require any information
7 necessary for the administration of this section.

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

20 (c) If a hosting platform registered as, or required to be
21 registered as, a tax collection agent fails to collect and pay



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

6 (d) A hosting platform registered as a tax collection
7 agent shall file periodic returns in accordance with section
8 237D-6 and annual returns in accordance with section 237D-7.

9 (e) This section shall not apply to a real estate broker
10 or real estate salesperson who collects general excise tax under
11 section 237-30.5 or transient accommodations tax under section
12 237D-8.5.

13 (f) Information provided by a hosting platform pursuant to
14 subsection (d) to the department, any other state or county tax
15 official or employee, or any other person to whom the tax
16 information is divulged, shall be confidential and shall not be
17 divulged to any other department or official or any other
18 political subdivision of the State or any county. The
19 information may be used only for the purpose of levying and
20 collecting taxes due under this chapter by tax collection
21 agents.



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

3 "Real estate broker" has the same meaning as in section
4 467-1.

5 "Real estate salesperson" has the same meaning as in
6 section 467-1."

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

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

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

18 (2) For income tax filings required under chapter 235,
19 only taxpayers who are subject to tax under section
20 235-71, 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 all suitable records
18 for each operator for whom the hosting platform provides booking
19 services, as may be necessary to determine and verify the tax
20 collected under section 237- . The records shall be preserved
21 and made available for examination as provided in subsection

1 (a). Nothing in this subsection shall be construed to diminish
2 or eliminate the responsibilities of taxpayers under this
3 section. Information furnished to or secured by the department
4 of taxation from a tax collection agent pursuant to this section
5 or contained in any audit report or findings made pursuant to
6 this section shall be confidential subject to section 237-34 and
7 shall not be divulged to any other department or official of the
8 State or any county. This information shall be used by
9 officials only for the purpose of levying and collecting the
10 general excise tax by tax collection agents."

11 SECTION 10. Section 237D-1, Hawaii Revised Statutes, is
12 amended by adding four 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 transient accommodation transaction between
17 an operator and a prospective transient or occupant, and for
18 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 transient accommodation 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 transient accommodations and enables
4 a renter to arrange, reserve, and pay for the rental of
5 transient accommodations, through the hosting platform, and
6 facilitates reservations, payments, or charges a commission or
7 fee for booking services.

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

12 SECTION 11. Section 237D-8.5, Hawaii Revised Statutes, is
13 amended by amending subsection (a) to read as follows:

14 "(a) Every person authorized under an agreement by the
15 owner of transient accommodations located within this State to
16 collect rent on behalf of the owner shall be subject to this
17 section[-]; provided that this section shall not apply to any
18 hosting platform registered as a tax collection agent under
19 section 237D- ."

20 SECTION 12. Section 237D-12, Hawaii Revised Statutes, is
21 amended to read as follows:

1 "**§237D-12 Records to be kept; examination.** (a) Every
2 taxpayer shall keep in the English language within the State,
3 and preserve for a period of three years, suitable records of
4 gross rental, gross rental proceeds, or fair market rental value
5 relating to the business taxed under this chapter, and such
6 other books, records of account, and invoices as may be required
7 by the department, and all such books, records, and invoices
8 shall be open for examination at any time by the department or
9 the Multistate Tax Commission pursuant to chapter 255, or the
10 authorized representative thereof.

11 (b) Each hosting platform registered as a tax collection
12 agent under section 237D- shall maintain all suitable records
13 for each operator for whom the agent provides booking services,
14 as may be necessary to determine and verify the tax collected
15 under section 237D- . The records shall be preserved and made
16 available for examination as provided in subsection (a).
17 Nothing in this subsection shall be construed to diminish or
18 eliminate the responsibilities of taxpayers under this section.
19 Information furnished to or secured by the department from a tax
20 collection agent pursuant to this section or contained in any
21 audit report or findings made pursuant to this section shall be



1 confidential and subject to section 237-34 and shall not be
2 divulged to any other department or official of the State or any
3 county. This information shall be used by officials only for
4 the purpose of levying and collecting the general excise tax by
5 tax collection agents."

6 PART III

7 SECTION 13. 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 14. 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 15. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 16. This Act shall take effect on July 1, 3050;
19 provided that part II shall take effect on January 1, 2027.

Report Title:

Transient Accommodations; 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 transient accommodations. 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 transient accommodations. 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. Effective 7/1/3050. (SD1)

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

