

Honolulu, Hawaii

FEB 06, 2026

RE: H.B. No. 1590
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Tourism, to which was referred H.B. No. 1590 entitled:

"A BILL FOR AN ACT RELATING TO VACATION RENTALS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Strengthen the enforcement of short-term vacation rentals;
- (2) Include short-term vacation rental enforcement in the Hawaii Tourism Authority's plans, practices, and efforts involving destination management;
- (3) Clarify that the counties may use revenue from the County Transient Accommodations Tax for the enforcement of short-term vacation rentals; and
- (4) Appropriate funds to the Department of Taxation to collect taxes owed by illegal short-term vacation rental operators.

Your Committee received testimony in support of this measure from one member of the Honolulu City Council and one individual. Your Committee received testimony in opposition to this measure



from the Chamber of Progress; Hawaii Financial Services Association; Hawaii Credit Union League; Mortgage Bankers Association of Hawaii; and two individuals. Your Committee received comments on this measure from the Department of Taxation; Department of the Attorney General; Department of Business, Economic Development, and Tourism; Hawaii Tourism Authority; and Hawaii Bankers Association.

Your Committee finds that illegal short-term vacation rentals are a significant concern for many of Hawaii's communities, as these rentals exacerbate the State's existing housing shortage and disrupt the peace of Hawaii's residential neighborhoods. Your Committee further finds that there is a need to strengthen existing regulatory tools to address the proliferation of illegal short-term vacation rentals across the State.

Your Committee additionally finds that despite the efforts of the Department of Taxation, many short-term rental operators remain out of compliance with their tax obligations. Your Committee believes that shifting the administrative burden of reporting and remitting general excise tax and transient accommodations tax from the Department of Taxation to platforms that host listings for short-term rentals will improve overall tax compliance and reduce the number of illegal short-term vacation rentals that are hosted on these sites.

Accordingly, your Committee has amended this measure by:

- (1) Amending the definition of "illegal short-term vacation rental";
- (2) Deleting language that would require a bank or lender with a lien on an illegal short-term vacation rental to foreclose on that property if the lien is not settled within five years of its placement;
- (3) Deleting language that would require short-term vacation rental brokers to submit certain data to the Department of Taxation;
- (4) Requiring the Hawaii Tourism Authority to promote the use of traditional or lawful transient accommodations, rather than ensure short-term vacation rental enforcement, in its destination management plans;



- (5) Inserting the contents of H.B. No. 2330 (2026), which 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; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes that the Department of Taxation received additional enforcement positions in 2025 and does not require additional funding or positions at this time. Therefore, your Committee respectfully requests that your Committee on Judiciary & Hawaiian Affairs, should it deliberate on this measure, consider removing the appropriation to the Department of Taxation.

As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1590, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1590, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.

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



ADRIAN K. TAM, Chair



