

STAND. COM. REP. NO.

308

Honolulu, Hawaii

FEB 17 2011

RE: S.B. No. 769
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Tourism, to which was referred S.B. No. 769
entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC RECOVERY,"

begs leave to report as follows:

The purpose and intent of this measure is to provide a seven
to ten percent tax credit for qualified hotel construction and
renovation costs incurred after December 31, 2010, and before
January 1, 2015. The intent of this measure is to boost Hawaii's
construction and visitor industries.

Your Committee received testimony in support of this measure
from the Director of Taxation, Waikiki Improvement Association,
Hawaii Carpenters Union, The Pacific Resource Partnership, Land
Use Research Foundation of Hawaii, and The Resort Group. Your
Committee received testimony in opposition to this measure from
one private citizen. Your Committee received comments on this
measure from the Tax Foundation of Hawaii.

Your Committee finds that this measure has the potential to
preserve and create new jobs in the local construction industry
throughout the State. However, your Committee also finds that in
order for this measure to be effective, there is a need to secure
current commitments from private developers to utilize the Hotel
and Resort Property Construction and Renovation Tax Credit
proposed under this measure. Without these commitments, the
measure will allocate state revenues that will not be fully
utilized and could otherwise be put to better use. Based on

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testimony received, your Committee would like to receive feedback from the industry on what projects are far enough along in the planning, development, and financing stages that could take advantage of the tax credit proposed under this measure.

Accordingly, your Committee has amended this measure by:

- (1) Removing the specific percentages and dollar amounts associated with the Hotel and Resort Property Construction and Renovation Tax Credit;
- (2) Changing the expiration date to claim the tax credit for qualified hotel and resort property construction or renovation costs incurred before January 1, 2015; and
- (3) Inserting an effective date of July 1, 2050, to allow for further discussion.

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 S.B. No. 769, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 769, S.D. 1, and be referred to the Committee on Ways and Means.

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

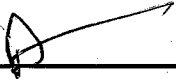


DONNA MERCADO KIM, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Tourism
TSM

Bill / Resolution No.:* SB 769	Committee Referral: TSM, WAM	Date: 2/15/11		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	✓			
KOUCHI, Ronald D. (VC)				✓
GALUTERIA, Brickwood	✓			
KAHELE, Gilbert	✓			
SLOM, Sam	✓			
TOTAL	4			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes