

STAND. COM. REP. NO. 951

Honolulu, Hawaii

MAR 24 2015

RE: H.B. No. 169
H.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Tourism and International Affairs, to which was referred H.B. No. 169, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the definition of "fair market rental value" used in the transient accommodations tax law and increase the amount of transient accommodations tax imposed on resort time share vacation units by one percent on fair market rental value each year until reaching 9.25 percent of fair market rental value.

Your Committee received testimony in support of this measure from the Land Use Research Foundation of Hawaii. Your Committee received testimony in opposition to this measure from the American Resort Development Association Hawaii and Chamber of Commerce Hawaii. Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, Grassroot Institute of Hawaii, Wyndham Vacation Ownership, Starwood Vacation Ownership, Outrigger Enterprises, and Hawaii Lodging & Tourism Association.

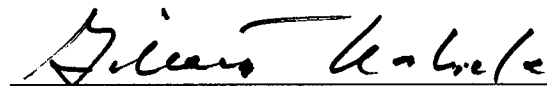
Your Committee finds that the intent of this measure is to help alleviate a disparity in the transient accommodations tax law that imposes a significantly lower tax burden on timeshares than other transient accommodation rental operators. Current law imposes a tax rate of 9.25 percent of gross rental income received in exchange for furnishing transient accommodations on hotels and



other non-timeshare transient accommodation rental operators. Timeshares are subject to a 7.25 percent tax rate on one-half of the gross daily maintenance fees paid by the owner of the unit, which is often substantially less than the full fair market value of the room, which results in a discounted tax burden for timeshares.

As affirmed by the record of votes of the members of your Committee on Tourism and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 169, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Tourism and
International Affairs,

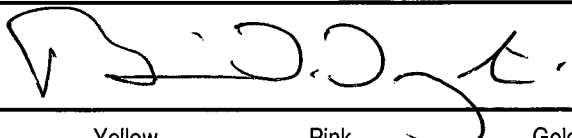


GILBERT KAHELE, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Tourism and International Affairs
TSI

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 169 HD1	TSI, WAM	03-18-15		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KAHELE, Gilbert (C)	✓			✓
ENGLISH, J. Kalani (VC)	✓			
TANIGUCHI, Brian T.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam				✓
TOTAL	3	0	0	2
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