

STAND. COM. REP. NO. 420

Honolulu, Hawaii

FEB 15 2019

RE: S.B. No. 382
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Energy, Economic Development, and Tourism,
to which was referred S.B. No. 382 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to update the formula for the transient accommodations tax collected from time shares by increasing the fair market rental value base on which a time share is taxed from fifty percent to an unspecified percent of the gross daily maintenance fees paid by the owner of the time share and attributable to the time share unit.

Your Committee received testimony in support of this measure from one member of the Maui County Council. Your Committee received testimony in opposition to this measure from the American Resort Development Association Hawai'i; Marriott Vacations Worldwide Corporation; Maui Hotel & Lodging Association; and Soleil Management Hawaii, LLC. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the tax formula for levying taxes on time share units has not been adjusted since the State began taxing time shares in 1998. The formula should be updated to better reflect economic and industry changes that have occurred since 1998. This measure updates the base of the transient



accommodations tax by amending the definition of "fair market rental value" from fifty percent to an unspecified percentage of the gross daily maintenance fees, with the intent of ultimately establishing a more accurate tax assessment rate.

Your Committee has amended this measure by:

- (1) Changing the effective date to January 1, 2020; and
- (2) Making a technical, nonsubstantive amendment for the purpose of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Energy, Economic Development, and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 382, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 382, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Energy, Economic
Development, and Tourism,



GLENN WAKAI, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Energy, Economic Development, and Tourism
EET

Bill / Resolution No.:* <i>SB 282</i>	Committee Referral: <i>EET, WAM</i>	Date: <i>2/6/19</i>		
<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
WAKAI, Glenn (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
INOUYE, Lorraine R.				✓
KEOHOKALOLE, Jarrett	✓			
FEVELLA, Kurt				✓
TOTAL	<i>3</i>	<i>0</i>	<i>0</i>	<i>2</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>[Signature]</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes