

Honolulu, Hawaii

February 20, 2015

RE: H.B. No. 133  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Sir:

Your Committee on Tourism, to which was referred H.B. No. 133  
entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to provide incentives for  
investment in tourism infrastructure through an income tax credit  
for costs incurred in new hotel construction.

The Hawai'i Lodging and Tourism Association, Maui Hotel and  
Lodging Association, Subcontractors Association of Hawaii, Napili  
Kai Beach Resort, and Outrigger Enterprises Group supported this  
measure. The Department of Taxation and Tax Foundation of Hawaii  
offered comments.

Your Committee has amended this measure by:

- (1) Expanding the income tax credit to include costs  
incurred in hotel renovation;
- (2) Clarifying the income tax credit availability for  
taxable years beginning after December 31, 2015, through  
taxable years beginning on or before December 31, 2021;  
and
- (3) Making technical, nonsubstantive amendments for clarity,  
consistency, and style.



Should the Committee on Finance deliberate this measure further, your Committee respectfully requests that it consider looking into whether eligibility for the tax credit should be predicated on taxpayer liability for both income tax and transient accommodations tax, since this requirement may limit the number of taxpayers eligible for the credit. For example, many hotels are large operations with multiple subsidiaries, and it is possible that the entity incurring construction or renovation costs is not the same entity that operates the hotel as a transient accommodation.

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. 133, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 133, H.D. 1, and be referred to the Committee on Finance.

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

  
TOM BROWER, Chair



State of Hawaii  
House of Representatives  
The Twenty-eighth Legislature

HSCR 428

**Record of Votes of the Committee on Tourism**

<b>Bill/Resolution No.:</b> <i>HB 133</i>	<b>Committee Referral:</b> <i>TOU, FIN</i>	<b>Date:</b> <i>2/18/15</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
TOU Members	Ayes	Ayes (WR)	Nays	Excused
1. BROWER, Tom (C)	✓			
2. OHNO, Takashi (VC)	✓			
3. CACHOLA, Romy M.	✓			
4. CHOY, Isaac W.	✓			
5. ITO, Ken	✓			
6. KAWAKAMI, Derek S.K.	✓			
7. KONG, Sam Satoru	✓			
8. ONISHI, Richard H.K.	✓			
9. TOKIOKA, James Kunane	✓			
10. TSUJI, Clift	✓			
11. WOODSON, Justin H.	✓			
12. MATSUMOTO, Lauren Kealohilani	✓			
13. WARD, Gene	✓			
<b>TOTAL (13)</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 10pt;">committee acronym(s)</div>				
<b>Vice Chair's or designee's signature:</b> <i>Takashi Ohno</i>				
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