

STAND. COM. REP. NO.

387

Honolulu, Hawaii

February 19, 2015

RE: H.B. No. 169

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. 169
entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to increase the transient accommodations tax rate imposed on resort time share vacation units from 7.25 percent to 9.25 percent of the fair market rental value.

A concerned individual supported this measure. The American Resort Development Association opposed this measure. The Department of Taxation, Hawaii Lodging & Tourism Association, Tax Foundation of Hawaii, and Wyndham Vacation Ownership offered comments.

Your Committee has amended this measure by:

- (1) Amending the definition of fair market rental value by deleting the requirement that the taxpayer use gross daily maintenance fees, unless it can be proved that the gross daily maintenance fees do not fairly represent fair market rental value;

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- (2) Increasing each year by 1 percent the transient accommodations tax imposed on resort time share vacation units to gradually achieve a rate of 9.25 percent of the fair market rental value; and
- (3) Changing its effective date to July 1, 2020, to promote 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 H.B. No. 169, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 169, 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



