

EXECUTIVE CHAMBERS

HONOLULU

June 20, 2003

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 1400

Honorable Members
Twenty-Second Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 1400, entitled "A Bill for an Act Relating to Hotel Construction and Remodeling Tax Credit."

The purposes of this bill are to: (1) extend the period during which the Hotel Construction and Remodeling Tax Credit ("Credit") may be claimed; (2) implement a phased-in decrease in the amount of the Credit; and (3) expand the types of costs that may be included in the calculation of the Credit.

This bill is objectionable because it: (1) greatly expands the types of costs eligible for the Credit; (2) does not provide an overall cap on the amount of the Credit claimed; and (3) places too much of a burden on general fund revenue.

The provisions of this bill expand the definition of "qualified hotel facility" to include commercial facilities in a "qualified resort area." Virtually any construction costs incurred by a hotel operator or owner would be eligible for the Credit. This broad expansion of the credit could dramatically increase claims for the Credit in unpredictable ways.

Lack of an overall cap on Credits claimed, combined with the greatly expanded eligible costs, make it exceptionally difficult to predict the fiscal impact of this bill. While such unpredictability might be tolerable under different fiscal circumstances, it could be disastrous at a time when the State is facing a projected budget deficit of more than \$230 million.

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For the foregoing reasons, I am returning House Bill
No. 1400 without my approval.

Respectfully,

LINDA LINGLE
Governor of Hawaii

P R O C L A M A T I O N

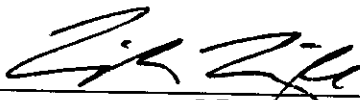
WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 1400, entitled "A Bill for an Act Relating to Hotel Construction and Remodeling Tax Credit," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 1400 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 1400 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 20th day
of June, 2003.



LINDA LINGLE
Governor of Hawaii