STAND. COM. REP. NO.

977

Honolulu, Hawaii

MAR 2 7 2009

RE: H.E

H.B. No. 1404

H.D. 1 S.D. 1

Honorable Colleen Hanabusa President of the Senate Twenty-Fifth State Legislature Regular Session of 2009 State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 1404, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAX,"

begs leave to report as follows:

The purpose of this measure is to repeal the sunset date on the general excise tax exemption on monies paid by timeshare operators and condominium managers for employee wages, salaries, payroll taxes, insurance premiums, and employee benefits.

Your Committee received testimony in support of this measure from American Resort Development Association, Marriot Vacation Club International, Starwood Vacation Ownership, Wyndham Worldwide, and Outrigger Hotels. Testimony with comments was received from the Department of Taxation and Tax Foundation of Hawaii. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that this measure will result in no additional loss of revenue to the State, since it merely continues a tax exemption that is already in place. Your Committee also finds that this exemption levels the playing field with regard to tax treatment for similarly situated entities: operators of hotels, timeshares, and condotels. Therefore, this exemption for operators of timeshares and condotels should be made permanent.

Your Committee has amended this measure by deferring its effective date to July 1, 2050 to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1404, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1404, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committee on Commerce and Consumer Protection,

ROSALVN H BAKER Chair

The Senate Twenty-Fifth Legislature State of Hawaii

Record of Votes Committee on Commerce and Consumer Protection CPN

Bill / Resolution No.:* HB 1404 HDI	Committee Referral: Date: 3/25/2009				
The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)		/			
IGE, David Y. (VC)					
ESPERO, Will	MINISTER STATE OF THE STATE OF		New Control	7	***************************************
GREEN, M.D., Josh					
IHARA, Jr., Les		<u> </u>			
SAKAMOTO, Norman					
HEMMINGS, Fred					
TOTAL					
Recommendation: Adopted Not Adopted					
Chair's or Designee's Signature: And Male					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

*Only one measure per Record of Votes