

STAND. COM. REP. NO.

3022

Honolulu, Hawaii

APR - 1 2010

RE: H.B. No. 2598
H.D. 1
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2598, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TRANSIENT ACCOMMODATIONS TAX,"

begs leave to report as follows:

The purpose of this measure is to limit the annual distribution of transient accommodations tax revenues to the counties for five years.

Specifically, this measure establishes a total dollar limit on the annual transfer of the tax revenues to the counties, from July 1, 2010, to June 30, 2015. In addition, this measure provides for assessing the transient accommodations tax at \$8 per day or at the present rate of 7.25 per cent of gross rental or gross rental proceeds from furnishing transient accommodations, whichever is higher.

Written comments in support of this measure were submitted by the Mayor of Hawaii County, Mayor of Kauai County, a member of the County Council of Maui, Hawaii Government Employees Association, Maui Hotel & Lodging, and one concerned individual. The Waikiki Beach Marriot, Maui Vacation Properties, Maui Vacation Rental Association, Napili Kai Beach Resort, and two concerned individuals submitted written comments in opposition. The Governor, Department of Taxation, Hawaii Tourism Authority, a member of the County Council of Maui, Tax Foundation of Hawaii,



and one concerned individual submitted comments. Written comments may be reviewed on the Legislature's website.

Your Committee has amended this measure by:

- (1) Deleting the flat rate assessment of \$8 per day for the transient accommodations tax; and
- (2) Reducing the cap on annual lump sum transfer of the tax revenues to the counties to \$50,000,000.

Your Committee finds that this measure strikes an appropriate balance between assisting the counties to maintain infrastructure and services that support Hawaii's tourism industry and the need to address the shortfall in the state budget.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2598, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2598, H.D. 1, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONNA MERCADO KIM, Chair



Record of Votes
Committee on Ways and Means
WAM

*Only one measure per Record of Votes