STAND. COM. REP. NO. 670 -10

Honolulu, Hawaii Fe 4 26, 2010

RE: H.B. No. 2783 H.D. 2

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2010 State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2783, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill is to support Hawaii's visitor and real estate industries by:

- (1) Making permanent the general excise tax (GET) exemptions for nonprofit homeowners or community associations and hotel and timeshare operators and suboperators; and
- (2) Specifying that the \$400,000 aggregate cap on these exemptions is based on the taxable amount due and not the gross receipts, and applies only to amounts due prior to January 1, 2008.

The American Resort Development Association-Hawaii, Starwood Vacation Ownership, Wyndham Worldwide, Outrigger Hotels, and Marriott Vacation Club International testified in support of this bill. The Tax Foundation of Hawaii and Hawaii Association of REALTORS offered comments.

. Your Committee has amended this bill by:

(1) Capping the aggregate GET exemption on amounts received by operators from a time share association and



suboperators from hotel owners, time share associations, and operators, at \$400,000 per calendar year beginning January 1, 2010;

- (2) Making the GET exemption on the amounts recived as reimbursement of the sums paid for common expenses by condominium and homeowners or community association submanagers (submanagers), retroactive to July 1, 2006;
- Repealing the provisions that made the GET cap of \$400,000 for operators, suboperators, and submangers applicable to taxable years ending on or between January 1, 2010, and January 1, 2011;
- (4) Deleting language that specified that the \$400,000 aggregate cap on certain GET exemptions is based on the taxable amount due and not the gross receipts, and applies only to amounts due prior to January 1, 2008;
- (5) Providing a sunset date of June 30, 2015; and

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(6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your. Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2783, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2783, H.D. 2.

> Respectfully submitted on behalf of the members of the Committee on Finance,

MARCUS R. OSHIRO, Chair

State of Hawaii House of Representatives The Twenty-fifth Legislature

1.13CR 670-10

## **Record of Votes of the Committee on Finance**

Bill/Resolution No.: HB 2783, HD1 Committee Referral: TCI, CPC, FIN Date: 2/20/10				
The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Image: Pass, unamended (as is) Pass, with amendments (HD) Image: Hold   Image: Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	6			
2. LEE, Marilyn B. (VC)				
3. AQUINO, Henry J.C.				
4. AWANA, Karen Leinani				
5. BROWER, Tom				
6. CHOY, Isaac W.				
7. COFFMAN Demy			A result of the second	
8. HAR, Sharon E.				
9. KEITH-AGARAN, Gilbert S.C.	1			
10. LEE, Chris				
11. NISHIMOTO, Scott Y.				
12. SAGUM, Roland D., III				
13. TOKIOKA, James Kunane			A constraint of the second sec	
14. WOOLEY, Jessica				
15. YAMASHITA Kyle T.				
16. FINNEGAN, Lynn				
17 WARD, Gene				
TOTAL (17)	17	0	Ø	$\mathcal{O}_{-}$
The recommendation is: Adopted If joint referral, did not support recommendation.				
Vice Chair's or designee's signature: Marif 3. Lee				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				