

Honolulu, Hawaii

MAR 0 6 2009

RE:

S.B. No. 1165

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 Ways and Means, to which was referred S.B. No. 1165 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 of the general excise tax exemption on payments by timeshare operators and condominium submanagers for employee wages, salaries, benefits, insurance premiums, and payroll taxes.

Your Committee received four written comments on this measure. The written comments may be reviewed on the Legislature's website.

Your Committee finds that making this general excise tax exemption permanent will level the playing field for timeshare operators. Prior to the exemption for timeshare operators, the exemption only extended to hotel operators. Similarly, condominium submanagers were also not covered under the exemption while managers were covered. Your Committee also finds that there is no loss of tax revenue to the State. Rather, an existing exemption will become permanent. Your Committee believes that tax exemptions for these groups will encourage growth in the timeshare industry and provide a uniform exemption for all hospitality related businesses.

Your Committee has amended the effective date to January 1, 2051, to facilitate further discussion.

SB1165 SD1 SSCR LRB 09-2785.doc



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 S.B. No. 1165, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1165, S.D. 1.

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

DONNA MERCADO KIM, Chair

## The Senate Twenty-Fifth Legislature State of Hawaii

## Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:*	Committee Referral:			Date:		
SB 1165	OPN,	MAW	1	1ap 2,	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	
KIM, Donna Mercado (C)						
TSUTSUI, Shan S. (VC)						
CHUN OAKLAND, Suzanne						
ENGLISH, J. Kalani						
FUKUNAGA, Carol						
GALUTERIA, Brickwood						
HEE, Clayton						
HOOSER, Gary L.						
KIDANI, Michelle N.						
KOKUBUN, Russell S.						
TOKUDA, Jill N.			S. Pagel II. 174 SCHOOL STORY			
HEMMINGS, Fred						
					Shirt San San	
TOTAL		//		0		
	<u> </u>	/ /	0			
Recommendation:  Adopted Not Adopted						
Chair's or Designee's Signature:						
Distribution:         Original         Yellow         Pink         Goldenrod           File with Committee Report         Clerk's Office         Drafting Agency         Committee File Copy						
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\*Only one measure per Record of Votes