STAND. COM. REP. NO. 116

-10

Honolulu, Hawaii , 2010 RE: S.B. No. 2643 S.D. 1 H.D. 1

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 S.B. No. 2643, S.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 make permanent the general excise tax exemptions for condominium common expenses paid by managers, submanagers, and suboperators, and for hotel employee expenses paid by hotel operators and timeshare projects.

Wyndham Worldwide, the Hawaii Association of REALTORS, Outrigger Hotels, American Resort Development Association-Hawaii, Marriott Vacation Club International, and Starwood Vacation Ownership supported this bill. The Tax Foundation of Hawaii provided comments.

Your Committee has amended this bill by deleting its contents and replacing it with the substance of H.B. 2783, H.D. 2. As amended, this measure supports Hawaii's visitor and real estate industries by:

(1) Capping the aggregate General Excise Tax (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 received as reimbursement of the sums paid for common expenses by condominium and homeowners or community association submanagers (submanagers), retroactive to July 1, 2006; and
- Repealing the provisions that made the GET cap of \$400,000 for operators, suboperators, and submanagers applicable to taxable years ending on or between January 1, 2010, and January 1, 2011.

Your Committee has further amended this bill by:

- Changing the effective date to July 1, 2020, to encourage further discussion; and
- (2) Adding a sunset date of January 1, 2014.

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 S.B. No. 2643, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2643, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

> 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

## HSCR 1116-10

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

Bill/Resolution No.: SB2643, SD1	e Referral: FIN	Date	3/30	10
The committee is reconsidering its previous decision on the measure.				
The recommendation is to: D Pass, unamended (as is) Pass, with amendments (HD) D Hold				
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)	V			
2. LEE, Marilyn B. (VC)				Menseeling and the second and the second
3. AQUINO, Henry J.C.	Ľ			
4. AWANA, Karen Leinani				ARTIRE FUNCTION OF A STATE OF A STATE AND A STATE A
5. BROWER, Tom	L.	A second se		
6. CHOY, Isaac W.				
7. COFFMAN, Denny	4			
8. HAR, Sharon E.				
9. KEITH-AGARAN, Gilbert S.C.	Ļ			
10. LEE, Chris         11. NISHIMOTO, Scott Y.			And the second s	
12. SAGUM, Roland D., III			A second se	
13. TOKIOKA, James Kunane				
14. WOOLEY, Jessica				
15. YAMASHITA, Kyle T.				
16. FINNEGAN, Lynn		<u>enadolina ang sang sang sang sang sang sang san</u>		
17. WARD, Gene				
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TOTAL (17)	17	ð	0	0
The recommendation is: Adopted  Not Adopted				
If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: Marif 3. Lee				
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