STAND. COM. REP. NO. 1453 Honolulu, Hawaii April 8, 2011 RE: S.B. No. 1186 S.D. 2 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Sixth State Legislature Regular Session of 2011 State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 1186, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this bill, as received by your Committee, is to work to address the current economic crisis facing the State by:

- Levying the Transient Accommodations Tax (TAT) revenues from transient accommodations that are furnished on a complimentary or gratuitous basis, or otherwise at no charge; and
- (2) Limiting the dollar amount of TAT revenues transferred to the Tourism Special Fund and to the counties until July 1, 2015.

This measure also requires part of the excess revenues collected under the TAT and deposited into the general fund to be used for environmental protection, improvements to public facilities impacted by visitors, and advancing Hawaiian culture and the arts.



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Prior to the hearing, your Committee circulated for review and comment and accepted testimony on a Proposed H.D. 1. As amended, the purpose of the Proposed H.D. 1 is to address the current economic crisis facing the State by:

- Establishing a daily minimum tax on transient accommodations furnished at no charge for the period beginning on July 1, 2011, until June 30, 2015;
- (2) Increasing the TAT rate on resort time share vacation units to equal the rate on other transient accommodations for the period beginning on July 1, 2011, until June 30, 2015; and
- (3) Limiting the TAT revenue distribution to the counties to approximately the same amount distributed to the counties in Fiscal Year 2009-2010 until June 30, 2015.

The Department of Taxation testified in support of this bill. Starwood Hotels and Resorts; Disney Vacation Club in Hawaii; PAHIO Development, Inc.; Starwood Vacation Ownership; three Councilmembers of the Maui County Council; and several concerned individuals testified in opposition to this measure. The Department of Budget and Finance, Mayor of the City and County of Honolulu, Hawaii Council of Mayors, Tax Foundation of Hawaii, American Resort Developers Association-Hawaii, Resort Owners' Coalition of the American Resort Developers Association, and Wyndham Worldwide offered comments.

Your Committee has amended this bill by:

- (1) Adopting the language contained in the Proposed H.D. 1; and
- (2) Making additional 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 S.B. No. 1186, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1186, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

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

MARCUS R. OSHIRO, Chair



State of Hawaii House of Representatives The Twenty-sixth Legislature



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

Bill/Resolution No.:	Committee	_	Da	ite: 4/11/	
SB 1186, SD2		FIN		<i>  T  </i>	/
The committee is reconsidering its previous decision on the measure.					
The recommendation is to: <ul> <li>Pass, unamended (as is)</li> <li>Pass, with amendments (HD)</li> <li>Hold</li> <li>Pass short form bill with HD to recommit for future public hearing (recommit)</li> </ul>					
FIN Members		Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)					
2. LEE, Marilyn B. (VC)					
3. CHONG, Pono		$\checkmark$			
4. CHOY, Isaac W.		V			
5. COFFMAN, Denny	·	$\checkmark$			
6. CULLEN, Ty		$\checkmark$			
7. HAR, Sharon E.					
8. HASHEM, Mark J.					
9. ICHIYAMA, Linda		$\checkmark$			- 
10. JORDAN, Jo					
11. LEE, Chris					· ·
12. MORIKAWA, Dee					
13. TOKIOKA, James Kunane					· · · · ·
14. YAMASHITA, Kyle T.		~			
15. MARUMOTO, Barbara C.				<i>L</i> ,	
16. RIVIERE, Gil		~			
17. WARD, Gene					
TOTAL (17)		14	/		1
The recommendation is:       Adopted       Not Adopted         If joint referral,					
Vice Chair's or designee's signature: Mary B. Lev					
Distribution: Original (White) – Committee Duplicate (Yellow) Chief Clerk's Office Duplicate (Pink) – HMSO					