

JAN 25 2012

S.B. NO. 3048

A BILL FOR AN ACT

RELATING TO TRAVEL AND TOURISM STIMULUS INITIATIVES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that tourism is Hawaii's
2 principal industry, with visitor expenditures contributing
3 \$11,100,000,000 to Hawaii's economy in 2010, and that amount is
4 estimated to be \$12,600,000,000 for 2011. Tourists' stays at
5 hotels and resorts, shopping, and attendance at attractions,
6 sports and recreational activities, contribute significantly to
7 Hawaii's tax base.

8 The legislature finds that Hawaii's travel and tourism
9 industry must continue to refresh its product offering to
10 support and attract new and repeat travelers, compete with other
11 global destinations, and continue to distinguish Hawaii as a
12 unique travel and tourist destination. Hawaii cannot continue
13 to rely on aging hotel and resort infrastructure and hope for
14 the best. Hawaii is at risk of losing its competitive edge in
15 the travel and tourism industry to emerging tourist destinations
16 that are competing for Hawaii's travel and tourism business.
17 Traditional financing has failed to generate new construction
18 and renovation work, and jobs are lacking.



1 The legislature finds that additional stimulus in the form
2 of tax relief is necessary to provide an impetus to finance new
3 construction and renovation of hotels and resorts, and allow new
4 or newly renovated hotels and resorts to stabilize during
5 operations, thereby generating jobs.

6 The purpose of this Act is to provide a stimulus, through
7 tax relief, for large hotel and resort construction and
8 renovation projects and for the operation of those hotel and
9 resort projects for seven years after completion of construction
10 and renovation.

11 SECTION 2. Chapter 237, Hawaii Revised Statutes, is
12 amended by adding a new section to be appropriately designated
13 and to read as follows:

14 "§237- Hotel and resort construction and renovation tax
15 exemption. (a) Each taxpayer shall be exempt from the taxes
16 imposed by this chapter on the gross income, gross rental, and
17 gross rental proceeds earned from an eligible activity.

18 (b) The taxpayer shall claim and report the exemption on
19 the annual or periodic tax returns required under chapter 237
20 for the taxable year in which the gross income, gross rental,
21 and gross rental proceeds from the eligible activity was earned.



1 (c) The department shall adopt rules pursuant to chapter
2 91 for procedures for certification of an eligible activity;
3 provided that in adopting the rules, the department shall
4 consider rules similar to those adopted pursuant to section 237-
5 29, for exemptions for low-and moderate-income housing projects.

6 (d) Every taxpayer claiming the exemption under this
7 section shall file with the director, by March 31 of the year in
8 which the gross income was earned in the previous taxable year,
9 a certified, written certification of the amount of exemption
10 claimed, the related eligible activity, and other information
11 prescribed by the department. The department shall maintain
12 records of the names of taxpayers claiming the exemption under
13 this section, the amount of the exemption claimed, and the
14 related eligible activity. The department shall prepare an
15 annual report of the records that shall be made public.

16 (e) As used in this section:

17 "Construction or renovation" means the planning, design,
18 construction, and equipment related to new construction,
19 alterations, remediation, or modifications of a hotel facility
20 or resort facility; provided that:



1 (1) The costs, singly or in combination over a consecutive
2 five-year period, exceed \$50,000,000 in the aggregate;
3 and

4 (2) The general contractor and any subcontractors are
5 registered signatories to a registered major craft or
6 trade union, and the laborers and mechanics are
7 members of a construction trade union registered with
8 the State, as prescribed by law.

9 "Department" means the department of taxation.

10 "Eligible activity" means:

11 (1) Construction or renovation of a hotel facility or
12 resort facility in Hawaii that is completed by June
13 30, 2017; and

14 (2) Ownership or operation of a hotel facility or resort
15 facility in Hawaii, the construction or renovation of
16 which is completed by June 30, 2017, during the period
17 of, and for seven years after, completion of the
18 construction or renovation.

19 "Hotel facility" means a hotel or hotel-condominium as
20 defined in section 486K-1, and includes a time share facility or
21 project.



1 "Resort facility" means a full-service lodging facility
2 that provides access to or offers a range of amenities and
3 recreation facilities to emphasize a leisure experience, and
4 includes commercial, retail, and attractions facilities located
5 within the surrounding areas of or related to the lodging
6 facility within the same county of the State."

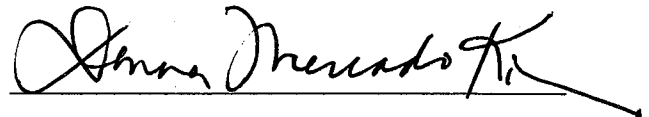
7 SECTION 3. Section 238-3, Hawaii Revised Statutes, is
8 amended by amending subsection (j) to read as follows:

9 "(j) The tax imposed by this chapter shall not apply to
10 any use of property, services, or contracting exempted by
11 section 237-26 [~~or section~~], 237-29 [~~-~~], or 237- ."

12 SECTION 4. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 5. This Act shall take effect on July 1, 2012;
15 provided that this Act shall apply to taxable years beginning
16 after December 31, 2011.

17
INTRODUCED BY:



S.B. NO. 3048

Report Title:

General Excise Tax; Hotel and Resort Construction and Renovation

Description:

Provides a general excise tax exemption for hotel and resort construction and renovation and for the operation of these hotels and resorts for seven years after completion of construction and renovation; requires construction and renovation of a hotel facility or resort facility to be completed by 6/30/2017 to be eligible for the exemption.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

