
A BILL FOR AN ACT

RELATING TO TOURISM STIMULUS INCENTIVES.

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

1 SECTION 1. The legislature finds that Hawaii's travel and
2 tourism industry must continue to refresh its product offering
3 to support and attract new and repeat tourists, compete with
4 other global destinations, and continue to distinguish Hawaii as
5 a unique travel and tourist destination. Hawaii cannot continue
6 to rely on aging hotel and resort infrastructure to entice
7 tourists to visit the State. Hawaii is at risk of losing its
8 competitive edge in the tourism industry to emerging tourist
9 destinations that are competing for Hawaii's travel and tourism
10 business. Traditional financing has failed to generate new
11 construction and renovation work and jobs are scarce.

12 The purpose of this Act is to provide the following tourism
13 stimulus incentives:

- 14 (1) An income tax credit for employers that hire certain
15 individuals at new or renovated hotel and resort
16 facilities for seven years after substantial
17 completion of construction and renovation; and



(2) A general excise tax exemption for hotel and resort construction and renovation projects.

SECTION 2. Chapter 235, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§235- Employer tax credit for hiring certain individuals at new or renovated hotel or resort facilities. (a)
Each qualified employer shall be allowed a tax credit of
per cent of wages paid to each qualified employee during the
taxable year.

(b) If the tax credit under this section exceeds the
taxpayer's income tax liability, the excess of the tax credit
over liability may be used as a credit against the taxpayer's
income tax liability in subsequent years until exhausted. All
claims for a tax credit under this section, including amended
claims, shall be filed with the department of taxation on or
before the end of the twelfth month following the close of the
taxable year for which the credit may be claimed. Failure to
comply with the foregoing provision shall constitute a waiver of
the right to claim the credit.

(c) The tax credit allowed under this section shall be
available for the seven taxable years following the end of the



1 taxable year in which the certified facility was substantially
2 completed.

3 (d) The director of taxation shall prepare any forms that
4 may be necessary to claim a credit under this section. The
5 director may also require the taxpayer to furnish additional
6 information to ascertain the validity of the claim for credit
7 under this section and may adopt rules necessary to effectuate
8 the purposes of this section pursuant to chapter 91.

9 (e) As used in this section:

10 "Certified facility" means a hotel facility or resort
11 facility that has been pre-certified by the department of
12 business, economic development, and tourism pursuant to section
13 237- (b).

14 "Hotel facility" means a hotel, hotel-condominium, or
15 condominium-hotel as defined in section 486K-1 and includes a
16 time share facility or project consisting of time share units or
17 time share plans pursuant to chapter 514E.

18 "Qualified employee" means an individual, with respect to
19 the taxable year for which the credit under this section is
20 claimed, who:

21 (1) Was employed at any time during the taxable year by a
22 qualified employer at a certified facility;



1 (2) Was not employed for forty hours or more by the
2 qualified employer at the certified facility during
3 the ninety-day period immediately prior to the date
4 the individual began employment at the certified
5 facility; and

6 (3) Was not employed by the qualified employer to replace
7 another employee of the qualified employer at the
8 certified facility; provided that this paragraph shall
9 not apply if the former employee was separated from
10 employment voluntarily or for cause.

11 "Qualified employer" means an employer, with respect to the
12 taxable year for which the tax credit under this section is
13 claimed, that owned or operated a certified facility.

14 "Resort facility" means a full-service lodging facility
15 that provides access to or offers a range of amenities and
16 recreation facilities to emphasize a leisurely experience,
17 including commercial, retail, and attraction facilities located
18 within the areas surrounding or related to the lodging facility
19 within the same county in the State.

20 "Substantially completed" means the state of condition at
21 which the hotel facility or resort facility, or a portion
22 thereof, is sufficiently complete, in accordance with the



1 contract documents, so that the hotel facility or the resort
2 facility, or a portion thereof, may be occupied or used for its
3 intended purpose, without regard to the completion of
4 furnishings, fixtures, and interior finishes.

5 "Wages" means the hourly wage or salary of the qualified
6 employee."

7 SECTION 3. Chapter 237, Hawaii Revised Statutes, is
8 amended by adding a new section to be appropriately designated
9 and to read as follows:

10 "§237- Exemption for hotel and resort construction and
11 renovation. (a) This chapter shall not apply to amounts
12 received from the construction or renovation of a hotel facility
13 or a resort facility upon pre-certification by the department of
14 business, economic development, and tourism pursuant to
15 subsection (b).

16 (b) The department of business, economic development, and
17 tourism shall pre-certify the construction or renovation of a
18 hotel facility or a resort facility; provided that the
19 application or amended application:

20 (1) Is submitted by the owner, developer, or general
21 contractor of the hotel facility or resort facility at



1 any time before or during construction or renovation
2 of the hotel facility or resort facility;

3 (2) Describes in sufficient detail, the construction or
4 renovation of the hotel facility or resort facility;

5 (3) Estimates the costs of construction or renovation and
6 tax exemptions and credits to be claimed under this
7 section and section 235- ; and

8 (4) Includes all other information required by the
9 department of business, economic development, and
10 tourism.

11 (c) The department of business, economic development, and
12 tourism shall prepare any forms necessary for pre-certification
13 to claim a tax exemption under this section. The department of
14 business, economic development, and tourism may also require the
15 taxpayer to furnish reasonable information to ascertain the
16 validity of the exemption claimed under this section. The
17 department of business, economic development, and tourism may
18 adopt rules necessary to effectuate the purpose of this section,
19 in accordance with chapter 91.

20 (d) The department of business, economic development, and
21 tourism shall maintain records of the:

22 (1) Names of the taxpayers;



1 (2) Amount of the exemption claimed; and

2 (3) Construction or renovation of a hotel facility or
3 resort facility.

4 The department of business, economic development, and tourism
5 shall prepare an annual report of the records that shall be made
6 public.

7 (e) As used in this section:

8 "Construction or renovation of a hotel facility or a resort
9 facility" means the planning, design, construction, furniture
10 and fixtures that are not part of routine maintenance,
11 materials, and equipment related to new construction,
12 alterations, remediation, or modifications of a hotel facility
13 or a resort facility in the State that is substantially
14 completed by June 30, 2021; provided that:

15 (1) The construction or renovation costs exceed
16 \$50,000,000 by June 30, 2021; and

17 (2) The general contractor and any subcontractors of the
18 construction or renovation are signatory parties to
19 collective bargaining agreements with the appropriate
20 construction trade unions covering construction work
21 in the State.



1 Construction or renovation costs shall not include costs
2 incurred as the result of planned or routine maintenance or
3 refurbishments that would ordinarily take place throughout the
4 normal course of business.

5 "Hotel facility" means a hotel, hotel-condominium, or
6 condominium-hotel as defined in section 486K-1 and includes a
7 time share facility or project consisting of time share units or
8 time share plans pursuant to chapter 514E.

9 "Resort facility" means a full-service lodging facility
10 that provides access to or offers a range of amenities and
11 recreation facilities to emphasize a leisurely experience,
12 including commercial, retail, and attraction facilities located
13 within the areas surrounding or related to the lodging facility
14 within the same county in the State.

15 "Substantially completed" means the state of condition at
16 which the hotel facility or resort facility, or a portion
17 thereof, is sufficiently complete, in accordance with the
18 contract documents, so that the hotel facility or the resort
19 facility, or a portion thereof, may be occupied or used for its
20 intended purpose, without regard to the completion of
21 furnishings, fixtures, and interior finishes."



1 SECTION 4. Section 238-3, Hawaii Revised Statutes, is
2 amended by amending subsection (j) to read as follows:

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

6 SECTION 5. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 6. This Act shall take effect on July 1, 2030;
9 provided that section 2 of this Act shall apply to taxable years
10 beginning after December 31, 2014.



Report Title:

Tourism Stimulus Incentives; Income Tax Credit; Hotel and Resort Construction and Renovation; GET Exemption; Use Tax Exemption

Description:

Provides qualified employers a nonrefundable income tax credit of a percentage of wages paid to qualified employees for a period after completion of hotel and resort construction or renovation. Provides a general excise tax and a use tax exemption for certain hotel and resort construction or renovation. Effective 7/1/2030. (SD1)

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

