



LATE

Testimony of George Szigeti
President & CEO
HAWAI'I LODGING & TOURISM ASSOCIATION
Committee on Tourism and International Affairs
Hearing on March 18, 2015, 2:45 P.M.
HB 133 H.D. 1 Relating to Taxation

Dear Chair Kahele, Vice Chair English, and Members of the Committee. My name is George Szigeti and I am the President and CEO of the Hawai'i Lodging & Tourism Association.

The Hawai'i Lodging & Tourism Association (HLTA) is a statewide association of hotels, condominiums, timeshare companies, management firms, suppliers, and other related firms that benefit from and strengthen Hawai'i's visitor industry. Our membership includes over 150 lodging properties, representing over 50,000 rooms, and over 400 other Allied members. The visitor industry was responsible for generating \$14.9 billion in visitor spending in 2014 and supported 170,000 jobs statewide – we represent one of Hawai'i's largest industries and a critical sector of the economy.

On behalf of HLTA, permit me to offer this testimony regarding HB 133 H.D. 1 Relating to Taxation, which provides an income tax credit for costs incurred in new hotel construction and renovations.

The Hawai'i Lodging & Tourism Association **strongly supports** HB 133 H.D. 1, and we appreciate the amendment made in H.D. 1 including renovation costs to this measure. We support this bill because it provides incentives to encourage investment that would stimulate the revitalization of the State's inventory of aging hotel properties. Investing in our infrastructure is critical to our ability to compete against other destinations on a global scale (i.e. Mexico, Caribbean, etc.). Additionally, hotel construction and renovation would have the added benefit of generating construction and hospitality jobs throughout the state, as well as enhancing the economy's overall efficiency.

This measure can provide important incentives for new investment in our visitor industry and we urge its favorable consideration.

Thank you for this opportunity to testify.



LATE

THE SENATE
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015

COMMITTEE ON TOURISM & INTERNATIONAL AFFAIRS
Senator Gilbert Kahele, Chair

3/18/2015
Rm. 225, 2:45 PM

HB 133, HD 1
Relating to Taxation

Chair Kahele & Members of this Committee, my name is Max Sword, here on behalf of Outrigger Enterprises Group, to offer our comment regarding HB 133, HD 1.

The promotion of construction activity is very important to any economy—it is a significant component of overall economic activity especially in a small island state such as Hawaii. Investment in physical assets in the visitor industry, however, reaps even more benefits than straight construction alone—it provides the means by which future economic activity will take place. The visitor industry cannot be competitive without an attractive, up-to-date physical plant in the form of hotels and recreational facilities.

Construction of new hotels & renovations of older hotels brings more revenues back into the economy, and taxes, because the hotel/tourist industry continues to bring in revenues beyond construction. Such projects result in higher hotel occupancies, visitor-days, and room rates. It is estimated that 30% of room rates goes back to employee salaries. Both the GET and TAT is paid by the industry thru the 13+ percent assessed each hotel room.

However, even with the number of jobs, taxes etc. that a hotel project will provide, the bottom line is that it is very hard to get financing to either rebuild or to build a new hotel facility in the financial marketplace today. Tax credit such as these being proposed, will help a hotel project to either a build or rebuild.

Finally, we believe this will certainly help areas in the state such as Hilo on Hawaii Island and Kuhio Avenue in Waikiki.

We urge your support of this bill and mahalo for allowing me to testify.