

STAND. COM. REP. NO.

2899

Honolulu, Hawaii

MAR 02 2018

RE: S.B. No. 2489
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2489, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to update the formula used to determine the amount of transient accommodations tax to be collected from time shares.

More specifically, this measure amends the base on which time share occupancy is taxed from one-half of the gross daily maintenance fees that are paid by the owner and are attributable to the time share unit to an unspecified percentage of the gross daily maintenance fees.

Your Committee received written comments in opposition to this measure from ARDA-Hawaii; Hawaii Lodging and Tourism Association; Interval Leisure Group, Inc.; Kohala Coast Resort Association; Marriott Vacations Worldwide Corporation; Maui Hotel and Lodging Association; and Wyndham Vacation Ownership, Inc.

Your Committee received written comments on this measure from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that the tax formula for levying the transient accommodations tax on time share units has not been



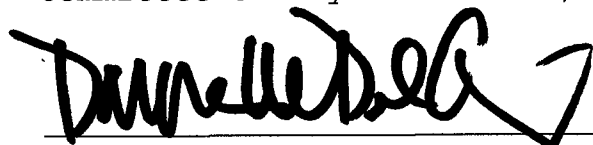
adjusted since the State began taxing time shares in 1998. Your Committee notes that, according to the Department of Taxation, updating the formula used to determine the amount of transient accommodations tax to be collected from time shares, in the manner set out in this measure, is projected to generate an estimated \$20,200,000 in revenues for the general fund in fiscal year 2019, \$22,800,000 in fiscal year 2020, \$23,400,000 in fiscal year 2021, \$24,100,000 in fiscal year 2022, \$24,900,000 in fiscal year 2023, and \$25,600,000 in fiscal year 2024.

Your Committee has amended this measure by:

- (1) Changing the effective date from January 1, 2050, to upon approval; and
- (2) Applying the measure to taxable years beginning after December 31, 2018.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2489, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2489, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DONOVAN M. DELA CRUZ, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.: SB 2489, SDI	Committee Referral: ETT/CPH, WAM	Date: 2/28/18		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"><input type="checkbox"/> Pass, unamended 2312</div> <div style="text-align: center;"><input checked="" type="checkbox"/> Pass, with amendments 2311</div> <div style="text-align: center;"><input type="checkbox"/> Hold 2310</div> <div style="text-align: center;"><input type="checkbox"/> Recommit 2313</div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
GALUTERIA, Brickwood	X			
HARIMOTO, Breene	X			
INOUE, Lorraine R.	X			
KAHELE, Kaiali'i	X			
KIDANI, Michelle N.	X			
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.	X			
WAKAI, Glenn	X			
TOTAL	11			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<div style="display: flex; justify-content: space-between; font-size: small;"> <div>Distribution: Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

*Only one measure per Record of Votes