

Honolulu, Hawaii

March 3, 2006

RE: H.B. No. 1026
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1026 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to adjust individual income tax rates.

Prior to the public hearing, your Committee circulated a proposed draft and received testimony on the proposed draft. Specifically, the proposed draft defines "fair market rental value" under the transient accommodations tax to be twice the amount of gross daily maintenance fees for timeshare units.

The ILWU Local 142 testified in support of this bill. The Department of Taxation, Cendant Corporation, Pahio Resorts, Hawaii Hotel & Lodging Association, ARDA-Hawaii, Maui Sunset Timeshare Association, Interval International, All Islands Timeshare Resales, Marriott International, Inc., Hilton Grand Vacations Club, Starwood Vacation Ownership, and several concerned individuals testified in opposition to this measure. The Tax Foundation of Hawaii offered comments.



Your Committee wishes to use this measure as a vehicle to promote further discussion on the issue of timeshares and tax fairness, especially in light of the increasing prevalence of timeshares within the transient accommodations industry and Hawaii's economy.

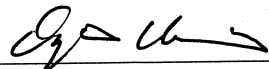
After careful consideration, your Committee has amended this bill by substituting its contents with the proposed draft.

In addition, your Committee has amended the proposed draft by:

- (1) Changing the rate of taxation to an unspecified amount;
and
- (2) Changing the effective date to July 1, 2020.

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 H.B. No. 1026, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1026, H.D. 1, and be placed on the calendar for Third Reading.

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




DWIGHT TAKAMINE, Chair



State of Hawaii
House of Representatives
The Twenty-third Legislature

HSCR 819-06

Record of Votes of the Committee on Finance

Bill/Resolution No.: HB 1026 1026		Date: 2.28.06		
Committee Referral: FIN		<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.		
The recommendation is to: <input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Recommit				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. TAKAMINE, Dwight Y. (C)	✓			
2. KAWAKAMI, Bertha C. (VC)	✓			
3. CARROLL, Mele	✓			
4. CHONG, Pono	✓			
5. EVANS, Cindy	✓			
6. LEE, Marilyn B.	✓			
7. MAGAOAY, Michael Y.				✓
8. NAKASONE, Bob	✓			
9. NISHIMOTO, Scott Y.	✓			
10. TANAKA, Kameo	✓			
11. TSUJI, Clift	✓			
12. WAKAI, Glenn				✓
13. YAMANE, Ryan I.	✓			
14. YAMASHITA, Kyle T.	✓			
15. MEYER, Colleen Rose			✓	
16. MOSES, Mark S.			✓	
17. PINE, Kymberly	✓			
18. STEVENS, Anne V.				✓
TOTAL	13		2	3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – HMSO Duplicate (Pink) – Clerk's Office				