

Honolulu, Hawaii

APR - 7 2006

RE: H.B. No. 1922
H.D. 1
S.D. 2

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1922, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX,"

begs leave to report as follows:

The purpose of this measure is to exempt the operator of the Hawaii Convention Center from the general excise tax for amounts reimbursed to the operator for costs and advances made pursuant to a contract with the Hawaii Tourism Authority.

Presently, a private operator is contracted by the Hawaii Tourism Authority to manage and market the Hawaii Convention Center. The operator is assessed the general excise tax, not only for managing the Center, but also for marketing and other costs that are reimbursed by the Authority. Since marketing costs are reimbursed by the Authority to the operator, these costs represent an expense to the State, not earnings by the operator. But the general excise tax on these costs are still assessed, which effectively reduces the Authority's contractual purchasing power. In other words, by paying the excise tax on reimbursed costs, the Authority gets less "bang for its buck."

This measure addresses that concern by exempting reimbursed costs from the general excise tax to allow the Hawaii Tourism Authority to contractually provide for the efficient management of the Hawaii Convention Center.



Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, for purposes of furthering discussion on this matter;
- (2) Providing that the measure will apply to taxable years beginning after December 31, 2005; and
- (3) Making technical nonsubstantive amendments for the purposes of clarity and style.

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 H.B. No. 1922, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1922, H.D. 1, S.D. 2.

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

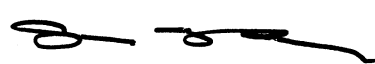


BRIAN T. TANIGUCHI, Chair



The Senate
Twenty-Third Legislature
State of Hawaii

Record of Votes of the
Committee on Ways and Means
(Bills and Resolutions)

Measure:*	Committee Referral:	Date:
HB 1922 HD1 SD1	TSM, WAM	3/31/06
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is to:		
<input type="checkbox"/> Pass, unamended (2312)	<input checked="" type="checkbox"/> Pass, with amendments (2311)	<input type="checkbox"/> Hold (2310) <input type="checkbox"/> Recommit (2313)
Members	Ayes	Ayes(WR)
Nays	Excused	
TANIGUCHI, Brian T. (C)	/	
TSUTSUI, Shan S. (VC)	/	
ENGLISH, J. Kalani		/
ESPERO, Will	/	
FUKUNAGA, Carol		/
HOOSER, Gary L.	/	
INOUE, Lorraine R.	/	
KANNO, Brian	/	
KIM, Donna Mercado	/	
KOKUBUN, Russell S.	/	
NISHIHARA, Clarence K.	/	
SAKAMOTO, Norman	/	
HEMMINGS, Fred		/
SLOM, Sam	/	
TRIMBLE, Gordon		/
TOTAL	11	0 0 4
Recommendation:		
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
		
Distribution:		
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency Goldenrod Committee File Copy

*Do not list more than one measure per Record of Votes.