

STAND. COM. REP. NO. 367 -08

Honolulu, Hawaii

FEB 13, 2008

RE: H.B. No. 2985
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Tourism & Culture, to which was referred
H.B. No. 2985 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to provide incentives to improve
Hawaii's hotel facilities by establishing a temporary income tax
credit, available for taxable years beginning after December 31,
2013, and ending before January 1, 2020, equal to fifteen percent
of the renovation costs incurred for a hotel facility (Hotel
Renovation Tax Credit).

The Hawaii Tourism Authority and Outrigger Hotels supported
this bill. The Hawaii Hotel & Lodging Association supported the
intent of this measure. The Department of Business, Economic
Development, and Tourism and Department of Taxation (DOTAX)
submitted comments.

Your Committee recognizes the growing concerns regarding the
conversion of hotels to time-shares and condominiums. This issue
appears to be of particular concern with respect to non-beachfront
properties, which may not command the same room rates as
beachfront properties. Greater revenue for beachfront properties
allows such properties to pay for needed renovation costs, whereas
non-beachfront properties may not be able to afford to upgrade
their facilities. Your Committee respectfully requests future

HB2985 HD1 HSCR TAC HMS 2008-2051



legislative efforts to consider appropriate ways to address this particular issue.

Your Committee has amended this measure by, among other things:

- (1) Changing its effective date to July 1, 2025, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Tourism & Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2985, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2985, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Tourism & Culture,

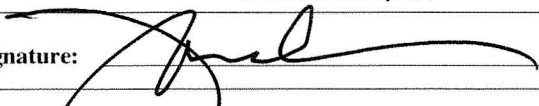


RYAN I. YAMANE, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

Record of Votes of the Committee on Tourism & Culture

Bill/Resolution No.: HB 2985	Committee Referral: TAC, FIN	Date: 02/04/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
TAC Members	Ayes	Ayes (WR)	Nays	Excused
1. YAMANE, Ryan I. (C)	✓			
2. MANAHAN, Joey (VC)	✓			
3. BERG, Lyla B., Ph.D.		✓		
4. BROWER, Tom	✓			
5. CHANG, Jerry L.	✓			
6. HANOHANO, Faye P.	✓			
7. HERKES, Robert N.				✓
8. TSUJI, Clift	✓			
9. WAKAI, Glenn		✓		
10. YAMASHITA, Kyle T.	✓			
11. CHING, Corinne W.L.				✓
12. MARUMOTO, Barbara C.	✓			
TOTAL (12)	8	2		2
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) – Chief Clerk's Office				