

**HB 1404**

**SENATE COMMITTEE ON  
WAYS AND MEANS**

April 6, 2009

House Bill 1404, HD 1, SD 1 Relating to General Excise Tax

Chair Kim and members of the Senate Committee on Ways and Means, I am Rick Tsujimura, representing Marriott Vacation Club International, Inc. (Marriott).

Marriott supports House Bill 1404, HD 1, SD 1 Relating to General Excise Tax. The legislature passed Act 239 (SLH 2007) which added the following amendments to section 237-24.7:

**"§237-24.7 Additional amounts not taxable.** In addition to the amounts not taxable under section 237-24, this chapter shall not apply to:

(1) Amounts received by the operator of a hotel from the owner of the hotel or from a timeshare association, and amounts received by the suboperator of a hotel from the owner of the hotel, from a timeshare association, or from the operator of the hotel, in amounts equal to and which are disbursed by the operator or suboperator for employee wages, salaries, payroll taxes, insurance premiums, and benefits, including retirement, vacation, sick pay, and health benefits. As used in this paragraph:

"Employee" means employees directly engaged in the day-to-day operation of the hotel and employed by the operator[-] or suboperator.

"Hotel" means an operation as defined in section 445-90[-] or a timeshare plan as defined in section 514E-1.

"Operator" means any person who, pursuant to a written contract with the owner of a hotel[-] or timeshare association, operates or manages the hotel for the owner[-] or timeshare association.

"Owner" means the fee owner or lessee under a recorded lease of a hotel[-].

"Suboperator" means any person who, pursuant to a written contract with the operator, operates or manages the hotel as a subcontractor of the operator.

"Timeshare association" means an "association" as that term is defined in section 514E-1;"

These amendments were designed to level the playing field with regards to operators and suboperators of hotels and timeshares. This bill seeks to remove the sunset clause of Act 239, and make these provisions permanent. We ask for your support for the removal of the sunset date and to make the effective date of HB 1404, HD 1, SD 1 “upon approval”.

Thank you for the opportunity to present this testimony.

# GOODSILL ANDERSON QUINN & STIFEL

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## MEMORANDUM

**TO:** Senator Donna Mercado Kim  
Chair, Committee on Ways and Means

**FROM:** Gary M. Slovin

**DATE:** April 5, 2009

**RE:** **H.B. 1404, H.D. 1, S.D. 1 – Relating to General Excise Tax**  
**Hearing: Monday, April 6, 2009 at 9:30 a.m.**

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Dear Chair Kim and Members of the Committee:

I am Gary Slovin, testifying on behalf of Wyndham Worldwide. Wyndham Worldwide offers individual consumers and business-to-business customers a broad suite of hospitality products and services across various accommodation alternatives and price ranges through its portfolio of world-renowned brands. Wyndham Worldwide has substantial interests in Hawaii that include Wyndham Vacation Ownership, with its new resort at Waikiki Beach Walk.

We support H.B. 1404, H.D. 1, S.D. 1, which makes the GET exemption amendments for timeshare operators and condominium submanagers permanent. This exemption, which exists under the present law, was adopted during the 2007 legislative session as Act 239 Session Laws of Hawaii, 2007. Thus, the exemption sought in H.B. 1404, HD1 would continue the same tax exemption that presently exists in the law.

The exemption applies to certain sums that are transferred from the owner of the properties to the operator of the properties. Included in these sums are the amounts paid that reflect what is owed to employees in the way of salary and benefits. The exemption from tax on these amounts would either take away from the amounts available to be paid to employees both in salary and benefits and, in most cases, actually result in the owner paying sums directly to employees and other persons to whom these sums are due rather than having those sums paid by the operator here in Hawaii. It is to everyone's benefit that those sums be paid by the local operator to the local employees and local vendors. For this reason, the tax exemption was extended in 2007.

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Because of the circumstances of the present situation, the passage of this legislation will make things much better for both employees and vendors as well as the owners and the local operators.

Thank you very much for the opportunity to submit testimony.



American Resort Development Association  
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April 6, 2009

**TO:** Senate Ways and Means Committee  
Senator Donna Mercado Kim, Chair  
Senator Shan S. Tsutsui, Vice Chair

**FROM:** Ed Thompson  
ARDA-Hawaii

**DATE:** Monday, April 6, 2009  
Conference Room 211  
9:30 a.m.

**RE:** HB1404, HD1, SD1, RELATING TO GENERAL EXCISE TAX

Chair Kim and Members of the Committee:

ARDA-Hawaii is the local chapter of the national timeshare trade association. Hawaii's timeshare industry currently accounts for ten percent of the State's lodging inventory with 7,700 timeshare units and more planned in the future.

ARDA-Hawaii supports HB 1404, HD1, SD1, which makes the GET exemption amendments for timeshare operators and condominium submanagers permanent and may help encourage additional timeshare creation in Hawaii.

Timeshare has had consistent occupancy rates, even during tough economic times. This has made our industry a vital partner and a diverse component of the visitor industry in Hawaii.

Thank you very much for the opportunity to offer testimony in support of this measure.