

JAN 21 2009

A BILL FOR AN ACT

RELATING TO THE GENERAL EXCISE TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that visitors who travel
2 to Hawaii for conventions, meetings, and incentive programs have
3 decreased recently. For example, in 2006, visitor days for this
4 specific sector decreased 5.7 per cent from 2005.

5 The legislature also finds that conventions, meetings, and
6 incentive travel market is a lucrative market with visitor
7 spending reaching \$913,000,000 in 2006, with average daily
8 spending per person of \$210 as compared to \$178 for other types
9 of visitors. This market is highly competitive and many
10 destinations offer incentives to attract these visitors. For
11 example, Mexico exempts international conventions, meetings, and
12 incentive travel events from sales tax for sales paid for from a
13 foreign bank.

14 The legislature further finds that incentives in the
15 conventions, meetings, and incentive travel market are necessary
16 to allow Hawaii's visitor industry to remain competitive in the
17 world market. The purpose of this Act is to provide an excise



1 tax exemption for the provision of facilities and services for
2 convention, meeting, and incentive events that are paid for by
3 national and international organizations.

4 SECTION 2. Chapter 237, Hawaii Revised Statutes, is
5 amended by adding a new section to be appropriately designated
6 and to read as follows:

7 "§237- Exemption for facilities and services provided
8 for conventions, meetings, and incentive travel programs. (a)

9 This chapter shall not apply to amounts received by providers of
10 facilities and services for the provision of facilities and
11 services for conventions, meetings, and incentive travel
12 programs that are paid from an account in a foreign bank, a
13 federal financial institution whose operations are not conducted
14 in this State, or an out-of-state bank chartered under the laws
15 of any state other than Hawaii.

16 (b) As used in this section the term "facilities and
17 services" includes:

- 18 (1) Meeting rooms;
19 (2) Exhibit areas;
20 (3) Airport or seaport transfers;
21 (4) Transportation between hotels and meeting places;



S.B. NO. 8

1 (5) Event services such as set-up, registration, the
2 provision of audiovisual equipment or decorations, and
3 the provision of translation, security, and cleaning
4 services; provided that services relating to the event
5 provided up to two nights before the event and two
6 nights after the event shall also be considered
7 services; and

8 (6) Food and beverage services."

9 SECTION 3. New statutory material is underscored.

10 SECTION 4. This Act shall take effect on July 1, 2009.

11

INTRODUCED BY: Clarence K. Michihara



Report Title:

GET Exemption; Conventions, Meetings, and Incentive Programs

Description:

Exempts from the general excise tax amounts received for provision of facilities and services for conventions, meetings, and incentive travel programs. Defines "facilities and services."

