

Honolulu, Hawaii

Feb 26, 2010

RE: H.B. No. 2783
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2783, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill is to support Hawaii's visitor and real estate industries by:

- (1) Making permanent the general excise tax (GET) exemptions for nonprofit homeowners or community associations and hotel and timeshare operators and suboperators; and
- (2) Specifying that the \$400,000 aggregate cap on these exemptions is based on the taxable amount due and not the gross receipts, and applies only to amounts due prior to January 1, 2008.

The American Resort Development Association-Hawaii, Starwood Vacation Ownership, Wyndham Worldwide, Outrigger Hotels, and Marriott Vacation Club International testified in support of this bill. The Tax Foundation of Hawaii and Hawaii Association of REALTORS offered comments.

Your Committee has amended this bill by:

- (1) Capping the aggregate GET exemption on amounts received by operators from a time share association and

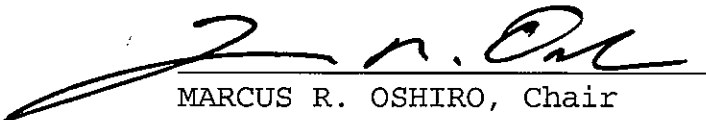


suboperators from hotel owners, time share associations, and operators, at \$400,000 per calendar year beginning January 1, 2010;

- (2) Making the GET exemption on the amounts received as reimbursement of the sums paid for common expenses by condominium and homeowners or community association submanagers (submanagers), retroactive to July 1, 2006;
- (3) Repealing the provisions that made the GET cap of \$400,000 for operators, suboperators, and submangers applicable to taxable years ending on or between January 1, 2010, and January 1, 2011;
- (4) Deleting language that specified that the \$400,000 aggregate cap on certain GET exemptions is based on the taxable amount due and not the gross receipts, and applies only to amounts due prior to January 1, 2008;
- (5) Providing a sunset date of June 30, 2015; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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. 2783, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2783, H.D. 2.

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


MARCUS R. OSHIRO, Chair



