

Honolulu, Hawaii

MAR 19 2010

RE: H.B. No. 2783  
H.D. 2  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Madam:

Your Committees on Commerce and Consumer Protection and  
Tourism, to which was referred H.B. No. 2783, H.D. 2, entitled:

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

beg leave to report as follows:

The purpose of this measure is to statutorily extend until  
June 30, 2015, the \$400,000 aggregate cap on general excise tax  
exemptions on amounts received by the operator of a hotel from a  
timeshare association and on amounts received by the suboperator  
of a hotel from the owner of the hotel, a time share association,  
or the operator of the hotel.

This measure also provides that the general excise tax  
exemption for amounts received by a submanager of an association  
of apartment owners of a condominium property regime or nonprofit  
homeowners or community association as reimbursement for payment  
of common expenses shall be effective retroactive to July 1, 2006.

Your Committees received testimony in support of this measure  
from Wyndham Worldwide. Testimony in support of the intent of  
this measure with amendments was submitted by Outrigger  
Enterprises Group, Starwood Vacation Ownership, Marriott Vacation  
Club International, the American Resort Development Association,  
and the Hawai'i Association of REALTORS. Testimony commenting on  
this measure was received from the Tax Foundation of Hawaii.  
Written testimony presented to the Committees may be reviewed on  
the Legislature's website.



Your Committees find that the capped exemption of the general excise tax has helped to make Hawaii's tourism market more competitive nationally by ensuring that the costs of maintaining and developing timeshares in Hawaii stay reasonable and by leveling the playing field with regards to operators and suboperators of hotels and timeshares in the local market.

Your Committees have amended this measure by replacing its contents with a similar measure, S.B. No. 2643, S.D. 1. As amended, this measure is more concise, makes the general excise tax exemptions permanent, and does not include provisions to make the submanager's exemption retroactive.

As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection and Tourism that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2783, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2783, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committees on Commerce and  
Consumer Protection and  
Tourism,



CLARENCE K. NISHIHARA, Chair



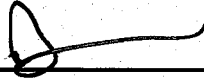
ROSALYN W. BAKER, Chair





The Senate  
Twenty-Fifth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Tourism**  
**TSM**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB2783 , HD2	CPN/TSM, WAM	3/18/10		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<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	Aye	Aye (WR)	Nay	Excused
NISHIHARA, Clarence K. (C)	✓			
GALUTERIA, Brickwood (VC)	✓			
KIDANI, Michelle N.	✓			
TSUTSUI, Shan S.				✓
SLOM, Sam				✓
<b>TOTAL</b>	<b>3</b>			<b>2</b>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
<b>Distribution:</b>				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

\*Only one measure per Record of Votes