

STAND. COM. REP. NO.

641

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 1165
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1165 entitled:

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

begs leave to report as follows:

The purpose of this measure is to repeal the sunset date of the general excise tax exemption on payments by timeshare operators and condominium submanagers for employee wages, salaries, benefits, insurance premiums, and payroll taxes.

Your Committee received four written comments on this measure. The written comments may be reviewed on the Legislature's website.

Your Committee finds that making this general excise tax exemption permanent will level the playing field for timeshare operators. Prior to the exemption for timeshare operators, the exemption only extended to hotel operators. Similarly, condominium submanagers were also not covered under the exemption while managers were covered. Your Committee also finds that there is no loss of tax revenue to the State. Rather, an existing exemption will become permanent. Your Committee believes that tax exemptions for these groups will encourage growth in the timeshare industry and provide a uniform exemption for all hospitality related businesses.

Your Committee has amended the effective date to January 1, 2051, to facilitate further discussion.

SB1165 SD1 SSCR LRB 09-2785.doc



As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1165, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1165, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DONNA MERCADO KIM, Chair



