

STAND. COM. REP. NO.

2267

Honolulu, Hawaii

FEB 12 2010

RE: S.B. No. 2643
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 S.B. No. 2643 entitled:

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

beg leave to report as follows:

The purpose of this measure is to make permanent the general
excise tax exemption for condominium common expenses paid by
managers, submanagers, and suboperators and for employee expenses
paid by hotel and timeshare operators.

Your Committees received testimony in support of this measure
from American Resort Development Association-Hawaii, Marriott
Vacation Club International, Inc., Starwood Vacation Ownership,
Hawai'i Association of Realtors, Outrigger Enterprises Group, and
Wyndham Worldwide. Tax Foundation of Hawaii submitted comments.
Written testimony presented to the Committees may be reviewed on
the Legislature's website.

Your Committees find that the underlying purpose of this
measure, the exemption from the general excise tax for condominium
common expenses and for timeshare and hotel employee expenses paid
by managers, submanagers, and suboperators, continues to serve the
public interest of the State. By exempting employment-related
expenses from the general excise tax, this measure removes a
disincentive for owners to pay higher wages and provide higher
levels of benefits to employees and to use the services of local
operators and local vendors.

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Your Committees have amended this measure by:

- (1) Adding a new provision to clarify the meaning of the maximum allowable exemption; and
- (2) Repealing the sunset date of the general excise tax exemption contained in this measure.

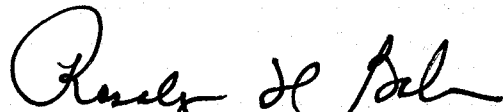
Your Committees find that the amendment to this measure preserves the original intent of the exemption, which is to apply the cap to aggregate taxable amounts and not to gross receipts.

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 S.B. No. 2643, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2643, 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 H. BAKER, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Tourism
TSM

Bill / Resolution No.:*	Committee Referral:	Date:
SB2643	CPN/TSM, WAM	2/10/10

The committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
NISHIHARA, Clarence K. (C)	✓			
GALUTERIA, Brickwood (VC)	✓			
KIDANI, Michelle N.	✓			
TSUTSUI, Shan S.				✓
SLOM, Sam	✓			
TOTAL	4			1

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature: _____

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*Only one measure per Record of Votes