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MEMORANDUM

TO: Representative Robert N. Herkes
Chair, Committee on Consumer Protection & Commerce
VIA EMAIL: CPCTestimony@Capitol.hawaii.gov

FROM: Mihoko Ito

DATE: February 6, 2010

RE: **H.B. 2783, H.D. 1 – Relating to General Excise Tax**
Hearing : Monday, February 8, 2010 at 2:05 p.m., Room 325

Dear Chair Herkes and Members of the Committee:

I am Mihoko Ito, testifying on behalf of Wyndham Worldwide. Wyndham Worldwide offers individual consumers and business-to-business customers a broad suite of hospitality products and services across various accommodation alternatives and price ranges through its portfolio of world-renowned brands. Wyndham Worldwide has substantial interests in Hawaii that include Wyndham Vacation Ownership, with its resort at Waikiki Beach Walk.

We support H.B. 2783, H.D.1, which repeals the sunset provisions with respect to general excise tax exemptions and condominium submanagers, suboperators, and timeshare associations. The measure also specifies that the \$400,000 cap is based on the taxable amount due and not the gross receipts.

This exemption applies to certain sums that are transferred from the owner of the properties to the operator of the properties. Included in these sums are amounts paid that reflect what is owed to employees in the way of salary and benefits. The exemption from tax on these amounts would either take away from the amounts available to be paid to employees both in salary and benefits and, in most cases, actually result in the owner paying sums directly to employees and other persons to whom these sums are due rather than having those sums paid by the operator here in Hawaii. It is to everyone's benefit that those sums be paid by the local operator to the local employees and local vendors.

We support this measure as drafted, because it will continue to level the playing field with regard to similarly situated entities for the payment of monies to a hotel operator for employee wages and benefits. In addition, we support the amendment in H.B. 2783 which clarifies the true intent of the measure and Act 196, SLH 2009 to apply the cap to the taxable amount and not the gross receipts.

Thank you very much for the opportunity to submit testimony.



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HOUSE OF REPRESENTATIVES
25th LEGISLATURE
REGULAR SESSION of 2010

COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Representative Robert N. Herkes, Chair

2/8/10
2:00 PM – Room 325

HB 2783, HD 1
Relating to General Excise Tax

My name is Max J Sword, here on behalf of Outrigger Hotels, to offer our support of this bill.

HB 2783 HD 1 makes permanent the current GET exemptions for monies received by timeshare operators and sub-operators for employee wages, salaries, payroll taxes, insurance premiums and benefits (retirement, vacation, sick pay and health benefits).

The hotel industry is constantly changing, not only in the physical looks of a property and services it provides the customer, also in how they are operated and managed.

Just as you will see more time-share, resort condos or condo-tels, with less traditional type hotels being built, you will also see changes in how those properties will be managed.

Mahalo for considering my testimony and urge your positive support for this bill!