

SB 2125



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

Testimony of
Linda L. Smith
Senior Policy Advisor to the Governor

Before the
SENATE COMMITTEE ON TOURISM
Tuesday, February 2, 2010, 2:45 p.m.
Room 229, State Capitol

SB2125 RELATING TO TAXATION

Chair Nishihara, Vice Chair Galuteria, and Members of the Committee:

The Office of the Governor **supports the concept of SB2125, but prefers the Administration measure SB2712**, which is also being heard on this agenda, due to the various safeguards provided for in SB2712. SB2125 provides a ten percent refundable tax credit for the construction and renovation of hotel or resort properties from January 1, 2010 to December 31, 2015. Because the construction and visitor industries have been hit especially hard during the downturn, we believe a hotel and resort construction and remodeling tax credit has the capacity to significantly stimulate the economy, and therefore support the concept.

SB2125 establishes a ten percent refundable tax credit, applicable to costs incurred in the construction or renovation of hotel or resort properties for tax years 2010 to 2015, which may be used to offset income or transient accommodation taxes. However, this tax credit lacks a cap to control cost impacts on the State budget. As a result, we respectfully request the committee to consider SB2712, which provides additional safeguards designed to maximize construction activity while minimizing the cost of the tax credit to the State:

- 1) SB2712 provides a non-refundable tax credit for hotel and resort construction occurring from January 1, 2010 to December 31, 2012, and places a cap of \$50 million on the amount that the Department of Taxation can award per year;
- 2) The tax credit sets a floor of \$10 million and a cap of \$100 million for qualifying costs per project, which ensures that substantial construction activity will occur with the capacity to create a critical mass of new jobs;
- 3) The tax credit limits qualifying construction and renovation costs to only include labor, material, and supply costs incurred in Hawaii, but do not include design, planning, or permitting costs. This provision ensures that the tax credit only incentivizes immediate construction activity, which must occur between 2010 and 2012; and
- 4) The tax credit cannot be taken for construction and renovation costs financed through government grants or loans, since such construction has already been incentivized by the government through other means.

A hotel and resort construction and remodeling tax credit will help to revitalize the construction industry in the key sector of hotel and resort development while providing long-term enhancements to visitor accommodations in the State. However, we must also minimize cost impacts to the State where possible. As such, the Office of the Governor supports the concept in this measure, but requests that consideration be given to SB2712 due to the additional safeguards included.

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



KURT KAWAFUCHI
DIRECTOR OF TAXATION

STANLEY SHIRAKI
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
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**SENATE COMMITTEE ON TOURISM
TESTIMONY REGARDING SB 2125
RELATING TO TAXATION**

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)

DATE: FEBRUARY 2, 2010

TIME: 2:45PM

ROOM: 229

This measure provides a 10% refundable income tax credit for the construction or remodeling of a hotel or resort property.

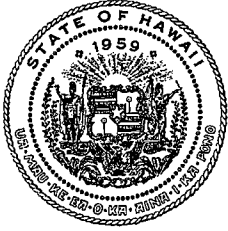
The Department of Taxation (Department) **supports** this measure; however **prefers the Administration measure SB 2712.**

SUPPORT FOR TOURISM INDUSTRY—The Department supports the tourism industry and the importance of the economic activity this important industry brings to Hawaii. The Department acknowledges that having modern and newly renovated rooms are an important factor in maintaining the flow of tourists to this State.

SUPPORT FOR JOBS AND THE CONSTRUCTION INDUSTRY—The Department strongly supports efforts to stimulate the economy through incentives. This measure targets tax incentives at the construction industry, which is a large segment of Hawaii's economy. With many construction workers and suppliers impacted by the economic downturn, this measure will encourage taxpayers to invest in their homes and put people back to work.

PREFER ADMINISTRATION MEASURE—The Department prefers SB 2712, which provides for a 10% nonrefundable credit for construction or remodeling of hotel properties. This measure provides an additional incentive above and beyond a mere return of general excise taxes. The Administration measure also has a \$50 million aggregate cap in credits to allow for budget certainty.

The Department has concerns with this measure's inclusion of no cap, as well as it being a refundable credit. A refundable credit accelerates the impact to the general fund almost immediately. The Department prefers a nonrefundable credit, which spreads out the cost to the general fund over time.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

LINDA LINGLE
GOVERNOR
THEODORE E. LIU
DIRECTOR
PEARL IMADA IBOSHI
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
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Comments of
EUGENE TIAN
Acting Economics Research Administrator
Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON TOURISM

Tuesday, February 2, 2009

2:45 p.m.

State Capitol, Conference Room 229

in consideration of

SB 2125
RELATING TO TAXATION

Chair Kim, Vice Chair Tsutsui and Members of the Senate Committee on Ways and Means.

The Department of Business, Economic Development and Tourism has concerns on SB 2125, which provides a ten percent income tax credit on costs incurred for the construction or renovation of a hotel or resort property through December 31, 2015

This bill is similar to SB 2712 in that both provide 10% tax credit for hotel construction or renovation. However, this bill differs from SB 2712 in the following:

- a. This bill restricts tax credit to net income tax while SB 2712 allows tax deduction from net income, general excise, and transient accommodation taxes.
- b. This bill sets no restrictions on the amount of construction or renovation costs while SB 2712 sets a construction floor of \$10 million and a ceiling of \$100 million.
- c. This bill sets no restrictions on the type of spending of a hotel construction or renovation project, while SB 2712 excludes spending on design and planning of such projects.
- d. This bill allows a tax refund if credit exceeds tax liability while SB 2712 allows the extra credit be claimed in subsequent years.
- e. This bill sets the sunset date as December 31, 2015 while the sunset date for SB 2712 is December 31, 2012.

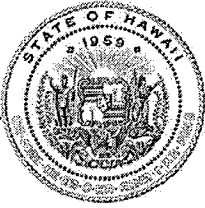
f. This bill sets no restrictions on the funding source of the construction projects while SB 2712 excludes projects funded in whole or in part by government grants, government – issued loans, or property assessed clean energy financing.

g. This bill sets no cap on tax credits while SB 2712 sets a credit cap of \$50 million a year.

An initial calculation by DBEDT shows that the net tax impact is negative under the language of this bill.

We prefer SB 2712 to this bill.

Thank you for the opportunity to offer these comments.



TOURISM LIAISON

Hawai'i State Capitol, Office of the Governor, 4th Floor
Honolulu, Hawai'i 96813

LINDA LINGLE
GOVERNOR
MARSHA WIENERT
TOURISM LIAISON

Telephone: (808) 586-2362
Fax: (808) 586-0019

Statement of
MARSHA WIENERT
Tourism Liaison
Office of the Governor
before the
SENATE COMMITTEE ON TOURISM
Tuesday, February 2, 2010
2:45 p.m.
State Capitol, Conference Room 229

in consideration of
SB 2125
RELATING TO TAXATION.

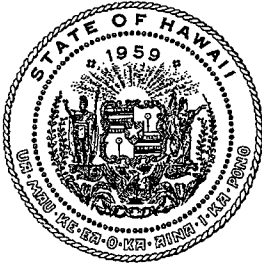
Chair Nishihara, Vice Chair Galuteria and Members of the Senate Committee on Tourism.

SB 2125 provides a tax credit for hotel renovations and we support the intent of this bill. However, we prefer SB 2712, which provides a ten percent tax credit on costs incurred for the construction or renovation of hotels or resort properties.

We support SB 2712 over SB 2125 because the non-refundable credit in SB 2712 will stimulate immediate construction activity. The credit may be used to offset corporate income, general excise and transient accommodation taxes. The tax credit can be used for construction or renovation costs including labor, material and supply costs incurred in Hawai'i. It does not include design, planning or permitting costs. We believe that this provision is necessary to ensure the credit will immediately impact our economy and create jobs.

Getting as many of our residents back to work and creating jobs now should be the primary concern and we feel that SB 2712 will deliver the kind of immediate stimulus our economy needs.

Thank you for the opportunity to testify on SB 2125.



Hawai'i Tourism Authority

Hawai'i Convention Center, 1801 Kalākāua Avenue, Honolulu, Hawai'i 96815
Website: www.hawaiitourismauthority.org

LINDA LINGLE
Governor

MIKE MCCARTNEY
President and
Chief Executive Officer

Telephone: (808) 973-2255
Fax: (808) 973-2253

Testimony of
Mike McCartney
President and Chief Executive Officer
Hawai'i Tourism Authority
on
S.B. 2125 Relating to Taxation and
S.B. 2712 Relating to Remodeling Tax Credits

Senate Committee on Tourism
Tuesday, February 2, 2010
2:45 p.m.
Conference Room 229

The Hawai'i Tourism Authority (HTA) supports the intent of the following measures:

- S.B. 2125, which proposes a tax credit of 10% of the costs of construction or renovation of qualified hotel facilities incurred from January 1, 2010 to December 31, 2015; and
- S.B. 2712, which proposes a tax credit of 10% of the costs of construction or renovation of qualified hotel facilities incurred from January 1, 2010 to December 31, 2012, where the costs are a minimum of \$10 million up to a maximum of \$100 million.

The HTA is tasked with marketing and promoting Hawai'i as a visitor destination, with the goal of increasing visitor spending. One of the keys to branding Hawai'i's visitor industry and increasing visitor spending is the improvement of the state's tourism product, which includes the physical infrastructure. As such, the HTA supports both measures which provide the private sector with investment incentives to upgrade Hawai'i's hotel facilities. This will help Hawai'i remain competitive as a destination while providing enhancements to the visitor experience.

The HTA would also like to point out the following:

- S.B. 2712 does not include in the qualified costs plans, designs, and permitting, which often make up the significant costs of the first two years of a project.
- To our knowledge, there may be few projects that are ready to break ground at this time that could benefit from the tax credit in S.B. 2712 which has a December 31, 2012 sunset date.

For these reasons, the HTA prefers the 6-year period in S.B. 2125 which will provide an even greater benefit to stimulate Hawai'i's visitor industry and the State of Hawai'i.

Thank you for the opportunity to provide these comments.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Hotel construction and remodeling tax credit

BILL NUMBER: SB 2125; HB 2439 (Similar)

INTRODUCED BY: SB by Taniguchi; HB by Say by request

BRIEF SUMMARY: Adds a new section to HRS chapter 235 to allow taxpayers subject to HRS chapter 235 and HRS chapter 237D to claim a refundable hotel construction and remodeling tax credit of 10% of the construction or renovation costs incurred before 12/31/15. The credit shall not be applicable to costs of construction or improvement for which another income tax credit was claimed for the taxable year.

In the case of a partnership, S corporation, estate or trust, association of apartment owners of a qualified hotel facility, time share owners association, or any developer of a time share project, the credit shall be based on qualified costs incurred by the entity with costs on which the credit is computed determined at the entity level. To qualify for the credit, the taxpayer shall be in compliance with all applicable federal, state, and county statutes, rules, and regulations. If a deduction is taken under IRC section 179 (with respect to election to expense depreciable business assets), no tax credit shall be allowed for such qualified costs for which the deduction was taken. The basis of eligible property for depreciation or accelerated cost recovery system purposes shall be reduced by the amount of credit allowable and claimed.

Credits in excess of a taxpayer's income tax liability shall be refunded provided such amounts are in excess of \$1. Claims for the credit, including any amended claims, must be filed on or before the end of the twelfth month following the close of the taxable year.

Defines "construction or renovation cost" as any cost incurred after 12/31/09 for the plans, design, construction, and equipment related to new construction, alteration, or modification of a qualified hotel facility. Defines "net income tax liability," "qualified hotel facility," "qualified resort area," and "taxpayer" for purposes of the measure.

EFFECTIVE DATE: Tax years beginning after December 31, 2009

STAFF COMMENTS: The legislature by Act 195, SLH 2000, enacted a hotel construction and renovation tax credit of 4% for hotel renovations effective for tax years beginning after 12/31/98 but before 12/31/02. Act 10 of the Third Special Session of 2001 increased the hotel renovation tax credit to 10% for construction costs incurred before 7/1/03. Act 10 also provided that the credit shall revert back to 4% on 7/1/03 and sunset on 12/31/05. This measure proposes a similar credit for hotel renovation costs incurred in a taxable year.

The original tax credit was promoted on the argument that the tax credit would be an incentive for hotels to refurbish their properties in order to remain competitive with other destinations around the world. The credit amount was set at 4% to seemingly offset the 4% general excise tax. When 9/11 hit, the

momentum of the crisis fostered support for an increase in the credit to 10% to supposedly keep projects which were already in progress going. However, the governor objected and threatened to veto the sweetened credit. The legislature compromised and provided that the 10% credit would be nonrefundable.

While these measures propose to reestablish a hotel renovation tax credit, it should be noted that no evaluation has been done to validate the effectiveness of this credit in spurring substantial renovations of hotel resort properties. While some may argue that this credit is necessary to make their upcoming renovations pencil out, one must ask whether or not it is the role of government to subsidize private investments. While the credit might be viewed as critical to a taxpayer's project or to the continued renovation of the resort plant, one must ask how long must all other taxpayers suffer the heavy burden of taxation so that this subsidy can be extended to a few?

It would be a very different picture if those who are asking for the subsidy would be willing to forgo other public services or make recommendations on how government can rein in spending, but that is not the case. Now, more than ever, lawmakers need to recognize that they need to set priorities for what precious few dollars taxpayers can part with to run state and local government. One must ask how lawmakers can provide subsidies like this proposal when they raised the general excise tax on all other taxpayers to pay for a transit system in Honolulu? Taking care of a few taxpayers at the expense of all other taxpayers is certainly a cavalier attitude.

More importantly, if the intent of this measure is to entice hotel owners to undertake major renovations, then the sponsors do not understand what is happening to the nation's economy. In order to undertake large scale construction or renovations, either the hotel owner has to be cash rich or else have access to the credit markets. As the nation now knows, the credit markets have frozen and despite herculean efforts to thaw those credit markets, it will be a long road to recovery. Given that fact, it is doubtful that any hotel owner will undertake new renovation projects, in fact, some who had such projects underway have pulled back or completely shut down those projects for the time being. Thus, the sponsors of this proposal may find this incentive useless in this environment.

Instead of subsidizing construction in order to get construction workers off the bench, government can assist in a number of other ways. For private projects, the permitting and planning process can be accelerated. One developer recently reported that it had taken two years to subdivide two parcels into seven house lots in rural Oahu at which time the planning and permitting department deferred approval citing eight issues to be addressed regarding subdivision approval. The interest on the seller has amounted to more than \$500,000 to this point and going forward, both the buyer and seller are shelling out more than \$27,000 a month for interest alone, not to mention the other planning and engineering costs. These are costs that could be mitigated if permitting officials would just work with developers and owners in streamlining these requirements. Apparently officials are reticent to make decisions in fear that they might make the wrong decision. The result is costly delays while construction work goes begging.

In the public arena, both the state and counties need to take advantage of this window of opportunity of readily available labor and exceptionally low interest rates to undertake a massive capital improvement program. As economists on the Council on Revenues noted recently, when adjusted for inflation, the amount of public construction projects in the state is at its lowest since statehood.



**HAWAII HOTEL & LODGING
ASSOCIATION**

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Website: www.hawaiihotels.org



32nd Anniversary
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**TESTIMONY OF MURRAY TOWILL
PRESIDENT
HAWAII HOTEL & LODGING ASSOCIATION**

DATE: February 2, 2010

RE: SB 2125 Relating to Taxation & SB 2712 Relating to Remodeling Tax Credits

Good afternoon Chairperson Nishihara and members of the Senate Committee on Tourism. I am Murray Towill, President of the Hawaii Hotel & Lodging Association.

The Hawaii Hotel & Lodging Association is a statewide association of hotels, condominiums, timeshare companies, management firms, suppliers, and other related firms and individuals. Our membership includes over 150 hotels representing over 48,000 rooms. Our hotel members range from the 2,680 rooms of the Hilton Hawaiian Village to the 4 rooms of the Bougainvillea Bed & Breakfast on the Big Island.

The Hawaii Hotel & Lodging Association supports SB 2125 Relating to Taxation & SB 2712 Relating to Remodeling Tax Credits. Each of these bills provides a 10% construction tax credit for hotel and resort construction. The bills also have a variety of provisions that vary from one another.

We support these measures because they both provide incentives to stimulate reinvestment in the visitor product. Perhaps most importantly in our current economic situation stimulating construction is a good way to get people back to work. It is especially valuable to get people in the construction sector back to work since they have been hit very hard by the current recession.

Currently there are a number of obstacles to investments including the uncertainty in the financial markets and the financial challenges facing many due to the recession. A tax credit of this type would be a stimulus to trigger investment.

We believe the 6-year period covered by SB 2125 will provide the greater stimulus in large part due to the length of time it takes projects to go through the regulatory approval process. Unless a project has most or all of its approvals, it will have a difficult time being underway by 2012.

SB 2712 also contains a provision that limits the minimum size of a project to \$10 million. We believe this is too restrictive. If the committee decides to include a minimum, we would recommend this minimum amount be lowered to \$1 or \$2 million.

Again, mahalo for this opportunity to testify.

SAH - Subcontractors Association of Hawaii

1188 Bishop St., Ste. 1003**Honolulu, Hawaii 96813-2938

Phone: (808) 537-5619 ✦ Fax: (808) 533-2739

February 2, 2010

Testimony To: Senate Committee on Tourism
Senator Clarence K. Nishihara, Chair

Presented By: Tim Lyons
President

Subject: S.B. 2125 – RELATING TO TAXATION.

Chair Nishihara and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii. SAH is composed of nine separate and distinct subcontracting organizations including:

ELECTRICAL CONTRACTORS ASSOCIATION OF HAWAII

HAWAII FLOORING ASSOCIATION

ROOFING CONTRACTORS ASSOCIATION OF HAWAII

HAWAII WALL AND CEILING INDUSTRIES ASSOCIATION

TILE CONTRACTORS PROMOTIONAL PROGRAM

PLUMBING AND MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII

SHEETMETAL CONTRACTORS ASSOCIATION OF HAWAII

PAINTING AND DECORATING CONTRACTORS ASSOCIATION

PACIFIC INSULATION CONTRACTORS ASSOCIATION

We support this bill.

Short and simple, our members are in need of work. People are not spending money on residential renovations, commercial renovations or even hotel renovations. A tax credit? This bill is as simple as the fact that it would provide for a tax credit if you do that type of work. That will benefit our members, as well as the economy.

Based on the above, we support this bill.



TRAINOR CONSULTING
SAVOY CONSULTING LLC

Monday February 1st 2010

The Honorable Clarence K Nishihara
Chairman
Senate Committee on Tourism

NOEL TRAINOR TESTIMONY. S.B. no 2125 hearing 2/2/10 2:45pm

Good afternoon Mr. Chairman and members of the committee. My name is Noel Trainor. I'm the former general manager of Hilton Hawaiian Village, a past chairman of the Hawaii Hotel & Lodging Association and I've been a part of Hawaii's visitor industry for more than 30 years.

I'm here today to testify in support of Senate Bill 2125. I believe the tax credits that Senate Bill 2125 would provide would facilitate capital improvements in Hawaii's visitor industry that are critical to long-term industry success.

These tax credits are not a gift to the hotel and resort operators. In a very real sense, they are a tangible investment in Hawaii, since modern, fresh, and up-to-date facilities are what our visitors expect to find and are what brings them back again.

There are many other cities and countries who are quickly stepping up to capture our visitor markets.

Unless we as a state find a way to encourage private investment in our visitor industry, Hawaii will lose its luster and its visitors. Providing a tax credit is a powerful means of encouraging such investment.

I urge you to support passage of Senate Bill 2125.

Thank you very much.


Noel G Trainor.

Business Solutions for Hawaii's Hospitality Industry

One Waterfront Towers 425 South Street, Suite 3304 Honolulu, Hawaii 96813 T 808.531.5514 F 808.550.4416 C 808.224.2800 www.trainorhawaii.com



OUTRIGGER
ENTERPRISES GROUP
Hospitality • Retail • Development

Eric J. Masutomi
Vice President
Planning

February 1, 2010

The Honorable Clarence K. Nishihara
Chair, Committee on Tourism
Hawaii State Senate
State Capital
415 South Beretania Street
Honolulu, Hawaii 96813

RE: SB 2125 RELATING TO TAXATION

Chair Nishihara and Members of the Committee:

I am Eric Masutomi, Vice President of Planning for Outrigger Enterprises Group.

The Outrigger organization strongly supports this measure.

This bill is a by-product of the work of the Construction Industry Task Force created last year by SCR No. 132, S.D.1 (2009) to, among other purposes, develop and propose measures to create and preserve jobs in the local construction industry, including incentives for the renovation or construction of hotels and other tourism-related facilities. In line with this directive, SB 2125 would establish a 10 percent refundable tax credit for construction or renovation costs for hotel and other visitor-related facilities incurred from January 1, 2010 to December 31, 2015.

The effectiveness of this approach in spurring investment in a severely recessive economy has been amply demonstrated in the past, most notably in 2001 when the legislature undertook similar action to stem the impacts on Hawaii's economy from the September 11, 2001 World Trade Center attacks. The action taken by the Legislature then had a demonstrable impact. It not only incentivized property owners such as Outrigger to move forward with improvements that it would ordinarily have nixed or deferred, it gave an immediate shot in the arm to the languishing construction sector.

By targeting two major pillars of Hawaii's economy – the visitor industry and construction – the short-term impacts of the 2001 credits on job creation and retention, investment and spending, and tax revenues were dramatic. What, however, is often overlooked is the longer term results of that action. In Waikiki alone, the investment and construction activity spurred by the 2001-03 credits laid the framework for the succeeding five years in which over \$3.5 billion in new construction activity was generated.

The situation we are confronting today is much more severe than the period following September 11, 2001. No quick fix is in sight. But, the enactment of proven measures such as SB 2125 would be a positive step toward recovery.

Sincerely,

Eric J. Masutomi

EJM:lth



American Resort Development Association
c/o PMCI Hawaii 84 N. King Street Honolulu, HI 96817 (808) 536-5688

LATE

February 2, 2010

TO: Senate Tourism Committee
Senator Clarence K. Nishihara, Chair
Senator Brickwood Galuteria, Vice Chair

FROM: Ed Thompson
ARDA-Hawaii

DATE: Tuesday, February 2, 2010
Conference Room 229
2:45 p.m.

RE: **SB2125, Relating to Taxation**

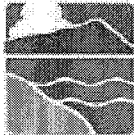
Chair Nishihara and Members of the Committee:

ARDA-Hawaii is the local chapter of the national timeshare trade association. Hawaii's timeshare industry currently accounts for ten percent of the State's lodging inventory with 7,700 timeshare units. Timeshare has had consistent occupancy rates, even during the current tough economic times. This has made our industry a vital partner and a diverse component of the visitor industry in Hawaii.

ARDA-Hawaii supports SB2125. This bill intends to help jump start Hawaii's construction industry and provide the needed stimulus to create jobs in the state by allowing a tax credit of ten per cent of the construction or renovation costs incurred during the taxable year for each qualified hotel facility located in Hawaii, provided that the construction or renovation costs are incurred before December 31, 2015. We ask the committee to support this measure.

Thank you very much for the opportunity to offer testimony.

TIMESHARE WITH ALOHA



Waikiki Improvement Association

Statement of
Rick Egged
President, Waikiki Improvement Association

Before the
Senate Committees on Tourism
Tuesday, February 2, 2009
2:45 PM

State Capitol, Conference Room 229
in consideration of

LATE

SB 2125 RELATING TO TAXATION &
SB 2712 RELATING TO REMODELING TAX CREDITS 1186

Good morning Chair Nishihara, Vice Chair Galuteria and members of the Committee:

I am Rick Egged testifying on behalf of the Waikiki Improvement Association. WIA is a nonprofit organization representing 170 leading businesses and stakeholders in Waikiki. WIA strongly supports the passage of this bill.

Hotel Construction and Renovation Tax Credits work. A 2004 study prepared by Hospitality Associates, Inc. and economics professor Dr. James Mak found that:

1. The tax credits produced a sizable increase in hotel construction and renovation activity. Against the backdrop of a sluggish State economy, the jobs, earnings, and tax revenues generated by this increase in construction activity are extremely significant.
2. The gain in tax revenues from increased hotel construction and renovation activity far exceed the estimated amount of the tax credits given. In addition to increased tax revenues from construction activities, the improvements are generating higher room rates, which translate into higher GET and TAT collections over time.
3. The renovations spurred by the credits are attracting higher spending visitors. The key to sustainable tourism in Hawaii is our ability to increase per capita visitor spending. By facilitating hotel renovations, the tax credits have proven to be an effective tool in helping to improve the quality of Hawaii's hotel and visitor market. Higher visitor spending, of course, produces even greater tax revenues.

The Waikīkī Improvement Association supports both bills. We do have some comments regarding some of the differences in the bills. SB 2712 covers three years 2010 to 2012 and SB2125 six years 2010 to 2015. The longer time frame will spur more projects to begin work now. SB 2712 is a refundable credit; SB 2015 can only be used to offset tax liability but allows a carry-over. SB 2712 limits eligible cost to a minimum of \$10 million and a maximum of \$100 million and caps annual credits at \$50 million, SB 2125 has no such limits. It is uncertain what is intended by 235 (g) (3). Does this item refer to all commercial construction in a “qualified resort area” or only that within a hotel? WIA would strongly support including non hotel properties. The shopping, dining and entertainment experiences offered by resort district properties enhance the destination regardless of whether or not located in an hotel. Including non hotel properties would of course increase the number of construction jobs created.

The Waikīkī Improvement Association would be happy to work with the committee to combine the best features of each bill.

Thank you for the opportunity to testify.

nishihara1 - Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 01, 2010 9:30 PM
To: TSM Testimony
Cc: douglasperrine@yahoo.com
Subject: Testimony for SB2125 on 2/2/2010 2:45:00 PM

Testimony for TSM 2/2/2010 2:45:00 PM SB2125

Conference room: 229
Testifier position: support
Testifier will be present: No
Submitted by: Doug Perrine
Organization: Individual
Address: 76-223 Haa Street Kailua Kona HI 96740
Phone: 808-329-4523
E-mail: douglasperrine@yahoo.com
Submitted on: 2/1/2010



Comments:

This is just common sense. The stores give us way more plastic bags than anyone needs. They blow out to sea and kill honu when they eat them by mistake. And they blow into the bush, then get incinerated when a bush fire starts. The plastic is converted to deadly dioxin when it burns. We breathe the smoke and get cancer. These are not harmless accessories, but deadly dangerous products that can suffocate children and kill humans and wildlife in myriad ways. A small tax is easily affordable and will make people think about whether they really need it, and think twice about discarding it afterwards.