

SB 2643

CPN/TSM



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

February 3, 2010

TO: Senate Commerce and Consumer Protection Committee
Senator Rosalyn Baker, Chair
Senator David Y. Ige, Vice Chair

Senate Tourism Committee
Senator Clarence Nishihara, Chair
Senator Brickwood Galuteria, Vice Chair

FROM: Ed Thompson
ARDA-Hawaii

DATE: Wednesday, February 10, 2010
Conference Room 229
9:00 a.m.

RE: **SB2643, RELATING TO GENERAL EXCISE TAX**

Chairs Baker and Nishihara and Members of the Committees:

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 SB 2643. The amendments were designed to level the playing field with regards to operators and sub-operators of hotels and timeshares. This bill seeks to remove the sunset clause of Act 239, and make these provisions permanent.

Thank you very much for the opportunity to offer testimony in support of this measure.

TIMESHARE WITH ALOHA

**SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION**

and

**SENATE COMMITTEE ON
TOURISM**

February 10, 2010

Senate Bill 2643 Relating to General Excise Tax

Chair Baker, Chair Nishihara, members of the Senate Committee on Commerce and Consumer Protection, and members of the Senate Committee on Tourism, I am Rick Tsujimura, representing Marriott Vacation Club International, Inc. (Marriott).

Marriott supports Senate Bill 2643 Relating to General Excise Tax. The legislature passed Act 239 in 2007. Senate Bill 2643 eliminates the sunset provisions of Act 239 and makes the amendments permanent.

We ask for your support for the removal of the sunset date. Thank you for the opportunity to present this testimony.

STARWOOD

VACATION OWNERSHIP

9002 San Marco Court
Orlando, Florida 32819
(407) 418-7271

February 10, 2010

Honorable Rosalyn Baker, Chair
Senate Committee on Commerce and Consumer Protection

Honorable Clarence K. Nishihara, Chair
Senate Committee on Tourism

Re: SB 2643– RELATING TO GENERAL EXCISE TAX – SUPPORT
Hawaii State Capitol, Conference Room 229, 9 AM

Aloha Chair Baker, Chair Nishihara and members of the Committee:

My name is Robin Suarez, Vice President & Associate General Counsel for Starwood Vacation Ownership, (“SVO”). I am testifying on behalf of SVO in support of SB 2643, Relating to General Excise Tax.

This bill makes the GET exemption amendments for timeshare operators and condominium sub-managers permanent which will encourage additional timeshare development and ensure that the cost to maintain existing Hawaii timeshare projects remains reasonable and on par with other competitive markets.

Timeshare projects with their high and consistent rates of occupancy and customer satisfaction should not be discouraged, but seen as a vital part of Hawaii’s tourism industry. In addition to providing traditional resort operations jobs similar to hotel projects, timeshare projects add high skilled and high compensated sales and marketing jobs. As such, timeshare projects represent a valuable and diverse component of Hawaii’s important tourism market.

For these reasons, we respectfully request your favorable support of SB 2643.

As always, I thank you for the opportunity to share our views on this matter.

Sincerely,

/s/

Robin Suarez

Vice President & Associate General Counsel for Starwood Vacation Ownership

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Exempt amounts received by submanager and suboperators

BILL NUMBER: SB 2643

INTRODUCED BY: Nishihara

BRIEF SUMMARY: Amends Act 239, SLH 2007, as amended by Act 196, SLH 2009, to repeal its December 31, 2010 sunset date.

EFFECTIVE DATE: Upon approval

STAFF COMMENTS: Act 239, SLH 2007, provided that 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 not be subject to general excise taxation. Act 239 also provided that the general excise tax shall not be applicable to amounts received by a timeshare association and by the suboperator of a hotel from a timeshare association or from the operator of the hotel which are disbursed for employee wages, salaries, payroll taxes, insurance premiums and benefits. While Act 237, SLH 2007, was scheduled to sunset on 12/31/09, Act 196, SLH 2009, extended this exemption until 12/31/10. This measure would make it permanent.

Digested 2/5/10

February 9, 2010

The Honorable Rosalyn H. Baker, Chair

Senate Committee on Commerce and Consumer Protection

The Honorable Clarence K. Nishihara, Chair

Senate Committee on Tourism

State Capitol, Room 229

Honolulu, Hawaii 96813

RE: S.B. 2643 Relating to General Excise Tax

HEARING: Wednesday, February 10, 2010 at 9:00 a.m.

Aloha Chair Baker, Chair Nishihara and Members of the Joint Committees:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,800 members in Hawai'i. HAR **supports** S.B. 2643 to the extent that it makes permanent the reference to Chapter 514A, Hawai'i Revised Statutes, in HRS Section 237-24.3(3)(A) as amended in Section 1 of Act 239, Session Laws of Hawai'i 2007.

Act 237, Session laws of Hawaii 2007, amends HRS 237-24.3 by extending the GET exemption for amounts received by certain apartment of association owners in reimbursement for common expenses to submanagers. The Act took effect on January 1, 2008 and was scheduled to be repealed on December 31, 2009.

Section 1 of Act 239 also includes a housekeeping amendment which was intended to clarify that amounts received by associations of apartment owners of condominium property regimes established under HRS Chapter 514A and 514B are both exempt from GET. HRS Chapter 514A applies to condominium property regimes established prior to July 1, 2006 and HRS Chapter 514B applies to condominiums established after July 1, 2006.

HAR respectfully requests that the GET exemption for association of apartment owners under HRS Chapter 514A, as amended in Section 1 of Act 239, be permanently retained.

HAR looks forward to working with our state lawmakers in building better communities by supporting quality growth, seeking sustainable economies and housing opportunities, embracing the cultural and environmental qualities we cherish, and protecting the rights of property owners.

Mahalo for the opportunity to testify.