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HOUSE COMMITTEE ON TOURISM

TESTIMONY OF THE DEPARTMENT OF TAXATION REGARDING HB 1653 RELATING TO ECONOMIC RECOVERY

TESTIFIER: FREDERICK D. PABLO, INTERIM DIRECTOR OF
TAXATION (OR DESIGNEE)

COMMITTEE: TOU

DATE: JANUARY 31, 2011

TIME: 9:15AM

POSITION: SUPPORT INTENT; CONCERN FOR COSTS

This measure provides a nonrefundable hotel and resort remodeling and renovation tax credit of 7% or 10% of costs, depending upon the amount of construction costs.

The Department of Taxation (Department) supports the intent of this measure; however has concerns regarding the revenue loss.

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 supports efforts to stimulate the economy. This measure targets tax incentives at the construction industry, which is a large segment of Hawaii's economy.

CONCERN FOR REVENUE COST—As with all measures, the Department must be cognizant of the biennium budget and financial plan. This measure has not been factored into either.



LINDA LINGLE
Governor

MIKE MCCARTNEY
President and
Chief Executive Officer

Hawai'i Tourism Authority

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Testimony of
Mike McCartney
President and Chief Executive Officer
Hawai'i Tourism Authority
on
H.B. 371
Relating to Economic Recovery
H.B. 1653
Relating to Taxation

House Committee on Tourism
Monday, January 31, 2011
9:10 a.m.
Conference Room 312

The Hawaii Tourism Authority (HTA) supports H.B. 371 and H.B. 1653, which proposes an income tax credit for hotel construction and remodeling.

The HTA supports measures that provide the private sector with investment incentives to improve visitor facilities including hotel and resort facilities throughout the state. This measure would provide incentives for the owners of qualified hotel facilities to revitalize Hawaii's visitor product, and create new jobs in Hawaii's construction industry.

Thank you for the opportunity to testify on this measure.