

Honolulu, Hawaii

FEB 07 2012

RE: S.B. No. 3017

S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Tourism, to which was referred S.B.
No. 3017 entitled:

"A BILL FOR AN ACT RELATING TO THE TRANSIENT ACCOMMODATIONS
TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to clarify that the daily \$10 tax on a transient accommodation furnished on a complimentary or gratuitous basis includes transient accommodations furnished without tangible industry development or promotional purposes, but does not include transient accommodations furnished as part of a tourism industry promotional or marketing activity.

Your Committee received testimony in support of this measure from the Hawaii Tourism Authority and the Hawaii Lodging & Tourism Association. Your Committee received comments on this measure from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that the intent of this measure is to provide greater certainty regarding the specific types of transient accommodations that are considered complimentary or gratuitous, and subject to the daily \$10 tax. Your Committee understands that there has been some uncertainty in the tourism industry since the law to tax complimentary or gratuitous transient accommodations was enacted in 2011, and the Department of Taxation responded with Tax Information Release No. 2011-05, to clarify the issue.

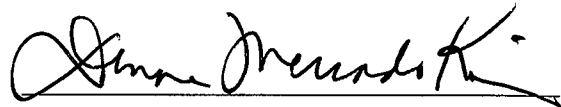


After reviewing the Tax Information Release, your Committee believes that further discussion may be necessary to ensure that the terminology is clear. The Department of Taxation, the Hawaii Tourism Authority, and representatives of the tourism industry have indicated they are willing to work on refining the language in this measure, and your Committee believes that a consensus can be reached as this measure moves through the legislative process.

Your Committee has amended this measure by deleting rewards programs from those transient accommodations considered complimentary or gratuitous, as those rewards programs are taxed under existing law.

As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3017, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3017, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Tourism,

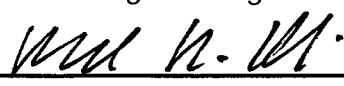


DONNA MERCADO KIM, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Tourism
TSM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB3017	TSM, WAM	2/2/12		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	✓			
KOUCHI, Ronald D. (VC)	✓			
GALUTERIA, Brickwood	✓			
KAHELE, Gilbert	✓			
SLOM, Sam			✓	
TOTAL	4		1	
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">  </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes