

Honolulu, Hawaii

April 5, 2012

RE: S.B. No. 3048
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 3048, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TRAVEL AND TOURISM STIMULUS INITIATIVES, "

begs leave to report as follows:

The purpose of this measure is to stimulate new construction and renovation work by creating tax incentives for:

- (1) Employers that hire certain individuals at new or renovated hotel and resort facilities; and
- (2) Large hotel and resort construction and renovation projects.

The Hawaii Tourism Authority; Hawaii Lodging & Tourism Association; Outrigger Hotels and Resorts; Wyndham Vacation Ownership; Starwood Hotels and Resorts; and American Resort Development Association - Hawaii testified in support of this measure. The Department of Taxation and General Contractors Association of Hawaii testified in opposition to this measure. The Department of Business, Economic Development, and Tourism; Tax Foundation of Hawaii; and Pacific Resource Partnership provided comments.



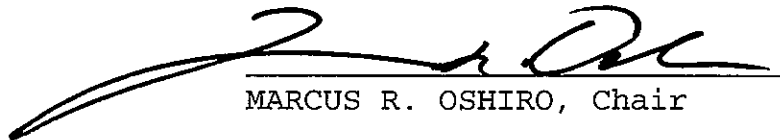
Your Committee has amended this measure by deleting its contents and replacing them with language that helps to stimulate the travel and tourism industry by providing an income tax credit for qualified hotel facility construction and renovation, located in Hawaii, for taxable years beginning on January 1, 2013, and ending on December 31, 2018; provided that it does not include the construction or renovation costs for which another credit was previously claimed.

This measure, as amended, also:

- (1) Makes permanent the additional two percent tax on the gross rental or gross rental proceeds derived from furnishing transient accommodations; and
- (2) Takes effect upon its approval.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3048, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3048, S.D. 2, H.D. 1.

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



MARCUS R. OSHIRO, Chair



