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HOUSE COMMITTEE ON TOURISM

TESTIMONY OF THE DEPARTMENT OF TAXATION REGARDING HB 1539 RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

TESTIFIER: FREDERICK D. PABLO, INTERIM DIRECTOR OF
TAXATION (OR DESIGNEE)
COMMITTEE: TOU
DATE: JANUARY 31, 2011
TIME: 9:15AM
POSITION: SUPPORT

This measure modifies the transient accommodations tax (TAT) by expanding the definition of "gross rental proceeds" to include "resort fees."

The Department of Taxation (Department) **supports** this measure and does not object to the concept of expanding the TAT tax base to include resort fees, which are commonly charged in today's hotels.

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MEMORANDUM

TO: Representative Tom Brower
Chair, Committee on Tourism
Via Email: TOUTestimony@Capitol.hawaii.gov

FROM: Mihoko E. Ito

DATE: January 30, 2011

RE: **H.B. 1539 – Relating to Transient Accommodations Tax**
Hearing: Monday, January 31, 2011 at 9:15 a.m., Room 312

Dear Chair Brower and Members of the Committee on Tourism:

I am Mihoko Ito, testifying on behalf of Wyndham Worldwide. Wyndham Worldwide offers individual consumers and business-to-business customers a broad suite of hospitality products and services across various accommodation alternatives and price ranges through its portfolio of world-renowned brands. Wyndham Worldwide has substantial interests in Hawaii that include Wyndham Vacation Ownership, with its resorts on the Islands of Kona, Kauai, and Oahu, such as the Wyndham at Waikiki Beach Walk.

Wyndham Worldwide respectfully opposes H.B. 1539, which imposes the transient accommodations tax on resort fees, and therefore, effectively increases the transient accommodations tax.

While we appreciate that the state is facing budget difficulties, we respectfully submit that increasing the transient accommodations tax is an ill-advised solution. Timeshares in particular have significantly helped to buffer the impact of the ailing visitor industry, providing an over 90% occupancy rate in 2009. Because timeshare accommodations are pre-paid, timeshare owners who travel to Hawaii spend more discretionary income on their visits. Timeshare visitors are also property owners, many of whom also reside and

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own in Hawaii – they pay both real property taxes and maintenance fees. In short, timeshare owners bring substantial tax dollars to Hawaii.

Increasing the transient accommodations tax in Hawaii may ultimately contribute to a visitor decline, as timeshare owners may ultimately decide to vacation elsewhere. Rather than contribute to the visitor decline, efforts should be made to continue to promote tourism and attract visitors, including timeshare owners, to Hawaii.

For these reasons, we respectfully oppose this bill and ask that it be held. Thank you very much for the opportunity to submit testimony.

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