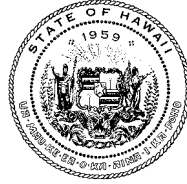


NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR



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To: The Honorable David Y. Ige, Chair  
and Members of the Senate Committee on Ways and Means

Date: Thursday, February 23, 2012

Time: 9:00 a.m.

Place: Conference Room 211, State Capitol

From: Frederick D. Pablo, Director  
Department of Taxation

Re: S.B. No. 3017, S.D. 1, Relating to Transient Accommodations Tax

The Department of Taxation (Department) appreciates the intent of S.B. 3017, S.D.1 and provides the following comments for the Committee's consideration.

S.B. 3017, S.D.1 amends HRS § 237D-2(c), which levies a \$10 per day tax on complimentary transient accommodations, by providing a definition for the term "complimentary or gratuitous basis." As written, S.B. 3017 S.D. 1 proposes new terminology that has not been defined and will make it difficult for the Department to carry out the bill's intent. For instance, it is unclear what constitutes "tangible industry development" or what it means for a transient accommodation to be furnished as "part of a travel package."

Thank you for the opportunity to provide comments.



NEIL ABERCROMBIE  
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  
**S.B. 3017, S.D. 1**  
**Relating to Transient Accommodations**

Senate Committee on Ways and Means  
Thursday, February 23, 2012  
9:00 a.m.  
Conference Room 211

The Hawai'i Tourism Authority (HTA) supports S.B. 3017, S.D.1, which describes transient accommodations that are furnished on a “complimentary or gratuitous” basis, on which a \$10 per day tax is assessed.

S.B. 3017 excludes from “transient accommodations furnished on a complimentary or gratuitous basis,” accommodations furnished as part of an industry promotional or marketing program, such as familiarization or FAM tours, promotions to meeting and event planners, and the marketing program of the respective property. This will help the industry by removing a cost for its promotion and marketing programs imposed by the \$10 tax.

We would like to point out that there is a conflict between the \$10 tax imposed by Act 103, SLH 2011, which amended section 237D-2 to impose the tax, and section 237D-3, which lists exemptions from the TAT and lists as exempt in paragraph (7):

“(7) Accommodations furnished without charge...”

Thank you for the opportunity to offer these comments.

