

Honolulu, Hawaii

**APR 26 2013**

RE: S.B. No. 1360  
S.D. 1  
H.D. 1  
C.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1360, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAX, "

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure to make permanent the general excise tax exemptions for:

- (1) Amounts received by submanagers of homeowner and community associations for reimbursement of common expenses; and
- (2) Amounts received by hotel operators and suboperators from their operator, owner, or timeshare association to pay employee costs.

Your Committee on Conference finds that allowing the lapse of general excise tax exemptions enacted by Act 239, Session Laws of



Hawaii 2007, as amended, will unfairly burden housing consumers and employees by increasing common expenses and decreasing employee wages and benefits. Your Committee on Conference further finds that condominium submanagers, timeshare associations, and hotel suboperators are in similar situations to hotel and condominium operators when they receive funds and should be taxed similarly. This measure will ensure the consistent and equitable application of the tax law for similarly situated taxpayers.

Your Committee on Conference has amended this measure by:


- (1) Repealing the \$400,000 cap on the aggregate amount of the tax exemption effective December 31, 2012;
- (2) Providing that the repeal for the aggregate cap shall apply to taxable years beginning after December 31, 2012; and
- (3) Making it effective upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1360, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1360, S.D. 1, H.D. 1, C.D. 1.

Respectfully submitted on behalf  
of the managers:

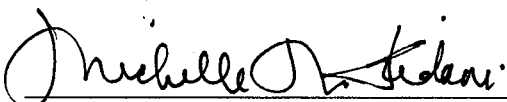
ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE

  
SYLVIA LUKE, Chair

  
BRICKWOOD GALUTERIA, Chair

  
ROSALYN H. BAKER, Co-Chair

  
MICHELLE N. KIDANI, Co-Chair



Record of Votes of a Conference Committee

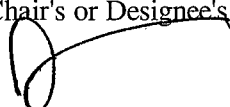
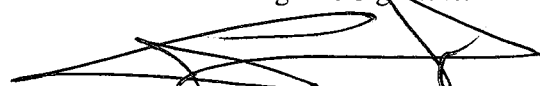
Bill / Concurrent Resolution No.: **SB 1360, SD 1, HD 1** Date/Time: **4/24/13 3:25pm**

- The recommendation of the House and Senate managers is to pass with amendments (CD).
- The Committee is reconsidering its previous decision.
- The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure
- The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
GALUTERIA, Brickwood, Chr.	✓				LUKE, Sylvia, Chr.	✓			
BAKER, Rosalyn H., Co-Chr.	✓				ING, Kaniela	✓			
KIDANI, Michelle N., Co-Chr.				✓	NISHIMOTO, Scott Y.	✓			
KEITH-AGARAN, Gilbert S.C.	✓				WARD, Gene	✓			
SLOM, Sam				✓					
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>

A = Aye      WR = Aye with Reservations      N = Nay      E = Excused

Senate Recommendation is:  Adopted       Not Adopted      House Recommendation is:  Adopted       Not Adopted

Senate Lead Chair's or Designee's Signature:       House Lead Chair's or Designee's Signature: 

Distribution:      Original      Yellow      Pink      Goldenrod  
 File with Conference Committee Report      House Clerk's Office      Senate Clerk's Office      Drafting Agency