



Hawai'i Convention Center
1801 Kalākāua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii-tourismauthority.org

Neil Abercrombie
Governor

Mike McCartney
President and Chief Executive Officer

**Testimony of
Mike McCartney
President and Chief Executive Officer
Hawai'i Tourism Authority
on
H.B. 1339, H.D. 1
Relating to the Transient Accommodations Tax**

House Committee on Finance
Thursday, February 21, 2013
4:00 p.m.
Conference Room 308

The Hawai'i Tourism Authority (HTA) strongly supports H.B. 1339, H.D. 1, which proposes to repeal the \$10 daily transient accommodations tax on accommodations furnished on a complimentary or gratuitous basis.

“Transient accommodations furnished on a complimentary or gratuitous basis,” are an important part of the visitor industry’s promotional or marketing program, such as familiarization or FAM for travel agents tours, promotions to meeting and event planners, and the marketing program of the respective visitor industry properties. We understand that the industry, rather than charge tax, has been paying that tax on accommodations provided as part of their promotional or marketing program. This will help the industry by removing a cost from an important part of its promotion and marketing programs imposed by the \$10 tax.

Complimentary rooms are estimated to be a very small part of the rooms occupied annually.

We request that the effective date be amended to “July 1, 2013.”

Thank you for the opportunity to comment on H.B. 1339, H.D. 1.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, Tax on complimentary rooms

BILL NUMBER: HB 1339, HD-1

INTRODUCED BY: House Committee on Tourism

BRIEF SUMMARY: Amends HRS section 237D-2 to eliminate the imposition of the transient accommodations tax on complimentary rooms.

EFFECTIVE DATE: July 1, 2020

STAFF COMMENTS: The legislature by Act 103, SLH 2011, provided that a minimum tax of \$10 was to be imposed on transient accommodations provided on a complimentary or gratuitous basis. This measure proposes to repeal that imposition because the department of taxation has found this provision difficult to administer and the imposition of the minimum tax has generated little revenue. More importantly, the “minimum” rate runs counter to the underlying philosophy that the TAT is a tax on the gross income for the rental of a transient accommodation as opposed to a per unit rate that the minimum rate represents.

Digested 2/19/13

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 20, 2013 3:30 PM
To: FINTestimony
Cc: gszigeti@hawaiilodging.org
Subject: Submitted testimony for HB1339 on Feb 21, 2013 16:00PM

HB1339

Submitted on: 2/20/2013

Testimony for FIN on Feb 21, 2013 16:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
George Szigeti	Hawaii Lodging & Tourism Association	Support	Yes

Comments: Good afternoon Chair Sylvia Luke, and Vice Chair Scott Nishimoto, and members of the House Committee on Finance. My name is George Szigeti, I am President and CEO for the Hawaii Lodging & Tourism Association. The Hawaii Lodging and Tourism (HLTA) strongly supports H.B. 1339, which proposes to repeal the \$10 daily transient accommodations tax on accommodation furnished on a complimentary or gratuitous basis. The "Transient accommodations furnished on a complimentary basis," are an important part of the visitor industry's promotional or marketing program, such as familiarization or FAM for travel agents tours, promotions to meeting and event planners, and the marketing program of the respective visitor industry properties. We understand that the industry, rather than charge this tax, has been paying the accommodations provided as part of their promotional or marketing program. This will help the industry by removing a cost from an important part of its promotion and marketing programs imposed by the \$10 tax. The administration challenges of this tax versus the actual revenue generated is counter productive and should be repealed. Thank you for the opportunity to testify in support of H.B. 1339

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



February 21, 2013

Honorable Sylvia Luke, Chair
Honorable Scott Nishimoto, Vice Chair
Honorable Aaron Johanson, Vice Chair
House Committee on Finance

RE: HB 1339 HD1 – Relating to the Transient Accommodations Tax - Support Agenda # 3; Conference Room 308; 4:00 p.m.

Aloha Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee:

The Kohala Coast Resort Association (KCRA) strongly supports HB 1339 HD 1 which repeals the \$10.00 daily transient accommodations tax collected each month for transient accommodations furnished on a complimentary or gratuitous basis.

KCRA members represent more than 60% of Hawaii island's hotel rooms and vacation rentals and directly employ nearly 5,000 island residents. The members of the resort association include: Hualalai Resort, Mauna Kea Resort, Mauna Lani Resort and Waikoloa Beach Resort. The hotels located within these resorts are also members.

Complimentary accommodations are used by our members to promote and market our destination. In addition to offering complimentary rooms to travel writers, travel agents and meeting planners, our members also donate complimentary rooms to charities and non-profits.

We ask for your support in passing HB 1339 HD1 with an amendment to change the effective date to "July 1, 2013" as this will assist in marketing our State.

Mahalo nui loa,

Sharon Sakai
Administrative Director