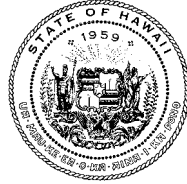


NEIL ABERCROMBIE  
GOVERNOR

SHAN TSUTSUI  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
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FREDERICK D. PABLO  
DIRECTOR OF TAXATION

JOSHUA WISCH  
DEPUTY DIRECTOR

**LATE**

To: The Honorable Sylvia Luke, Chair  
and Members of the House Committee on Finance

Date: Thursday, February 21, 2013  
Time: 4:00 P.M.  
Place: Conference Room 308, State Capitol

From: Frederick D. Pablo, Director  
Department of Taxation

Re: H.B. 1339, H.D.1 Relating to Transient Accommodations Tax.

The Department of Taxation (Department) supports H.B. 1339, H.D. 1 and offers the following information and comments for your consideration.

This measure repeals the complimentary room tax of \$10 per day under section 237D-2(c) of the Hawaii Revised Statutes. The Department supports repealing the complimentary room tax because it is difficult to administer and generates little revenue.

The Department estimates this measure will result in a revenue loss of \$18,000 per year in years after it becomes effective. To reach this estimate, the Department assumed 30 room nights per month per hotel chain are furnished on a complimentary basis, resulting in approximately 1,800 complimentary room nights per year.

Thank you for the opportunity to provide testimony .



**OUTRIGGER**<sup>®</sup>  
ENTERPRISES GROUP  
*Hospitality • Retail • Development*

**LATE**

HOUSE OF REPRESENTATIVES  
THE TWENTY-SIXTH LEGISLATURE  
REGULAR SESSION OF 2012

COMMITTEE ON FINANCE  
Representative Sylvia Luke, Chair

2/21/13  
Rm. 308, 4:00 PM

HB 1339, HD 1 (HSCR 419)  
Relating to Transient Accommodations Tax

Chair Brower and Members of this Committee, my name is Max Sword, here on behalf of Outrigger Hotels Hawaii in support of this bill.

The implementation of a \$10 tax on complimentary rooms has been a challenge over the last couple of years deciding how to apply the tax, or to whom the tax applies. It got complicated because the industry uses complimentary rooms for a variety of reasons.

The tax has had the most negative impact on the non-profits, such as the American Cancer Society, McDonald House and March of Dimes, to name a few to which we donate a large number of rooms. For the most part, the non-profits have absorbed the \$10 fee themselves, instead of having the receiver of the certificate pay for it.

With non-profits struggling to raise money, this can be a burden for them.

We urge your deferment of these bill and thank you for allowing me to testify.



*Maui Hotel & Lodging*  
ASSOCIATION

**LATE**

Testimony of  
**Lisa H. Paulson**  
Executive Director  
Maui Hotel & Lodging Association  
on  
**HB1339**  
**Relating To Transient Accommodations Tax**

COMMITTEE ON FINANCE  
**Thursday, February 21, 2013, 4:00pm**  
**Room 308**

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 140 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 20,000 local residents.

MHLA supports HB1339 which repeals the \$10 daily transient accommodations tax collected each month for transient accommodations furnished on a complimentary or gratuitous basis.

However, we respectfully request the date become effective July 1, 2013 versus the proposed July 1, 2020.

This type of tax is inappropriate since hotels are often using comp rooms to stimulate future business from meeting planners, travel agents and other industry professionals.

We urge you to support HB1339 with the earlier effective date of July 1, 2013.

Thank you for the opportunity to testify.

starwood

Hotels and  
Resorts

2155 kalakaua avenue, suite 300  
honolulu, hi 96815

united states

February 21, 2013

To: Honorable Sylvia Luke, Chair  
Honorable Scott Y. Nishimoto, Vice Chair  
Honorable Aaron Ling Johanson, Vice Chair  
House Committee on Finance  
State Capitol, Honolulu, Hawaii 96813

**LATE**

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

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

My name is Keith Vieira, Senior Vice President of Operations for Starwood Hotels and Resorts (“Starwood”) in Hawai’i and in French Polynesia. Mahalo for the opportunity to offer testimony in support of HB 1339 HD1, which would repeal the daily \$10 tax on a transient accommodation furnished on a complimentary or gratuitous basis.

Our hotels in Hawai’i compete with vacation destinations worldwide and we offer complimentary rooms for various reasons that help market Hawaii and our hotels & resorts. Complimentary rooms are used by the hospitality industry to attract meeting planners to bring events to the state, to educate and encourage travel agents who book Hawai’i vacations for clients, and to give travel writers the opportunity to publish and produce stories about Hawai’i as a meeting and vacation destination. Complimentary rooms are also often used by the state to attract film crews to the islands.

We are concerned that the imposition of any new taxes and fees on the visitor industry would not result in the generation of more revenues for the state as intended and may have perverse consequences by causing a visitor to choose another less costly destination than Hawai’i, this bill is a step in the right direction to encourage marketing for our state.

For these reasons, we urge the committee’s support for this bill.

Sincerely,

Keith Vieira  
Senior Vice President of Operations  
Starwood Hotels and Resorts - Hawai’i and French Polynesia