

Honolulu, Hawaii

February 28, 2014

RE: H.B. No. 1900
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1900 entitled:

"A BILL FOR AN ACT RELATING TO THE TAXATION OF DESTINATION CLUBS,"

begs leave to report as follows:

The purpose of this measure is to ensure equity in the application of taxes imposed on transient accommodations by providing for the taxation of destination clubs. This measure, among other things:

- (1) Establishes a tax on annual destination club dues apportioned to the State; and
- (2) Requires destination club membership plan managers to represent the destination club membership plan, pay the imposed tax, register with the Department of Taxation, and keep records of annual destination club dues apportioned to the State.

The Department of Taxation and Tax Foundation of Hawaii provided comments on this measure.

Your Committee has amended this measure by:

- (1) Making the tax an unspecified percentage of the annual destination club dues apportioned to the State;



- (2) Changing its effective date to July 1, 2030, for the purpose of facilitating further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1900, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1900, H.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUNE, Chair



