

Honolulu, Hawaii  
**February 5**, 2014

RE: H.B. No. 1900

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

Sir:

Your Committee on Tourism, 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. Among other things, this measure:

- (1) Establishes a tax on annual destination club dues apportioned to the State; and
- (2) Requires destination club membership plan managers to manage 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.

Exclusive Resorts supported this measure. The Department of Taxation and the Tax Foundation of Hawaii offered comments on this measure.

Your Committee notes that the Department of Taxation had serious concerns that this measure creates a new and separate tax treatment for a specific business model and has the potential to significantly erode the State's Transient Accommodations Tax base.

HB1900 HSCR TOU HMS 2014-1607



Nevertheless, your Committee finds that this measure warrants further discussion as it moves through the legislative process.

As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1900 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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



TOM BROWER, Chair



State of Hawaii  
House of Representatives  
The Twenty-seventh Legislature

**HCR 168-14**

**Record of Votes of the Committee on Tourism**

Bill/Resolution No.: <b>HB 1900</b>	Committee Referral: <b>TOU, FIN</b>	Date: <b>02-03-14</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
TOU Members	Ayes	Ayes (WR)	Nays	Excused
1. BROWER, Tom (C)	✓			
2. CACHOLA, Romy M. (VC)	✓			
3. AWANA, Karen		✓		
4. CHOY, Isaac W.	✓			
5. OHNO, Takashi	✓			
6. ONISHI, Richard H.K.				✓
7. TAKAI, K. Mark				✓
8. TOKIOKA, James Kunane		✓		
9. TSUJI, Clift	✓			
10. WARD, Gene		✓		
<b>TOTAL (10)</b>	<b>5</b>	<b>3</b>		<b>2</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align:center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <u><i>Romy M. Cachola</i></u>				
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