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.

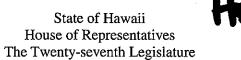
Your Committee notes that the Department of Taxation had serious concerns that this measure creates a new and separate tax treatment for a specific business model and has the potential to significantly erode the State's Transient Accommodations Tax base.

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





Record of Votes of the Committee on Tourism

Bill/Resolution No.: 1900	Committee Referral: TOU, FIN	Date	: 02-03-	· 14
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
TOU Members	Ayes	Ayes (WR)	Nays	Excused
1. BROWER, Tom (C)	V			
2. CACHOLA, Romy M. (VC)				
3. AWANA, Karen		V		
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		V	_	· ·
TOTAL (10)		3		2
The recommendation is: D Adopted If joint referral, did not support recommendation. Committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				