

Honolulu, Hawaii  
February 28, 2014

RE: H.B. No. 2169  
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. 2169 entitled:

"A BILL FOR AN ACT RELATING TO TOURISM STIMULUS INCENTIVES,"

begs leave to report as follows:

The purpose of this measure is to provide stimulus incentives to the tourism industry by:

- (1) Providing hotel and resort owners and operators a tax credit based on a percentage of wages paid to certain new employees hired following construction or renovation of a hotel or resort;
- (2) Providing a General Excise Tax exemption for certain income from construction or renovation of a hotel or resort; and
- (3) Providing a Use Tax exemption for property, services, and contracting subject to the newly-created General Excise Tax exemption.

Wyndham Vacation Ownership, American Resort Development Association, and Hawai'i Lodging & Tourism Association testified in support of this measure. The Department of Taxation, Tax Foundation of Hawaii, and Outrigger Enterprises Group provided comments.




Your Committee has amended this measure by:

- (1) Changing the income tax credit claimable by hotel and resort employers to an unspecified percentage of wages paid to qualified employees;
- (2) Making the income tax credit provided to hotel and resort employers a non-refundable tax credit;
- (3) Changing its effective date to July 1, 2030, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for 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. 2169, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2169, H.D. 1.

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



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SYLVIA LUKE, Chair



