Honolulu, Hawaii Elmam 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.



State of Hawaii

House of Representatives
The Twenty-seventh Legislature #5CR 878 -14

Record of Votes of the Committee on Finance

Bill/Resolution No.: HB 2169	Committee Referral: TOU, FIN	Dat	e: 2/25/2014	
☐ 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)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)				
2. NISHIMOTO, Scott Y. (VC)				
3. JOHANSON, Aaron Ling (VC)				
4. CULLEN, Ty J.K.		oo innochiain lajanjuusti 1. vuu kus ee ka	ASS CONTRACTOR AND ADMINISTRATION OF THE PROPERTY OF THE PROPE	es en al Sen Ci saniti della di marpie Agrando a sussida
5. HASHEM, Mark J.				
6. ING, Kaniela	CONTRACTOR AND			
7. JORDAN, Jo				
8. KOBAYASHI, Bertrand				
9. LOWEN, Nicole E.				
10. MORIKAWA, Dee			# ####################################	
11. ONISHI, Richard H.K.				
12. TAKAYAMA, Gregg				
13. TOKIOKA, James Kunane				
14. WOODSON, Justin H.				
15. YAMASHITA, Kyle T.			建 多。但更多读的设立。2	To the second se
16. FUKUMOTO, Beth 17. WARD, Gene				
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TOTAL (17)	1, 1			
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The recommendation is: 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				