

Honolulu, Hawaii

February 13, 2014

RE: H.B. No. 2170  
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 Tourism, to which was referred H.B. No. 2170 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to support Hawaii's construction industry by creating an income tax credit for costs incurred in new hotel construction.

The Subcontractors Association of Hawaii and the Maui Hotel & Lodging Association supported this measure. The Department of Taxation and the Tax Foundation of Hawaii offered comments on this measure.

Your Committee has amended this measure by:

- (1) Clarifying that the amount of the credit shall be based on construction costs incurred at any time during the taxable year;
- (2) Clarifying that a qualified taxpayer for purposes of claiming the credit need not be subject to the transient accommodations tax; and
- (3) Requiring all construction costs for which the tax credit is intended to be claimed to be pre-certified by the Department of Business, Economic Development, and



Tourism prior to incurring the costs to ensure compliance with the type of activity intended to be covered by the tax credit.

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. 2170, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2170, H.D. 1, and be referred to the Committee on Finance.

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



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TOM BROWER, Chair



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

Bill/Resolution No.: <b>HB 2170</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 type="checkbox"/> Pass, unamended (as is) <input checked="" 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>8</b>	<b>1</b>		<b>1</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">committee acronym(s)</small>				
Vice Chair's or designee's signature:				
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