

STAND. COM. REP. NO.

2194

Honolulu, Hawaii

FEB 12 2014

RE: S.B. No. 2968

S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committee on Tourism, to which was referred S.B. No. 2968 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to provide a tax credit for hotel construction and renovation costs for taxable years beginning on January 1, 2015, and ending on December 31, 2020, against income taxes and transient accommodations taxes.

Your Committee received testimony in support of this measure from the Hawaii Tourism Authority, Hilton Grand Vacations Club, Hawaii Lodging and Tourism Association, American Resort Development Association, Wyndham Vacation Ownership, Maui Hotel and Lodging Association, and one individual. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that tourism is Hawaii's principal industry, with visitor expenditures estimated to be over \$15,000,000,000 in 2013. Your Committee further finds that investment incentives will revitalize the Hawaii tourism product, which includes physical infrastructure and hotel facilities. This measure will improve Hawaii's economy by encouraging hotel construction and renovation, which will create jobs and increase visitor spending in the long run.

Your Committee has amended this measure by:

2014-1196 SSCR SMA.doc



- (1) Removing the application of the tax credit against the transient accommodations tax under chapter 237D, Hawaii Revised Statutes;
- (2) Authorizing the income tax credit for taxable years beginning on or after January 1, 2015, and ending on or before December 31, 2019;
- (3) Removing the requirement that the construction or renovation costs be incurred after June 30, 2014, and before July 1, 2019; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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 S.B. No. 2968, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2968, S.D. 1, and be referred to the Committee on Ways and Means.

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

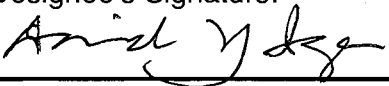


GILBERT KAHELE, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

**Record of Votes  
 Committee on Tourism  
 TSM**

Bill / Resolution No.:* <b>SB2968</b>	Committee Referral: <b>TSM, WAM</b>	Date: <b>02/05/2014</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KAHELE, Gilbert (C)	✓			
KEITH-AGARAN, Gilbert S.C. (VC)				✓
IGE, David Y.	✓			
IHARA, Jr., Les	✓			
SLOM, Sam				✓
<b>TOTAL</b>	<b>3</b>			<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center;"></div>				
<b>Distribution:</b> Original                              Yellow                              Pink                              Goldenrod File with Committee Report            Clerk's Office                              Drafting Agency                              Committee File Copy				

\*Only one measure per Record of Votes