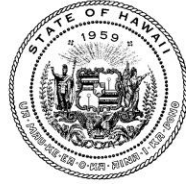


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DEPARTMENT OF TAXATION
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To: The Honorable Sylvia Luke, Chair
and Members of the House Committee on Finance

Date: Thursday, February 26, 2015
Time: 3:00 P.M.
Place: Conference Room 308, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: H.B. 999, H.D. 1, Relating to Transient Accommodations Tax

The Department of Taxation (Department) appreciates the intent of H.B. 999, H.D. 1, and offers the following comments for your consideration.

H.B. 999, H.D. 1 provides an exemption from Transient Accommodations Tax for gross rental received from individuals seeking temporary lodging while receiving healthcare services or treatment, or received from immediate family members of that individual.

The previous committee adopted all of the Department's suggested amendments to the previous version of this bill. The Department appreciates consideration of its suggested amendments.

The Department is unable to estimate the revenue loss due to insufficient data.

Thank you for the opportunity to provide comments.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATION, Exempt temporary lodging while receiving healthcare services

BILL NUMBER: HB 999, HD-1

INTRODUCED BY: House Committee on Tourism

BRIEF SUMMARY: Amends HRS section 237D-3 to provide that the transient accommodations tax shall not be imposed on such accommodations furnished to the individual, or individual's immediate family members or companions while the individual is receiving healthcare services or treatment; provided that the individual is receiving treatment in a county other than where the individual resides.

Directs the director of taxation to determine what shall be deemed acceptable proof of the receipt of such healthcare services.

Defines health care services for purposes of the measure and excludes elective cosmetic procedures.

EFFECTIVE DATE: Upon approval

STAFF COMMENTS: The proposed measure would provide that the transient accommodation tax (TAT) shall not be imposed on accommodations occupied by an individual's family while the individual is receiving healthcare services in a county other than where the individual resides.

As proposed, if an individual from the north shore of Oahu is receiving treatment in a local hospital in Honolulu, while his family flies in from the mainland, the exemption will not be applicable to the individual's family. In addition, if the individual lived on Lanai and needed to fly to Maui Memorial Hospital for treatment and the family flew in from the mainland, the same result would obtain: no exemption. The report of the House Committee on Tourism explicitly acknowledged this concern, but has not addressed it in HD-1. If these are not the results intended, then the language may have to be fine-tuned a bit more.

Digested 2/24/15



LATE

HOUSE OF REPRESENTATIVES
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015

COMMITTEE ON FINANCE
Representative Sylvia Luke, Chair

2/26/2015
Rm. 308, 3:00 PM

HB 999, HD 1
Relating to Transient Accommodations Tax

Chair Luke and Members of this Committee, my name is Max Sword, here on behalf of Outrigger Hotels Hawaii to add our comments to HB 999, HD 1.

Outrigger Hotels & Resorts has for many years supported organizations such as the American Cancer, the Ronald McDonald House and others by providing either free rooms or rooms at a discounted rate.

While we support any effort to make rooms available for these organizations, either for free or at a discount, we are concerned with the logistics of administrating the exemption of the Transient Accommodations Tax.

Who determines who qualifies for the exemption? How will DoTax administrate the over sight of these exemption? Do we remember the \$10 tax on free rooms?

To administrate the exemption will be a headache all around.

Mahalo for allowing use to testify.