



Imanaka Asato
A LIMITED LIABILITY LAW COMPANY

February 6, 2018

LATE

Senator Glenn Wakai, Chair
Senator Brian Taniguchi, Vice Chair
Members of the Senate Committee on Economic Development
Tourism and Technology

Senator Rosalyn Baker, Chair
Senator Jill Tokuda, Vice Chair
Members of the Senate Committee on Commerce, Consumer
Protection and Health
Twenty-Ninth Legislature
Regular Session of 2017

RE: SB 2489 - Relating to Taxation
Hearing date: February 7, 2018 at 1:15 pm

Aloha Chair Wakai, Chair Baker and Members of the Committees on Economic Development, Tourism and Technology, and Commerce, Consumer Protection and Health,

Thank you for allowing me to submit testimony on behalf of Marriott Vacations Worldwide Corporation (“MVWC”) in OPPOSITION to SB 2489-Relating to Taxation. MVWC is a global leader in the timeshare industry with five resort properties in Hawaii.

Timeshare is an important and stabilizing part of the tourism industry throughout Hawaii. Timeshare unit owners have made a long-term commitment to our state by purchasing and owning real property here. Statistics have shown that these owners are consistent and dependable visitors who bring substantial tax dollars to the state and continue to return to the islands even during periods of economic downturn.

In addition, timeshare owners also contribute significantly to public facilities and government services through the payment of state and local taxes, without posing the same tax collection problems that other transient accommodations such as home rentals do. In fact, according to the Hawaii Tourism Authority, in 2016, Hawaii’s timeshare industry generated about \$72 million in real property, general excise, transient accommodations and transient occupancy taxes.

MVWC is deeply concerned about the significant negative impacts that SB 2489 may have on the timeshare industry. Timeshare owners, many of whom already pay real estate taxes on their timeshare ownership, also pay transient occupancy tax to stay in their Hawaii timeshare

Senate Committee on Members of the Senate Committees on
Economic Development Tourism and Technology, and
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units. Increases to the tax rate will add even more to the disproportionately heavy tax burden already being shouldered by timeshare owners.

The transient accommodations tax on timeshare has increased from 7.25% to 10.25% since 2015. No state other than Hawaii even charges a transient accommodations tax on timeshare. Increasing the cost of owning a timeshare in Hawaii even more will cause the viability of this important sector of the tourism industry to decline and drive prospective visitors to choose to purchase and vacation elsewhere. For these reasons, MVWC opposes SB 2489. Thank you for the opportunity to testify.

Sincerely,

Imanaka Asato, LLLC

A handwritten signature in black ink, appearing to read "Michael L. Iosua". The signature is fluid and cursive, with a large initial "M" and "L".

Michael L. Iosua, on behalf of
Marriott Vacations Worldwide Corporation



SanHi

GOVERNMENT STRATEGIES
A LIMITED LIABILITY LAW PARTNERSHIP

LATE

DATE: February 6, 2018

TO: Senator Glenn Wakai
Chair, Committee on Economic Development, Tourism and Technology

Senator Rosalyn H. Baker
Chair, Commerce, Consumer Protection, and Health

Submitted Via Capitol Website

RE: **S.B. 2489 – Relating to Taxation**
Hearing Date: Wednesday, February 7, 2018 at 1:15 p.m.
Conference Room: 414

Dear Chair Wakai, Chair Baker and Members of the Committees:

We submit this testimony on behalf of Wyndham Vacation Ownership, Inc. Wyndham offers individual consumers and business-to-business customers a broad suite of hospitality products and services through its portfolio of world-renowned brands. Wyndham Vacation Ownership, Inc. has a substantial presence in Hawaii through its Wyndham Vacation Resorts, WorldMark by Wyndham and Shell Vacations brands.

Wyndham opposes S.B. 2489, which modifies the transient accommodations tax provisions regarding time share units. Specifically, this measure eliminates and makes blank the percentages of gross daily maintenance fees paid by the owner.

We respectfully submit that increasing the transient accommodations tax on timeshares is ill-advised. Timeshare accommodations serve pre-paid, timeshare owners who travel to Hawaii spend more discretionary income on their visits. Timeshare visitors are also property owners, many of whom also reside and own in Hawaii – they pay both real property taxes and maintenance fees. In short, timeshare owners bring substantial and consistent tax dollars to Hawaii.

Increasing the price of owning a timeshare in Hawaii may ultimately contribute to a visitor decline. If taxes on timeshare owners continue to rise, timeshare owners may ultimately decide to vacation elsewhere. As our economy faces uncertainties because of the changes in federal tax laws, efforts should be made to continue to promote tourism and attract visitors, including timeshare owners to Hawaii.

Finally, we note that there might be issues regarding the overall legality of imposing the transient accommodations tax upon timeshare owners' maintenance fees.

For these reasons, we respectfully oppose this bill and ask that it be held. Thank you very much for the opportunity to submit testimony.



Testimony of

Mufi Hannemann
President & CEO
Hawai'i Lodging & Tourism Association

Senate Committees on:
Economic Development, Tourism, and Technology
Commerce, Consumer Protection, and Health
February 7, 2018

Senate Bill 2489: Relating to Taxation

Chair Wakai, Chair Baker, and members of the committees:

On behalf of the nearly 700 members of the Hawai'i Lodging & Tourism Association, the state's largest private-sector visitor industry organization, we thank you for the opportunity to testify on Senate Bill 2489, which proposes to increase the transient accommodations tax collected from time shares by changing the methodology used in calculating the tax.

It is worth noting that timeshare units are already subject to the same TAT rates as regular hotel rooms, whenever they are not being used by their owners and are being rented by non-owners or used for marketing purposes by developers.

The owners of timeshares are, in fact, Hawai'i property owners. These owners regularly generate much-needed spending throughout the islands, even visiting when the tourism industry might be in a slow period. They pay annual maintenance fees that include property taxes, general excises taxes, and fees. No other property owners are required to pay an occupancy tax to stay in real property they already own.

The Hawai'i Lodging & Tourism Association opposes Senate Bill 2489 and thanks you for accepting our testimony.