

STAND. COM. REP. NO.

2934

Honolulu, Hawaii

MAR 14 2008

RE: H.B. No. 2985

H.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam:

Your Committee on Tourism and Government Operations, to which was referred H.B. No. 2985, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish a hotel renovation tax credit.

Specifically, the measure establishes a fifteen per cent income tax credit for hotel renovation costs.

Your Committee received testimony in support of this measure from the Hawai'i Tourism Authority, Hawai'i Hotel & Lodging Association, and Outrigger Hotels. Testimony in opposition was received from the Tourism Liaison and Unite Here! Local 5 Hawaii. Comments were received from Department of Taxation and Tax Foundation of Hawaii.

Your Committee notes that a similar hotel construction and remodeling tax credit was enacted by Act 195, Session Laws of Hawaii 2000, and was repealed by Act 9, Special Session Laws of Hawaii 2007, in accordance with a provision that did not extend the tax credit beyond December 31, 2005 (Act 10, Third Special Session 2001). The December 31, 2005 expiration date was an extension of the original December 31, 2002 expiration on the basis of the need to provide an economic stimulus from the ramifications of the events of 9/11 (Senate Committee Report



No. 2, Committee on Ways and Means, Third Special Session of 2001).

Your Committee finds that the current economic condition of the State forebodes a downturn in construction. Therefore, your Committee believes that this measure would provide an incentive for hotels to undertake renovations and thereby stimulate the construction industry.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2985, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Economic Development and Taxation.

Respectfully submitted on  
behalf of the members of the  
Committee on Tourism and  
Government Operations,

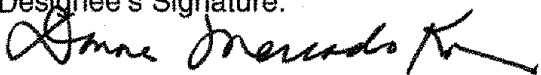


CLARENCE K. NISHIHARA, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Tourism and Government Operations**  
**TSG**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB2985, HD1	TSG, EDT, WAM	3-13-08		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
NISHIHARA, Clarence K. (C)	/			
KIM, Donna Mercado (VC)	/			
TSUTSUI, Shan S.				/
TRIMBLE, Gordon		/		
<b>TOTAL</b>	2	1		1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

\*Only one measure per Record of Votes