



ARDA-ROC LEGISLATIVE ALERT

Hawaii Legislature Proposes a New 400% Increase in Timeshare Owners Taxes as a Means to Cut Budget Deficit

6,000 Hawaii Timeshare Owner Residents Would Be Affected

Honolulu, Hawaii – February 1, 2011 – The Hawaii Governor and State Legislature have proposed to fix their \$700,000,000 budget deficit with an increase to the timeshare owners' tax (TOT). This would cause a significant hardship on the Hawaii timeshare community who already pay some of the highest taxes in the United States.

The new bill includes an increase in both the percentage and the formula for the tax. The TOT rate would increase from 7.25% to 9.25% as well as increasing the base maintenance fee calculation from 50% of the gross daily maintenance fee to 150% of the gross daily maintenance fee. This increase results in a nearly 400% increase in the TOT. While there is a partial sunset provision that would end the increase in TOT rate in 2015 (a return to 7.25%), there is no such provision for the increase in the basis of the 150% maintenance fee calculation to return to 50%.

Currently a timeshare owner with a \$1000 maintenance fee pays a TOT of \$36.20. Under the new proposal, the TOT payment for the same owner will increase to \$138.70.

"Enough is enough," said ARDA-ROC Chairman, Ken McKelvey, "We have a responsibility to the more than 1 million timeshare owners who contribute to ROC and the hundreds of Home Owners' Associations (HOAs) who volunteer and financially support ARDA-ROC for this very reason – to make sure that 'the tax the visitor rather than voter' mentality doesn't overtake the rights of timeshare owners."

ARDA-ROC has successfully fended off increases to this questionable transient lodging tax since 1998 when it was originally levied on timeshare owners. Hawaii remains the only state to have such a tax.

The ARDA-ROC Executive Committee has requested that staff and legal counsel make recommendations of a course of action to fight this egregious tax on behalf of all timeshare owners. ARDA-ROC will pursue all options to fight this questionable tax, including litigation, but needs Hawaii timeshare owners to communicate their individual concerns to legislators and the media.

Please check www.ardaroc.org frequently for updates, suggested points to share with legislators in personalized letters on behalf of individual timeshare owners, and contact information of specific Hawaii legislators.