

STAND. COM. REP. NO. 441 -08

Honolulu, Hawaii

Feb 14, 2008

RE: H.B. No. 2323
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committees on Tourism & Culture and Water, Land, Ocean Resources & Hawaiian Affairs, to which was referred H.B. No. 2323 entitled:

"A BILL FOR AN ACT RELATING TO BEACHES,"

beg leave to report as follows:

The purpose of this bill is to provide a dedicated source of revenue to finance improvements to visitor area beaches in the state by:

- (1) Establishing the Visitor Area Beach Restoration Special Fund (Visitor Beach Special Fund) administered by the Hawaii Tourism Authority (HTA) to provide for the development and restoration of sandy beaches and the maintenance of any permanent improvements or in nearshore waters for visitor area beaches throughout the state, as determined by HTA;
- (2) Transferring five percent of the transient accommodations tax revenue deposited into the Tourism Special Fund (TSF) to the Visitor Beach Special Fund for fiscal year 2008-2009; and
- (3) Appropriating funds out of the Visitor Beach Special Fund to pay for the entire cost of the visitor area beach restoration project fronting the Royal Hawaiian Hotel on Waikiki beach on Oahu.

HB2323 HD1 HSCR TAC-WLH HMS 2008-2027



Waikiki Improvement Association and Kyo-ya Hotels & Resorts, LP, supported this bill. Outrigger Hotels and the Hawaii Hotel & Lodging Association supported the intent of this measure. The Department of Land and Natural Resources (DLNR), Department of Business, Economic Development, and Tourism, Office of Hawaiian Affairs, HTA, and several concerned individuals opposed this bill. The Department of Budget and Finance submitted comments.

Upon further consideration, your Committees have amended this measure by deleting its contents and incorporating provisions that:

- (1) Establish the Resort Beach Restoration Fund (Restoration Fund) as a sub-account of the existing Beach Restoration Special Fund administered by DLNR;
- (2) Specify general funds appropriated by the Legislature and TSF monies as the sources of funding for the Restoration Fund;
- (3) Prohibit funds from being released for expenditure out of the Restoration Fund unless:
 - (A) Matched by non-state funds on at least a one-to-one basis; and
 - (B) At least fifty per cent of the funds released are funds transferred from the TSF;
- (4) Specify that the Restoration Fund shall be used to provide for the development and restoration of visitor area resort beaches, including maintenance of any improvements placed on the visitor area resort beach or in nearshore waters, as determined by DLNR;
- (5) Define "visitor area resort beaches" to mean sandy resort beaches that provide public access, including but not limited to Gray's Beach in Waikiki, Oahu, and Kaanapali Beach on Maui;
- (6) Authorize HTA, from July 1, 2008, through June 30, 2010, to transfer a maximum of \$2,000,000 out of the TSF for the Restoration Fund;



- (7) Appropriate \$1,000,000 in general funds for fiscal year 2008-2009 to be deposited into the Restoration Fund;
- (8) Authorize HTA to transfer \$1,000,000 in TSF monies to the Restoration Fund for fiscal year 2008-2009; and
- (9) Appropriate \$2,000,000 out of the Restoration Fund for fiscal year 2008-2009 to pay for the costs of visitor area resort beach restoration projects in the state, including Gray's Beach in Waikiki, Oahu, and Kaanapali Beach on Maui.

This measure also contains an effective date of July 1, 2025, to encourage further discussion.

Your Committees recognize the concerns raised during the public hearing on this matter regarding the impact that this bill may have in altering DLNR policies with respect to beach restoration, and in pitting visitor area resort beaches against non-resort beaches. It is not the intent of your Committees to interfere with existing priorities or policies in place by DLNR. Instead, this measure is intended to provide additional resources, including required matching funds from private and other non-state sources, to fund development and restoration of visitor area resort beaches. Your Committees note that this measure contains its own general fund appropriation as well as authorization for HTA to transfer TSF monies to provide capital for the Restoration Fund. No funds earmarked for the existing Beach Restoration Special Fund under section 171-156(a), Hawaii Revised Statutes, are diverted to the newly-created Restoration Fund.

In addition, in light of questions raised during the public hearing, your Committees respectfully request DLNR to assist in any future legislative efforts to develop a more appropriate definition, if any, for "visitor area resort beaches".

As affirmed by the records of votes of the members of your Committees on Tourism & Culture and Water, Land, Ocean Resources & Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2323, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2323, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committees on Tourism & Culture
and Water, Land, Ocean
Resources & Hawaiian Affairs,



KEN ITO, Chair

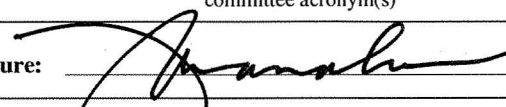


RYAN I. YAMANE, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

Record of Votes of the Committee on Tourism & Culture

Bill/Resolution No.: HB 2323	Committee Referral: TAC/WLH, FIN	Date: 02/11/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
TAC Members	Ayes	Ayes (WR)	Nays	Excused
1. YAMANE, Ryan I. (C)	✓			
2. MANAHAN, Joey (VC)	✓			
3. BERG, Lyla B., Ph.D.		✓		
4. BROWER, Tom	✓			
5. CHANG, Jerry L.	✓			✓
6. HANOHANO, Faye P.	✓			
7. HERKES, Robert N.				✓
8. TSUJI, Clift	✓			
9. WAKAI, Glenn		✓		
10. YAMASHITA, Kyle T.	✓			
11. CHING, Corinne W.L.				✓
12. MARUMOTO, Barbara C.				✓
TOTAL (12)	7	2		3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				

