

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



KURT KAWAFUCHI
DIRECTOR OF TAXATION

SANDRA L. YAHIRO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809

PHONE NO: (808) 587-1510
FAX NO: (808) 587-1560

**HOUSE COMMITTEES ON FINANCE
TESTIMONY REGARDING HB 1744
RELATING TO TRANSIENT ACCOMMODATIONS TAX**

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)

DATE: FEBRUARY 26, 2009

TIME: 12:00PM

ROOM: 308

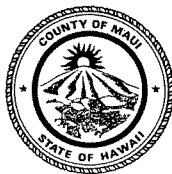
This bill directs certain transient accommodations taxes to the general fund that were previously transferred directly to the counties.

The Department of Taxation (Department) **recommends passing this measure to keep discussions continuing regarding the state's revenues.**

While recognizing that the counties are also experiencing budget strains, the effect of providing the counties funding through a direct tax allocation is to grant the counties a super-priority status over all other programs or expenses of the State, as they do not need to compete for general fund allocations. During these tough economic times, the Department encourages this committee to review the needs of the counties against the programs and expenses supported by the general fund. If the needs of the counties have less priority in the eyes of the committee than programs competing for general fund allocations, the department encourages the committee to abolish the direct tax allocation and provide for the needs of the counties through general fund allocations as appropriate.

REVENUE GAIN—This legislation will result in a revenue gain to the general fund of \$97.8 million in FY10, \$102.3 million in FY11, \$107.1 million in FY12, \$112.0 million in FY13, \$117.3 million in FY14, and \$122.7 million in FY15.

CHARMAINE TAVARES
MAYOR



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OFFICE OF THE MAYOR
County of Maui

February 26, 2009

The Honorable Marcus R. Oshiro, Chair
and Members of the House
Committee on Finance
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

RE: HB 1744 – RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

Dear Chair Oshiro and Members:

Thank you for the opportunity to testify in opposition to HB 1744, which would suspend for six years the distribution of transient accommodations tax (TAT) revenues to the counties.

Revenue from the TAT is a vital source of funding for all counties in the State of Hawaii. The County of Maui relies on its portion of TAT revenue to assist with funding critical services, facilities, programs and government operations for residents and visitors every year. These revenues provide for essential public safety services, recreational programs, parks maintenance, facility maintenance, and road repairs.

While I understand the budget challenges facing the State, please know that the County of Maui is also dealing with its own budget difficulties and is relying on every possible funding source to fulfill its own budget requirements. I am already preparing the FY2010 budget with a significant decrease in the amount of TAT revenue due to the downturn in tourism. If funding from this source of revenue is eliminated or even reduced, the County's budget will be severely impacted. This in turn impacts our community at a time when economic conditions are already straining available resources and services for our residents.

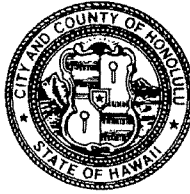
For these reasons, I urge you to oppose HB 1744.

Sincerely,

A handwritten signature in black ink that reads "Charmaine Tavares". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

CHARMAINE TAVARES
Mayor, County of Maui

DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • INTERNET: www.honolulu.gov



MUFI HANNEMANN
MAYOR

RIX MAURER III
ACTING DIRECTOR

MARK K. OTO
DEPUTY DIRECTOR

February 24, 2009

The Honorable Marcus R. Oshiro, Chair
and Members of the Committee on Finance
State House of Representatives
Room 306
Honolulu, Hawaii 96813

SUBJECT: HB 1744 - RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

Dear Chair Oshiro and Members:

The City & County of Honolulu opposes HB 1744 that proposes to suspend the distribution of Transient Accommodations Tax (TAT) revenues to the counties for six years effective July 1, 2009, to June 30, 2015.

It is anticipated that the City & County of Honolulu will receive \$48.4 million in TAT revenue in fiscal year 2009 alone. Over the course of the proposed six-year suspension, we estimate that the reduction in revenue to the City and County of Honolulu would be in excess of \$300 million.

These funds are needed to provide a significant portion of visitor-related services, many of which are public safety/first responder related including police, fire and lifeguard support. In addition, the City and County of Honolulu provides beach, zoo and parks maintenance; road repair and transportation services; and, of course, solid waste and wastewater services in Waikiki, Hanauma Bay, and other locations our visitors frequent. The diversion of the TAT funds would create a budgetary gap that would require us to rethink the level of services we provide our visitors and residents alike.

Given our economy's reliance upon the tourism industry for both General Excise Tax and local employment, we believe that tourism is something that both the State and the counties should invest in. We believe that this can best be done at the county level

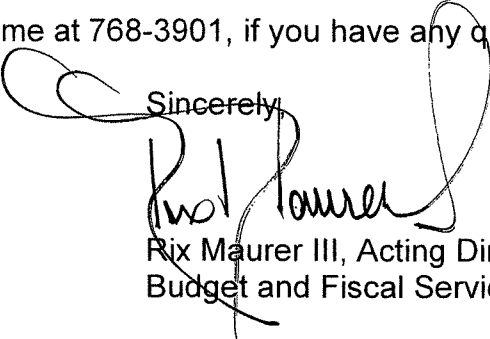
The Honorable Marcus R. Oshiro, Chair
and Members of the Committee on Finance
February 24, 2009
Page 2

where the need is better understood as a result of first hand interaction with our visitors. In fact, the 1990 Legislature recognized this when they first afforded the counties a portion of the TAT, in lieu of the annual grants-in-aid to the counties, to address tourism-related county expenditures. As such, we stand with our fellow counties and believe that leaving the distribution of the TAT intact, to invest in tourism locally, is the best way to ensure that these funds are best utilized to revive tourism.

While we sympathize with the State's budget challenges, we believe that the TAT should remain as originally envisioned and oppose HB 1744.

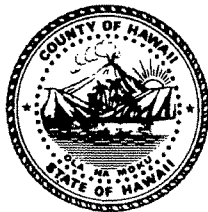
Please feel free to contact me at 768-3901, if you have any questions.

Sincerely,



Rix Maurer III, Acting Director
Budget and Fiscal Services

J YOSHIMOTO
Chair & Presiding Officer
Council District 3



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Hilo, Hawai'i 96720

HAWAI'I COUNTY COUNCIL
COUNTY OF HAWAI'I

TESTIMONY OF COUNCIL CHAIR J YOSHIMOTO,
HAWAI'I COUNTY COUNCIL
TO THE HOUSE FINANCE COMMITTEE
ON HOUSE BILL NO. 1744
RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

February 26, 2009

Chair Oshiro, Vice-Chair Lee, and members of the House Finance Committee, thank you for the opportunity to testify in opposition to House Bill No. 1744. I am testifying in my capacity as an individual Hawai'i County Council Member; the current County Council, as a body, has not taken any position on this matter.

The purpose of House Bill No. 1744 is to suspend for six years, effective July 1, 2009 to June 30, 2015, the distribution of Transient Accommodations Tax (TAT) revenues to the counties.

To be blunt, while we understand the difficulty that the State is experiencing during this current economic downturn, the complete elimination of TAT revenues will have dire consequences on our operating budget and will result in the need to curtail and possibly eliminate services that will negatively impact the public health, safety and welfare of our community. The Finance Director of our County has informed me that we were expecting approximately \$18 million in TAT revenues for the upcoming fiscal year. We are already facing an approximate budget shortfall of \$30 million; elimination of this money would be catastrophic.

TAT revenues provided to the County support essential public services such as police, fire rescue and lifeguards that benefit residents and tourists alike. The Island of Hawai'i is an important reason why many people visit our islands; for example, the Hawai'i Volcanoes National Park is the single largest visitor attraction in the State. As we share in the costs associated with those visitors, it is only appropriate that we receive some reimbursement via the TAT.

Thank you for the opportunity to present my comments in opposition to House Bill No. 1744.

Council Chair
Danny A. Mateo

Vice-Chair
Michael J. Molina

Council Members
Gladys C. Baisa
Jo Anne Johnson
Sol P. Kaho'ohalahala
Bill Kaunaka Medeiros
Wayne K. Nishiki
Joseph Pontanilla
Michael P. Victorino



Director of Council Services
Ken Fukuoka

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/council

February 26, 2009

TO: Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Michael J. Molina *[Signature]*
Council Vice Chair

DATE: February 26, 2009

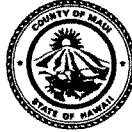
SUBJECT: **TESTIMONY OPPOSING HB1744, RELATING TO THE TRANSIENT
ACCOMMODATIONS TAX**

I oppose HB1744, for the reasons cited in testimonies submitted by the Maui County Council Chair, and the Hawaii State Association of Counties President, and urge you to oppose this measure, also.

Council Chair
Danny A. Mateo

Vice-Chair
Michael J. Molina

Council Members
Gladys C. Baisa
Jo Anne Johnson
Sol P. Kaho'ohalahala
Bill Kauakea Medeiros
Wayne K. Nishiki
Joseph Pontanilla
Michael P. Victorino



Director of Council Services
Ken Fukuoka

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/council

February 25, 2009

TO: Honorable Marcus R. Oshiro, Chair
House Committee on Finance, and
Honorable Members of the Committee

FROM: Wayne K. Nishiki
Council Member

A handwritten signature in black ink, appearing to read "Wayne K. Nishiki".

DATE: 2/25/09

SUBJECT: **HEARING OF FEBRUARY 26, 2009; TESTIMONY IN OPPOSITION TO HB 1744,
RELATING TO THE TRANSIENT ACCOMODATIONS TAX**

As the Maui County Council has not had the opportunity to take a formal position on this measure, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I strongly oppose HB 1744 which proposes to suspend distributions of the transient accommodations tax (TAT) to the counties for up to six years (from July 1, 2009 to June 30, 2015) for the following reasons:

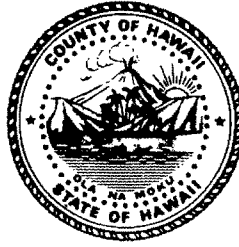
1. To remove the transient accommodations tax (TAT) revenue at this point in time will only worsen the difficult predicament that our counties are faced with. This measure will eliminate approximately \$20 million in TAT revenue which will significantly compromise Maui County's ability to support safety net programs that assist the most vulnerable residents within our community.
2. The TAT revenue helps to provide public services such as police and fire services, recreational programs, and parks maintenance and road repairs. Our counties can not afford to make the type of cuts to these services that the loss of the TAT revenue would bring about.
3. Without the TAT the County of Maui could be required to diminish significant services including line-item non-profit organizations, such as: Maui Economic Opportunity, Maui Visitor Bureau, Food Bank, Maui Farm, Maui Arts & Cultural Center, Farm Bureau, Maui Community College, Big Brothers/Big Sisters, Boys & Girls Club, and MEDB. In addition to, or in combination with such cuts, the County of Maui may be forced to significantly raise real property taxes for our residents who are already suffering due to the current economic crisis.
4. The State of Hawaii should be working together with our counties to ensure that our communities' critical services do not suffer at the expense of the State's budget.

Please oppose this measure.

cc: Members of the House Committee on Finance

KELLY GREENWELL

*Council Member
District 8 - North Kona*



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*Hawai'i County Council
County of Hawai'i*

*Kailua Trade Center
75-5706 Hanama Place, Suite 109
Kailua-Kona, Hawai'i 96740*

TESTIMONY OF COUNCIL MEMBER KELLY GREENWELL,
HAWAI'I COUNTY COUNCIL

TO THE HOUSE FINANCE COMMITTEE

ON HOUSE BILL NO. 1744

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

February 25, 2009

Chair Oshiro, Vice-Chair Lee, and members of the House Finance Committee, thank you for the opportunity to testify in opposition to House Bill No. 1744.

The purpose of House Bill No. 1744 is to suspend for six years effective July 1, 2009 to June 30, 2015 the distribution of Transient Accommodations Tax (TAT) revenues to the counties.

The complete elimination of TAT revenues will have catastrophic consequences on our operating budget and result in the need to curtail and possibly eliminate services that will negatively impact the public health, safety and welfare of our community. Our county is already facing an approximate budget shortfall of \$30 million and elimination of this approximately \$18 million in revenue would seriously burden our island's residents by causing tax increases or reductions in service to the public.

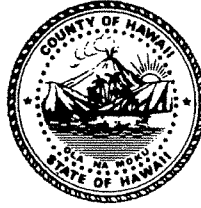
TAT revenues provided to the County support essential public services such as police, fire rescue and lifeguards that benefit residents and tourists alike. As we share in the costs associated with those visitors, it is only appropriate that we receive some reimbursement via the TAT.

Thank you for the opportunity to present my comments in opposition to HB 1744.

Very truly yours,

Kelly Greenwell, Councilmember

BRENDA J. FORD
Council Member
District 7 - Central Kona



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E-Mail: bford@co.hawaii.hi.us

HAWAI'I COUNTY COUNCIL
County of Hawai'i
Kailua Trade Center
75-5706 Hanama Place, Suite 109
Kailua-Kona, Hawai'i 96740

February 25, 2009

Honorable Marcos Oshiro, Chairman, and Members of the House Committee on Finance
Twenty-fifth Legislature, 2009

Re: TESTIMONY ON HB 1744, RELATING TO TRANSIENT ACCOMMODATIONS TAX

Aloha,

As the Hawai'i County Council Member for District 7 – Central Kona, I am in strong opposition to HB 1744 which suspends the distribution of the Transient Accommodations Tax (TAT) to the respective counties for six years effective July 1, 2009 through June 30, 2015.

Currently, West Hawai'i produces over 70% of the county real estate taxes. We receive less than 23% of the services of the county in return. West Hawai'i currently provides the majority of the TAT in the county as well.

The TAT is an important source of additional revenue for Hawai'i County, and provides funding for public facilities and services which are used by residents and visitors. County revenues generated from real property taxes and other sources are insufficient to cover our operating budget, and we are scrambling to reduce our budget and maintain critical services. TAT revenues provided to the County support essential public services such as police, fire rescue and lifeguards as well as infrastructure improvements including but not limited to parks and roads. Our parks including State parks are in poor condition and receive negative comments from visitors and residents.

All of the counties as well as the State are experiencing tremendous financial deficits and are looking for budget reductions in all departments. Visitor days have dropped significantly, our hotels are reducing staff, and our construction industry is down probably more than 60%. We cannot take additional hits in lowered revenue as HB1744 proposes. Additionally, it is just completely unfair for the state to take remittances of tax dollars from the counties and refuse to transfer the portion of the revenues due back to the counties. I notice that the 17.3% of TAT collected will still be deposited into the convention center enterprise special fund for which only the residents and visitors to O'ahu benefit.

The current, national economic down-turn has created an untenable situation; however, the complete elimination of TAT revenues will have catastrophic consequences on our operating budget and result in the need to curtail and possibly eliminate even more services than we anticipate. That will negatively impact the public health, safety and welfare of our communities on the Neighbor Islands for

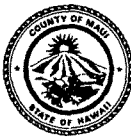
which each Legislator is responsible. We all need to “bite the bullet” financially, fairly, and evenly. Please do not support this bill that is adverse to the best interests of the County of Hawai‘i

Thank you for the opportunity to present my comments in opposition to HB 1744.

Council Chair
Danny A. Mateo

Vice-Chair
Michael J. Molina

Council Members
Gladys C. Baisa
Jo Anne Johnson
Sol P. Kaho'ohalahala
Bill Kauakea Medeiros
Wayne K. Nishiki
Joseph Pontanilla
Michael P. Victorino



Director of Council Services
Ken Fukuoka

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/council

February 25, 2009

TO: Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Councilmember Joseph Pontanilla, Treasurer
Hawaii State Association of Counties

A handwritten signature in cursive script, appearing to read "Joseph Pontanilla".

SUBJECT: **HEARING OF FEBRUARY 26, 2009; TESTIMONY IN OPPOSITION TO HB 1744,
RELATING TO THE TRANSIENT ACCOMMODATIONS TAX**

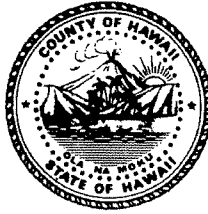
Thank you for the opportunity to testify in opposition to this important measure. The purpose of this measure is to suspend the distribution of transient accommodations tax revenues to the counties for six years, from July 1, 2009 to June 30, 2015.

I am aware that the President of the Hawaii State Association of Counties (HSAC), on behalf of HSAC, and the Maui County Council Chair have submitted testimony in opposition to this measure. As both a Council member and as Maui County's representative to HSAC, I concur with the testimony submitted by the HSAC President and the Maui County Council Chair, and urge you to oppose this measure.

ocs:proj:legis:09legis:09testimony: hb1744_paf09-058a_kmh

DENNIS "FRESH" ONISHI

*Council Member
Council District 4*



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*Hawai'i County Council
County of Hawai'i*

Business Address:

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Ben Franklin Building
Hilo, Hawai'i 96720*

February 25 2009

Committee on Finance
The House of Representatives
State of Hawai'i

TESTIMONY OF
HAWAI'I COUNTY COUNCIL MEMBER DENNIS "FRESH" ONISHI
HAWAI'I STATE ASSOCIATION OF COUNTIES SECRETARY

ON HOUSE BILL NO. 1744

Chair Oshiro and members of the House Finance Committee:

Thank you for the opportunity to submit testimony in opposition of HB No. 1744. As a member of the Hawai'i County Council and as the Secretary of the Hawai'i Association of Counties (HSAC), I strongly oppose this Bill, which would suspend for six years, effective July 01, 2009 through June 30, 2015, the distribution of the Transient Accommodations Tax (TAT) to the Counties.

With the decline in tourism, the typical \$18 million share Hawai'i County normally receives from the TAT will be considerably reduced. As the State is faced with severe budget shortfalls, so are the Counties. Falling revenues and the economic downturn requires us to spend prudently and make decisions which may not be popular.

Consequently, we rely heavily on the TAT as an important source of revenue in balancing our limited operating budget. To eliminate the TAT altogether will place the County in a dismal position. Important programs and services may have to be cut back or even eliminated, and this will negatively affect our communities. Thus, I strongly urge you to oppose HB 1744 which would cause detriment to the County of Hawai'i.

Once again I thank you for the opportunity to present testimony in opposition of HB 1744.

Council Chair
Danny A. Mateo

Vice-Chair
Michael J. Molina

Council Members
Gladys C. Baisa
Jo Anne Johnson
Sol P. Kaho'ohalahala
Bill Kauakea Medeiros
Wayne K. Nishiki
Joseph Pontanilla
Michael P. Victorino




Director of Council Services
Ken Fukuoka

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/council

February 25, 2009

TO: Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Michael V. Victorino 
Council Member

DATE: Thursday, February 26, 2009

SUBJECT: **OPPOSITION OF HB 1744, RELATING TO TRANSIENT ACCOMMODATIONS TAX**

Thank you for the opportunity to testify in **opposition** of this important measure. The purpose of this measure is to suspend the distribution of transient accommodations tax (TAT) revenues to the counties for six years, from July 1, 2009 to June 30, 2015.

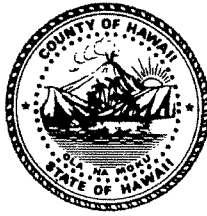
I oppose **HB 1744** for the reasons cited in testimony submitted by Maui County Council Chair Danny A. Mateo and urge you to oppose this measure.

09:02:26:cmv/MPV: HB1744

GUY ENRIQUES

*Council Member
Council District 6*

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*Hawai'i County Council
County of Hawai'i*

25 February 2009

Attn: Marcus Oshiro, Marilyn Lee and the members of the House Finance Committee

RE: HB 1744

Esteemed Representatives,

I am very disappointed you are considering taking away the 18.6% re-apportionment of the Transient Accommodations Tax Hawai'i County collects on behalf of the State.

This revenue is sorely needed and I feel it is unfair for you to collect the tax through our local businesses without returning the promised shares to our County.

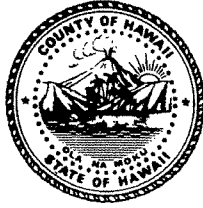
Please table this bill.

Mahalo,

Guy Enriques

GE/bw

DONALD IKEDA
Council Member
District 2 South Hilo



Phone No.: (808) 961-8261
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HAWAI'I COUNTY COUNCIL

County of Hawai'i
Hawai'i County Building
25 Aupuni Street
Hilo, Hawai'i 96720

TESTIMONY OF COUNCIL MEMBER DONALD IKEDA HAWAI'I COUNTY COUNCIL

TO THE HOUSE COMMITTEE ON FINANCE

TESTIMONY IN OPPOSITION TO HB 1744 RELATING TO TRANSIENT ACCOMMODATIONS TAX February 26, 2009

Marcus Oshiro, Chair, Marilyn Lee, Vice-Chair and Members of the Committee:

Thank you for allowing me to provide testimony in **strong opposition to HB 1744**.

I oppose HB 1744 which would suspend for six years effective July 1, 2009 to June 30, 2015 the distribution of Transient Accommodations Tax (TAT) revenues to the counties.

The TAT is an important source of revenue for our County, providing funding for public facilities and services, which are used by residents and visitors alike. County revenues generated from real property taxes and other sources are not sufficient to cover our operating budget. Hawai'i County is facing a budget shortfall of upwards of \$30 million dollars. The elimination of TAT revenues (estimated at approximately \$18 million) will have a disastrous effect on our operating budget, ultimately resulting in elimination of critical services and programs.

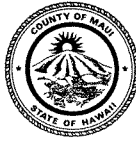
TAT revenues provided to the County support essential public services such as police, fire rescue and lifeguards. Elimination of TAT revenues will have far-reaching negative consequences, as these essential services benefit tourists and residents alike. The natural beauty and scenic wonders (e.g. Hawai'i Volcanoes National Park) of our island, as well as our beautiful resorts and golf courses are some of this State's biggest attractions. Our county shares the burden of costs associated with our visitor industry, it is only right that we receive revenues from the TAT.

Thank you for the opportunity to present my comments in opposition to HB 1744.

Council Chair
Danny A. Mateo

Vice-Chair
Michael J. Molina

Council Members
Gladys C. Baisa
Jo Anne Johnson
Sol P. Kaho'ohalahala
Bill Kauakea Medeiros
Wayne K. Nishiki
Joseph Põntanilla
Michael P. Victorino



Director of Council Services
Ken Fukuoka

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www.mauicounty.gov/council

February 25, 2009

TO: Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Gladys C. Baisa
Council Member

SUBJECT: **HEARING OF FEBRUARY 26, 2009; TESTIMONY IN OPPOSITION TO HB 1744,
RELATING TO THE TRANSIENT ACCOMMODATIONS TAX**

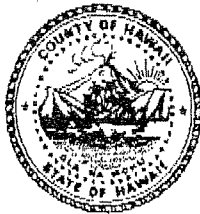
Thank you for the opportunity to testify in opposition of this measure. The purpose of this measure is to suspend the distribution of transient accommodations tax (TAT) revenues to the counties for six years, from July 1, 2009 to June 30, 2015.

I oppose HB 1744 for the reasons cited in testimony submitted by the Maui County Council Chair, and urge you to oppose this measure.

GCB:amm

DOMINIC YAGONG

*Council Member
Council District 1*



*Phone: (808) 961-8264
Fax: (808) 961-8912
Email: dyagong@co.hawaii.hi.us*

*Mailing Address:
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Hilo, Hawaii 96720*

*Business Address:
333 Kilauea Avenue, Second Floor
Ben Franklin Building
Hilo, Hawaii 96720*

*Hawai'i County Council
County of Hawai'i*

February 25, 2009

TESTIMONY OF COUNCILMEMBER DOMINIC YAGONG
HAWAII COUNTY COUNCIL
TO HOUSE FINANCE COMMITTEE
ON HOUSE BILL NO. 1744
RELATING TO THE TRANSIENT ACCOMMODATION TAX

Aloha Chairman Oshiro, Vice Chairwoman Leo, and members of the House Finance Committee:

House Bill 1744, if adopted, will have catastrophic consequences for the County of Hawai'i. Our finance department is projecting a \$31.8 million shortfall in revenue for our upcoming 2009-2010 budget cycle.

This bill will add approximately \$18 million to our shortfall forcing us to cut \$49.8 million from our operating budget. To accomplish this tax rates will have to be increased and government employees will have to be laid off causing a reduction in service to our citizens. Simply put, the County does not have any other avenue for absorbing an \$18 million cut. Please keep in mind the entire budget for the County of Hawai'i will be approximately \$370 million and this legislation would amount to an additional 5% cut to our operating funds.

If the County of Hawai'i is forced to resort to laying off employees it will create widespread panic in our county and cause incalculable damage to an already fragile and struggling economy.

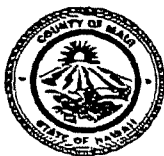
I appreciate that the budget for the State of Hawai'i is in a similar situation, however, I believe this legislation will have unintended consequences for the State. If we are forced to cut our workforce, spending will go down as more uncertainty will force our residents to lighten the belts and spend even less than they are currently. This will cause a dramatic decrease in General Excise Tax revenue perpetuating the downward spiral of our economy and revenue.

I urge you in the strongest terms possible to oppose HB 1744. As chairman of the Hawai'i County Council Committee on Finance I completely understand the difficult situation you are in at this time. Please look to other areas to adjust State income levels and reduce State spending that will not have such an immediate and drastic impact on the County of Hawai'i. Thank you for your consideration in this matter.

Warmest Aloha,

Dominic Yagong
Councilmember, District 1
DY/so

CHARMAINE TAVARES
Mayor



KALBERT K. YOUNG
Director of Finance

AGNES M. HAYASHI
Deputy Director of Finance

COUNTY OF MAUI
DEPARTMENT OF FINANCE
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

February 26, 2009

Honorable Marcus R. Oshiro, Chair
and Members, House Committee on Finance
State House of Representatives
Hawaii State Capitol, Room 308
Honolulu, Hawaii 96813

RE: HB 1744-RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

Dear Representative Oshiro and Committee Members:

This testimony is submitted in opposition to HB 1744 which proposes to suspend distributions of the transient accommodations tax (TAT) to the counties for up to six years (through June 30, 2015).

Revenue from the TAT is a vital source of funding for all counties in the State of Hawaii. The County of Maui relies on its portion of TAT revenue to assist with funding critical services, facilities, programs and government operations to citizens, residents, and visitors every year. Each year, the County of Maui anticipates between \$19 million to \$20 million in TAT revenue. These revenues provide for essential public services such as police and fire services, recreational programs, parks maintenance, facility maintenance, and road repairs. All of these types of programs are for the benefit of residents and visitors and, in that regards, help ensure that Hawaii is a safe and vibrant place to live or visit – regardless of whether the services are State or County services.

Elimination of TAT to the County of Maui will result in reduction of services for residents and visitors. Without this source of revenue, the County of Maui will be forced to reduce services and/or raise taxes for residents. While I recognize that the current state of the economy is challenging to the State budget, please be aware that the County of Maui is also struggling with its own fiscal year budgeting and is relying on every possible funding source to satisfy its own future fiscal year budget requirements.

The County of Maui is in the midst of structuring its FY10 budget. We have already anticipated a budget with a significant decrease in the amount of TAT revenue. However, this decline in TAT revenue was budgeted in recognition of a slow tourism industry not in anticipation of an abrupt and major change eliminating the distribution of revenue to counties by the State Government. To deny counties its share of TAT revenue in order to benefit the budget of the State fails to recognize that every level of government is struggling during these difficult times and further compromises the ability of the counties to provide its services to residents, visitors and taxpayers.

The County of Maui urges your opposition to HB 1744.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Young".

KALBERT K. YOUNG
Director of Finance

Council Chair
Danny A. Mateo

Vice-Chair
Michael J. Molina

Council Members
Gladys C. Baisa
Jo Anne Johnson
Sol P. Kaho'ohalahala
Bill Kauakea Medeiros
Wayne K. Nishiki
Joseph Pontanilla
Michael P. Victorino



Director of Council Services
Ken Fukuoka

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/council

February 24, 2009

TO: Honorable Marcus R. Oshiro, Chair
House Committee On Finance

FROM: Danny A. Mateo
Council Chair

SUBJECT: **HEARING OF FEBRUARY 26, 2009; TESTIMONY IN OPPOSITION TO HB 1744,
RELATING TO THE TRANSIENT ACCOMMODATIONS TAX**

Thank you for the opportunity to testify in opposition this important measure. The purpose of this measure is suspend the distribution of transient accommodations tax (TAT) revenues to the counties for six years, from July 1, 2009 to June 30, 2015.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

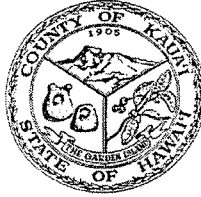
I oppose this measure for the following reasons:

1. This measure eliminates a major source of funding to the counties at a time when counties are challenged with addressing a major economic downturn and loss of revenues in every major funding source. Counties rely on TAT revenues to properly support services utilized by both residents and visitors. Without these funds, Maui County will not be able to maintain its promotion and marketing efforts, improve its heavily-utilized parks and roadways, and ensure that the needs of emergency response personnel, equipment, and training are met.
2. The elimination of approximately \$20 million in TAT revenue will also significantly compromise the Maui County's ability to support safety net programs that help the most vulnerable residents in our community.
3. I understand that the State is facing a significant shortfall in its budget, but balancing the State's budget at the expense of critical services provided by counties is not the answer.

For the foregoing reasons, I oppose this measure.

ocs:proj:legis:09legis:09testimony: hb1744_paf09-054a_ltt

Bernard P. Carvalho Jr.
Mayor



Gary K. Heu
Administrative Assistant

OFFICE OF THE MAYOR

County of Kaua'i, State of Hawai'i
4444 Rice Street, Suite 235, Lihu'e, Hawai'i 96766
TEL (808) 241-4900 FAX (808) 241-6877

**TESTIMONY OF THE
COUNTY OF KAUA'I
DIRECTOR OF FINANCE**

TO THE HOUSE COMMITTEE
ON FINANCE
TWENTY-FIFTH LEGISLATURE
REGULAR SESSION OF 2009

February 26, 2009
12:00 p.m.

TESTIMONY ON HB 1744, RELATING TO TRANSIENT ACCOMMODATIONS TAX

TO THE HONORABLE MARCOS OSHIRO, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Wallace Rezentes, Jr, Finance Director of the County of Kauai, providing testimony in strong opposition to HB 1744.

The County opposes this Bill which would suspend for six years effective July 1, 2009 to June 30, 2015 the distribution of Transient Accommodations Tax (TAT) revenues to the counties.

The TAT is an important source of additional revenue for the County, and provides funding for public facilities and services, which are used by residents and visitors alike. County revenues generated from real property taxes and other sources are not sufficient to cover our operating budget. Kaua'i County's funding share of the TAT collection has been approximately \$14 million per year which has been an important revenue source in balancing our limited operating budget.

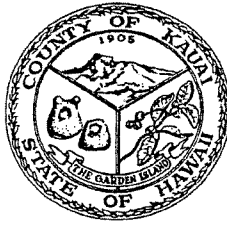
TAT revenues provided to the County support essential public services such as police, fire rescue and lifeguards as well as infrastructure improvements including but not limited to parks and roads.

We understand the difficulty that the State is experiencing and have already proactively projected for a considerable reduction in TAT collections resulting from the current economic down turn. However, the complete elimination of TAT revenues will have catastrophic consequences on our operating budget and result in the need to

curtail and possibly eliminate services that will negatively impact the public health, safety and welfare of our community.

Thank you for the opportunity to present my comments in opposition to HB 1744.

COUNTY COUNCIL
Bill "Kaipo" Asing, Chair
Jay Furfaro, Vice Chair
Tim Bynum
Dickie Chang
Daryl W. Kaneshiro
Lani T. Kawahara
Derek S. K. Kawakami



OFFICE OF THE COUNTY CLERK

Peter A. Nakamura, County Clerk
Ernesto G. Pasion, Deputy County Clerk

Telephone (808) 241-6371
Fax (808) 241-6349
Email cokcouncil@kauai.gov

Council Services Division
4396 Rice Street, Room 206
Lihue, Kaua'i, Hawaii 96766-1371

February 24, 2009

TESTIMONY OF DARYL W. KANESHIRO
KAUAI COUNTY COUNCIL
ON

H. B. NO. 1744, RELATING TO THE TRANSIENT ACCOMMODATIONS TAX
House Committee on Finance
February 26, 2009
12:00 p.m.
Conference Room 308

Dear Chair Oshiro and Members of the House Finance Committee:

I submit this testimony in opposition to H.B. No.1744 as an individual member of the Kaua'i County Council and the Chair of its Budget & Finance Committee.

I am in opposition to this bill for the following reasons:

- HB1744 proposes to suspend the distribution of TAT revenues to the Counties for six (6) years.
- The counties have provided valuable public service to our residents and visitors in the areas of public safety and recreation.
- The counties must continue to keep up with infrastructure improvements and maintenance.
- Since the termination of the Federal Revenue Sharing Program (State and Local Assistance Act of 1972) in 1987, followed by the termination of the State's Grant-In-Aid to the Counties (Act 155) in 1989, the counties have considered TAT revenues as a consistent and reliable source of revenue (approximately \$14M in revenue to Kaua'i).
- The property owners who pay real property taxes (major revenue source for the counties) cannot afford to pay increased taxes.
- If passed, the suspension would financially devastate the County of Kaua'i and would substantially reduce public services.

For the reasons stated above, I am in opposition to HB1744. Thank you for this opportunity to provide testimony.

Sincerely,

Daryl W. Kaneshiro
Kaua'i County Councilmember

SI/wa2009-501

William P. Kenoi
Mayor



William T. Takaba
Managing Director

Walter K.M. Lau
Deputy Managing Director

County of Hawai'i

891 Ululani Street • Hilo, Hawai'i 96720-3982 • (808) 961-8211 • Fax (808) 961-6553
KONA: 75-5706 Kuakini Highway, Suite 103 • Kailua-Kona, Hawai'i 96740
(808) 329-5226 • Fax (808) 326-5663

February 24, 2009

The Honorable Marcus R. Oshiro, Chair
and Members of the House Committee on Finance
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: Testimony in Opposition to House Bill No. 1744
Hearing Thursday, February 26, 2009, at 12:00 p.m., Conference Room 308

Honorable Chair Oshiro and Members of the Committee:

Hawai'i County strongly opposes H.B. 1744, which seeks to suspend the distribution of transient accommodations tax revenues to the counties. Transient accommodations tax (TAT) is the second largest source of revenue for the County of Hawai'i, and losing that revenue would be catastrophic.

Already in the current budget year we have imposed a temporary suspension of hiring, excluding only essential public safety personnel such as police, fire and civil defense employees, and imposed 5 percent budget reductions.

We are now developing our budget for next fiscal year, when lower property values will significantly reduce our collections of real property tax, which is our primary source of revenue. We are making substantial cuts throughout our budget, taking reserve funds, un-funding vacant positions and taking other actions to balance our general fund budget, which started with a \$32 million shortfall from the current year.

We are including \$18 million revenue from TAT in our general fund budget for next year. That money supports essential public services such as police, fire rescue, lifeguards and solid waste management. Loss of services in these areas will threaten the public health, safety and welfare of our community.

There is also an issue of basic fairness. Hawai'i Island is a major draw for visitors, and County government incurs enormous costs providing services to those visitors. The County also supports the tourism industry in many direct ways, including support of cultural events and grants for various programs.

The Honorable Marcus R. Oshiro, Chair

Page 2

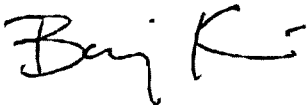
January 13, 2009

This state and county sharing of the hotel room tax collections was established in recognition of the importance of the counties' contributions to the well-being and prosperity of Hawaii's leading industry. This is a partnership that benefits all of us, but it will fail if the state strips away the revenue the counties rely upon to provide the services that our residents and visitors expect and demand.

It is only fair that the county continue to share in the proceeds from the transient accommodations tax.

Thank you for your attention to our concerns.

Sincerely,



Billy Keno
MAYOR

HAWAII COUNCIL OF MAYORS

Testimony of the

Hawaii Council of Mayors
 Bernard P. Carvalho, Jr., Mayor of Kauai
 Mufi Hannemann, Mayor of Honolulu
 Billy Kenoi, Mayor of Hawaii
 Charmaine Tavares, Mayor of Maui

Before a Hearing of the
House Committee on Finance

February 26, 2009

House Bill 1744, Relating to Transient Accommodations Tax

The Hawaii Council of Mayors strongly opposes House Bill 1744, which proposes a six-year suspension of transient accommodations tax revenue-sharing with the county governments.

The hotel room tax is a significant source of revenue for all the county governments. The counties provide the critical security, transportation, water and sewer infrastructure, parks maintenance, and other services that support the visitor industry—and this revenue-sharing was established in recognition of the importance of the counties to the prosperity of Hawaii's leading industry, and to replace the grant-in-aid program that had preceded it for many years.

We recognize the Legislature's fiscal challenges, which mirror those faced by the counties. However, the suspension of this revenue source could have a deleterious effect on the counties' ability to provide those very services that sustain our travel industry and the quality of life of residents and visitors alike. For these reasons, among others, we oppose House Bill 1744.

Mahalo.



Mayor Billy Kenoi
 County of Hawaii
 25 Aupuni Street
 Hilo, Hawaii 96720



Mayor Mufi Hannemann
 City and County of Honolulu
 530 South King Street
 Honolulu, Hawaii 96813



Mayor Bernard Carvalho, Jr.
 County of Kauai
 444 Rice Street
 Lihue, Hawaii 96765

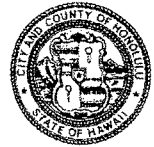


Mayor Charmaine Tavares
 County of Maui
 200 South High Street, 9th Floor
 Wailuku, Hawaii 96793



Hawaii State Association of Counties

Counties of Kaua'i, Maui, Hawai'i and City and County of Honolulu



February 25, 2009

Committee on Finance
House of Representatives
State of Hawaii

Testimony of
Nestor Garcia, President, Hawaii State Association of Counties
House Bill 1744
Regular Session 2009

Chair Oshiro and members of the Finance Committee:

Thank you for this opportunity to testify in opposition to HB1744.

In the current climate of economic austerity and fiscal uncertainty, municipalities across the country are seeking an array of ways to help them weather this storm by sustaining or increasing revenue. The counties of Hawaii are no different. At this critical juncture, the counties of Hawaii can ill afford to lose any further revenue without seriously jeopardizing basic services such as police, fire, emergency, and sewer and solid waste disposal.

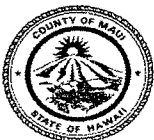
We understand and appreciate the fact that the State is in a similar position. The counties of Hawaii are doing everything possible to cut costs, hold the line on new spending, and attempting to balance budgets in anticipation that there will already be a downturn in Transient Accommodation Tax revenue.

To now propose to withhold all TAT revenue for a six-year period would unfairly place the counties in a position to raise property taxes and fees on an already overburdened citizenry or reduce basic services in public health and safety.

Please do not allow this potentially disastrous measure to advance. Mahalo for this opportunity to submit testimony.

Aloha,

COUNCILMEMBER NESTOR GARCIA
President, Hawaii State Association of Counties
Vice Chair, Honolulu City Council



TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, Suspend distribution to the counties

BILL NUMBER: HB 1744

INTRODUCED BY: Say

BRIEF SUMMARY: Amends HRS section 237D-6.5 to temporarily suspend the distribution of transient accommodation tax (TAT) revenues to the counties from July 1, 2009 to June 30, 2015 and provide that the revenues be deposited into the state general fund.

EFFECTIVE DATE: July 1, 2009

STAFF COMMENTS: The proposed measure would suspend the transfer of TAT revenues to the counties from July 1, 2009 to June 30, 2015 in an effort to provide another source of general fund revenues to address the state's budget crisis. It should be noted that since the TAT is a major source of revenue for the counties, any reduction of TAT revenues will have to be made up through increases in the property tax, the counties largest source of revenue. If lawmakers believe that they can fool their constituents by raiding the counties share of the TAT, the counties will, no doubt, let real property taxpayers know why their property taxes will have to be raised as it is certain that the counties will not want to shoulder the blame alone.

If the state wishes to suspend the TAT, then consideration must be given to replacing the lost revenues either with a grant-in-aid or another source as grant-in-aids to the counties were repealed by Act 338, SLH 1989.

Digested 2/25/09

House Committee on Finance

Re: HB1744 Relating to Transient Accommodations Tax

Chair Oshiro and Members of the Committee:

Hawaii Farm Bureau Federation on behalf of our farm and ranch families and organizations is in strong opposition to HB1744 which seeks to temporarily suspend tax revenue sharing practices with the Counties.

The impacts on all of our Counties by tourists is significant. The last statistics states that while the resident population of Hawaii was 1.28 million the de facto population is 1.41 million. These 200K plus people that visit our islands utilize community services which must be provided in a reliable and attractive manner or the negative impacts will surely be forthcoming. Without their share of revenue from the TAT, the counties will need to fend for themselves, the maintenance of infrastructure and delivery of services used by the tourist industry.

As the State faces fiscal challenges so does the Counties. Agriculture depends on the Counties for many services. This measure will have far reaching impacts some of which will inevitably impact farms and ranches. For example, we understand some of the police department's funding is from TAT. We already struggle to receive services as our farms are faced with theft, arson and vandalism issues. Further losses of services will probably leave our farms and ranches totally without service. As criminals recognize that the chances for prosecution are nil, targeting of our farms and ranches will increase placing the viability of our industry at risk.

While we recognize the dire fiscal condition of the State, we respectfully request that his measure be held. There will be many unintended consequences with a much larger price tag than the revenue gain by the State. Thank you for this opportunity to provide our opinion on this matter.

Respectfully submitted,
Signed

Dean Okimoto
President



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA
Executive Director
Tel: 808.543.0011
Fax: 808.528.0922

NORA A. NOMURA
Deputy Executive Director
Tel: 808.543.0003
Fax: 808.528.0922

DEREK M. MIZUNO
Deputy Executive Director
Tel: 808.543.0055
Fax: 808.523.6879

**The Twenty-Fifth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Finance**

**Testimony by
Hawaii Government Employees Association
February 26, 2009**

**H.B. 1744 – RELATING TO
THE TRANSIENT
ACCOMMODATIONS TAX**

The Hawaii Government Employees Association strongly opposes the purpose and intent of H.B. 1744. It proposes to suspend the distribution of transient accommodations tax (TAT) revenues to the counties for a six year period. The TAT is an important source of tax revenue for all four counties. Although the counties are not currently facing as dire a situation as the State, Hawaii County and the City and County of Honolulu will need to close their projected budget deficits this year.

Moreover, the four counties will have even greater problems in the coming fiscal years if property values continue to decline, resulting in lower property tax revenues. At the same time, other operating expenses, including the cost of employee benefits, are expected to rise. The loss of TAT revenues for a six year period would have a devastating impact on county government, resulting in major program cuts, layoffs of county employees and higher property taxes.

Even without this proposal, the counties will receive less TAT revenues because of the decline in tourism. The Department of Taxation recently reported that TAT collections were down 8% during the current fiscal year. This ill-conceived legislation shifts the national and state economic crisis to the counties and its residents. Thank you for the opportunity to testify in opposition to H.B. 1744.

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director

Maui County Farm Bureau

An Affiliate of the American Farm Bureau Federation and Hawaii Farm Bureau Federation

Serving Maui's Farmers and Ranchers

P.O. Box 148

Kula, Hawaii 96790

TESTIMONY

House Committee on Finance

Re: HB1744 Relating to Transient Accommodations Tax

Chair Oshiro and Members of the Committee:

Maui County Farm Bureau, Maui's general agricultural advocacy organization is in strong opposition to HB1744, which seeks to retain TAT collections at the State level.

While all of us benefit from the tourist industry, there are costs associated with having a strong tourist industry. Maintenance of public facilities and delivery of community services to the tourist and resident cannot be differentiated ...all are done by the same people. The County is looking for ways to creatively manage its' budget. The implications of loosing the TAT revenue stream will have far reaching consequences.

As a drought prone county, water is of critical importance. The tourists drink and use water. The TAT revenue provided a fair mechanism to pay for these services. Will this mean County service rates will need to be increased to offset the loss of these revenues? Everyone is bracing for inevitable increases in costs. This is beyond what is expected.

We respectfully request that this bill be held. It is important that the State and County work as a team during these difficult times. Bills such as this does not foster teamwork. Thank you.



To: Marcus Oshiro, Chairman
House Committee Finance

Re: HB 1744 Relating to Transient Accommodations Tax

Aloha Mr. Chairman and Committee Members:

My name is Terryl Vencl executive director of the Maui Visitors Bureau. The MVB is opposed to the proposed bill to suspend county funding from the TAT tax.

The visitor industry is hurting right now and suspension of the TAT dollars would further deteriorate the ability to assist the workers who have been laid off and need assistance. This would be a devastating blow to our county. These dollars are needed at the county level to assist them in the same downturn of revenues that you are facing.

Please do not suspend the dollars to the county as they are already hurting with cutbacks and downturns. This will also mean difficulty to our many non-profits who are helped by the total budget of the county.

Please leave the county funding as it stands today.

Mahalo for your consideration.

Aloha,

Terryl Vencl
Executive Director



Maui Hotel & Lodging
ASSOCIATION

February 24, 2009

The Honorable Marcus Oshiro, Chair
Committee on Finance
House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chairman Oshiro & Members of the Committee on Finance,

I represent the Maui Hotel & Lodging Association (MHLA) – our membership includes approximately 120 property and allied business members – all of whom have an interest in the visitor industry. Collectively we employ over 10,000 Maui county residents.

MHLA opposes HB 1744 entitled Relating to the Transient Accommodation Tax. The ramification of suspending Maui County's share of the TAT for the next six years would be devastating to our already weakened economy.

There is no doubt that the visitor industry has taken a hard hit since the airline crisis early last year and the subsequent economic downfall felt across the nation. As the driving economic engine for Maui County, our declining industry has negatively affected many lives, businesses and jobs. Taking away Maui's share of the TAT would exacerbate an already vulnerable economy.

We ask for your support in opposing HB1744.

Thank you for your consideration.

Sincerely,

Carol Reimann
Executive Director



**HAWAII HOTEL & LODGING
ASSOCIATION**

2270 Kalakaua Ave., Suite 1506
Honolulu, HI 96815
Phone: (808) 923-0407
Fax: (808) 924-3843
E-Mail: hhla@hawaiihotels.org
Website: www.hawaiihotels.org



31st Anniversary
Are You Walking???
May 16, 2009
(Always the 3rd Saturday in May)
www.charitywalkhawaii.org

**TESTIMONY OF MURRAY TOWILL
PRESIDENT
HAWAII HOTEL & LODGING ASSOCIATION**

February 26, 2009

RE: HB 1744 Relating to the Transient Accommodations Tax

Good afternoon Chairman Oshiro and members of the House Committee on Finance. I am Murray Towill, President of the Hawaii Hotel & Lodging Association.

The Hawaii Hotel & Lodging Association is a statewide association of hotels, condominiums, timeshare companies, management firms, suppliers, and other related firms and individuals. Our membership includes over 170 hotels representing over 47,300 rooms. Our hotel members range from the 2,523 rooms of the Hilton Hawaiian Village to the 4 rooms of the Bougainvillea Bed & Breakfast on the Big Island.

The Hawaii Hotel & Lodging Association opposes HB 1744 Relating to the Transient Accommodations Tax. This bill would suspend TAT distribution to the counties for 6 years. We recognize that the State is facing severe budget problems, but we do not support this solution. Transient Accommodations Tax ("TAT") revenues were given to the counties in recognition that many of the impacts and infrastructure requirements generated by the visitors fall under county jurisdiction. We believe this situation continues today and these funds should continue to be provided to the counties.

Since the counties have limited options for raising revenue, diversion of the TAT revenue away from them would only shift part of the fiscal problem from one level of government to another. In fact, the counties have fewer options to consider when dealing with difficult economic times.

Mahalo for this opportunity to testify.



maui economic development board, inc.

February 25, 2009

The Honorable Marcus R. Oshiro
Chair, House Finance Committee
Hawaii State Capitol
Honolulu, Hawaii 96813

VIA Email: fintestimony@capitol.hawaii.gov

Re: Testimony in Opposition to HB 1744 Relating to Transient Accommodation Tax and Suspension of Distribution to Counties

Date: Thursday, February 26, 2009, 12 p.m., Conference Room 300

Dear Chair Oshiro,

Thank you for this opportunity to provide testimony regarding HB 1744 relating to the Transient Accommodation Tax.


Since inception, Maui Economic Development Board Inc. was founded with diversification of the island's largely agricultural economy as one of our primary goals. Without a doubt, tourism is now one of the main drivers of the Maui economy, and through the portion of the Transient Accommodation Tax (TAT) that is distributed to Maui County, the industry is an important source of revenue to the County. Approximately \$22 million, or 6.6 percent of General Fund revenues and 4 percent of all County revenues, is attributable to TAT.

At a time of economic downturn, with Maui's tourism industry adversely affected, the tax base for the County is already under downward pressure. The Counties, in common with the State, are cutting their budgets, and losing such a significant tranche of revenue would cause hardship for Maui County residents and constituents and negatively affect County services and programs.

The original intent of the distribution of some TAT funds to the Counties was to help mitigate the cost of infrastructure impacts of visitors to the islands, and since these tax funds are in part generated by the tourism industry in Maui County, it would cause significant hardship to now withhold these revenues in such a tenuous economic climate.

I am concerned that the proposed bill will affect Maui County adversely, and I urge you to keep the current tax distribution unchanged. I would advocate collaborative solutions between the State and Counties in addressing current revenue shortfalls.

Sincerely Yours,


Jeanne Unemori Skog
President & CEO

1305 N. Holoopono Street, Suite 1
Kihei, Maui, Hawaii 96753

telephone: 1.808.875.2300
facsimile: 1.808.879.0011
www.medb.org



Grand Wailea Resort

HOTEL & SPA

Maui, Hawaii

The Waldorf Astoria Collection

February 25, 2009

Committee of Finance
Rep. Marcus R. Oshiro, Chair
39th Representative District
Hawaii State Capitol, Room 306
415 South Beretania Street
Honolulu, HI 96813

Re: HB 1744 – RELATING TO THE TRANSIENT ACCOMMODATIONS TAX
Suspends for 6 years from July 1, 2009 to Jun 30, 2015 the distribution of transient accommodations tax revenues to the counties.

NOTICE OF HEARING to be held on Thursday, February 26, 2009 at 12:00 p.m.

Dear Representative Oshiro,

Please accept this testimony in reference to HB1744. The Grand Wailea Resort is in support of Maui County continuing to receive its portion of the transient accommodations tax revenues.

The Grand Wailea Resort represents one of the islands largest resorts and we are critically aware of the importance of the transient accommodations tax revenues. To relinquish this in these uncertain and economically unstable times would have a devastating impact to not just the hotel industry, but to tourism in Maui. The anticipated \$20-\$22 million loss per year constitutes a \$120-\$132 million over a 6 year term. The hotel industry is facing dynamic times and is reducing costs wherever possible and enforcing massive cost containment where possible. Recovery from the current environment is already a challenge of immeasurable amounts. The transient accommodations tax revenues removal would constitute a devastating blow to the County of Maui in meeting the needs of the Citizens of Maui. Without these funds, our County government would be crippled. The State has already significantly reduced funding to its agencies in Maui County, as well as many non-profits serving our community. While \$20-\$22 million per year will have little impact on solving the state's financial problems, it would throw our County government into a serious financial crisis. It would also make it extremely difficult for the County to continue to financially support the Maui Visitor's Bureau.

The Maui Visitors Bureau is an extremely important alliance for us and we rely heavily on their efforts in the creation and distribution of promotions and marketing efforts in order to remain a leader in tourism. We encourage you to strongly reconsider and NOT pass this bill.

Mahalo,

Kai Pelayo
Director of Operations
(808) 874-2426

THE TWENTY-FIFTH LEGISLATURE
REGULAR SESSION OF 2009

HOUSE OF REPRESENTATIVES
Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
State Capitol, Conference Room 308
Thursday, February 26, 2009; 12:00 p.m.

STATEMENT OF THE ILWU LOCAL 142 ON HB 1744

The ILWU Local 142 opposes HB 1744 RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

The ILWU Local 142 has over 10,000 members working in the tourism industry statewide, primarily in neighbor island hotels. Initially when transient accommodation taxes were proposed, the ILWU opposed such legislation because of the effect of increasing the cost of a hotel room. However, because of the need for a dedicated source of revenue to pay the debt service on the Hawaii Convention Center and for general tourism promotion, the Union supported the establishment of the Transient Accommodations Tax (TAT). It was recognized at that time that a significant portion of the revenue collected would come from tourist accommodation on the neighbor islands where there was no Convention Center and that the tourism industry had a significant impact on the infrastructure of all the Counties. Therefore, a major portion of the revenue from the TAT was shared with the Kauai, Maui and Hawaii Counties, as well as with the City and County of Honolulu. The formula for revenue sharing among the different interests as carefully crafted.

The principles underlining the establishment of a dedicated revenue stream through the TAT and the sharing of revenue with the Counties have not changed nor have their needs diminished. It is unfair and shortsighted to suspend revenue sharing from the TAT with the Counties in order to divert the monies to the State's General Fund. When the total revenues from the TAT go down, the Counties also have a proportional reduction in their share and thus are already affected by the downturn of the tourism industry.

The ILWU Local 142 strongly opposes HB 1744 and recommends the bill be held. Thank you for your consideration of our position on this important matter.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 12:22 PM
To: FINTestimony
Cc: dawn.kane@mauicondo.com
Subject: Testimony for HB1744 on 2/26/2009 12:00:00 PM

Testimony for FIN 2/26/2009 12:00:00 PM HB1744

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Dawn Kane
Organization: Individual
Address: 971 Hoomahana Pl Makawao, HI 96768
Phone: 808-572-8662
E-mail: dawn.kane@mauicondo.com
Submitted on: 2/25/2009

Comments:

TA Tax should not be used only to the benefit of Oahu. It is generated by each County and should be used to support each Counties infrastructure. All Counties have growth issues that affect the desire of visitors to return. For years we have heard from Maui Visitors there displeassure with the roads and traffice particularly on the West Side of the Island which generates significant revenue to the State. We need to take care of every County not just Oahu to provide a positive vistor and kaamaina experince. The "State of Hawaii" is not just the "island of Oahu";.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 24, 2009 3:57 PM
To: FINTestimony
Cc: allan@crhmaui.com
Subject: Testimony for HB1744 on 2/26/2009 12:00:00 PM

Testimony for FIN 2/26/2009 12:00:00 PM HB1744

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Allan Raikes
Organization: Condominium Rentals Hawaii
Address: 362 Hulu Lii Pl #204 Kihei, HI
Phone: 808-874-6332
E-mail: allan@crhmaui.com
Submitted on: 2/24/2009

Comments:

February 24, 2009

To the Honorable Members of the House Committee on Finance:

With reference to proposed bill HB1744, I would like to go on record as strongly opposed to this measure. As a 15 + year resident of Maui County, and active voter, my profession has always been linked to the visitor industry. TAT funnels many millions of dollars into our counties and economy annually. These dollars support numerous programs and organizations that in turn funnel visitors back to our islands. These visitors support me, my employees, family, friends and colleagues.

This is not the time to take much needed revenue out of county hands. It is unfair and unjust to see these tax revenues, supported by the visitors to Maui County, taken away from our county and kept in the General Fund. To be completely honest, I am shocked this is even under consideration.

I humbly ask you to consider this measure very carefully and to make the right decision. Do not allow this to go forward.

Sincerely,
Jennifer Sylvester

809
586 6001

Hawaii State Legislature Submit Testimony by Email

1) Enter a measure to get corresponding hearing notice for (ex. HB1 or SB9) and click Get Latest Hearing.

HB No, 1744

Committee:

Room:

Hearing Date:

2) Verify the correct hearing above, if it is not accurate, click Clear to enter a new measure

3) Once the correct hearing is selected, enter the information in the fields below and click Submit at the bottom of the page. Fields marked with an * are required.

Name: David Gleason *

Email Address: dgleason@mauilani.com *

Verify Email Address: dgleason@mauilani.com *

Organization

Individual

Phone Number: 808 876 0465

Street: 437 Kolohala Drive

City, State: Kula, HI

Support

Testifier Position Oppose

Comments Only

Will you be present at the hearing? Yes

No

Testimony file to be uploaded:

Proposed Amendments file to be uploaded:

(Alphanumeric and punctuation characters only please)

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Additional Comments: The 44.8 percent of the transient accomodation tax should continue to be distributed to the counties. Maui County has as well as all counties been struggling with low visitor counts. Maui Counties fair share of this tax must remain in order to better accomodate those visitors we do have and to help attract any prospective travelers to Maui. This is critical to Maui's visitor industry. More jobs will be lost if Maui doesn't receive it's fair share. The quality of our overall visitor experience will decrease. Thank you for the opportunity to submit this testimony.

All testimony and information submitted will be posted on the Hawaii Legislature's website.

Submit:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 24, 2009 4:04 PM
To: FINTestimony
Cc: naluli@mauiian.com
Subject: Testimony for HB1744 on 2/26/2009 12:00:00 PM

Testimony for FIN 2/26/2009 12:00:00 PM HB1744

Conference room: 308
Testifier position:
Testifier will be present: No
Submitted by: Nane W. Aluli
Organization: Individual
Address: 5441 L. Honoapiilani Rd Lahaina, HI
Phone: 808-669-6205
E-mail: naluli@mauiian.com
Submitted on: 2/24/2009

Comments:

My name is Nane Aluli. I am currently the General Manager of the Mauiian Hotel in Napili, a community north of Lahaina. I am very strongly opposed to the Legislatures consideration of not sharing the Transient Accommodations Tax with the Counties. I know that the State is have very difficult financial issues right now. We all are. The Counties need EVERY TAX dollar we deserve to be able to fund programs for our counties and contiune to do everything in our power to attract visitors to the County of Maui. PLEASE, PLEASE DO NOT TAKE THE TRANSIENT ACCOMMODATION TAXES DUE TO THE COUNTIES AWAY FROM US.

Aloha,
fr. Nane W. Aluli

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 24, 2009 4:03 PM
To: FINTestimony
Cc: mtorchiana@drhmaui.com
Subject: Testimony for HB1744 on 2/26/2009 12:00:00 PM

Testimony for FIN 2/26/2009 12:00:00 PM HB1744

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: John Maynard Torchiana
Organization: Individual
Address: 10 Wailea Ekolu Place #1102 Kihei
Phone: 8088916201
E-mail: mtorchiana@drhmaui.com
Submitted on: 2/24/2009

Comments:
Dear Committee

I have been on Maui working in the visitor industry for the past 22 years. In fact I remember when the TAT was first proposed and the support you got from our industry. The understanding was that percentages of the funds generated would be earmarked for the outer islands and to fund tourism marketing for the Hawaiian Islands. Keeping this money on Oahu would be a breach of the deal the legislature made with us to gain our support. Now is not the time to be taking money from the outer islands and using it for other purposes that may not have a benefit to the outer islands. A good example of this would be Oahu convention center that costs the outer islands money with no benefit regardless of how you may spin it. The \$8M deficit the convention runs every year should be funded by an additional Honolulu convention center tax like it is everywhere else. Perhaps your answer for more revenues should be a 2% convention tax on the Honolulu or Oahu business.

Please leave our Maui County funding as is.

Mahalo

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 24, 2009 3:52 PM
To: FINTestimony
Cc: blennon@hawaii.rr.com
Subject: Testimony for HB1744 on 2/26/2009 12:00:00 PM

Testimony for FIN 2/26/2009 12:00:00 PM HB1744

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Rebecca Lennon
Organization: Maui Venture d/b/a Best Western Pioneer Inn
Address: 658 Wharf Street Lahaina, HI 96761
Phone: 808-661-3636
E-mail: blennon@hawaii.rr.com
Submitted on: 2/24/2009

Comments:
Honorable representatives:

We at the Best Western Pioneer Inn would like to go on record in opposition of HB 1744. In our to support our infrastructure and marketing efforts for Maui we need for the transient accomodation dollars raised on Maui to stay on Maui. Please help us keep Maui No Ka Oi.

Respectfully,
Rebecca Lennon
Controller
Best Western Pioneer Inn
Lahaina, Maui

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 24, 2009 2:49 PM
To: FINTestimony
Cc: bill.rees@outrigger.com
Subject: Testimony for HB1744 on 2/26/2009 12:00:00 PM

Testimony for FIN 2/26/2009 12:00:00 PM HB1744

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: William T Rees
Organization: Individual
Address: 2661 Kekaa Dr Lahaina, HI
Phone: (808) 667-4210
E-mail: bill.rees@outrigger.com
Submitted on: 2/24/2009

Comments:

To Whom it May Concern:

Tax revenue earned by Maui County businesses should stay within Maui County. Please do not attempt to balance the state budget on the backs of Maui County by withholding our tax revenue. As you may know, there exists a huge anti-Oahu sentiment on the neighbor islands; these types of bills claiming to be for the good of the entire state while taking away revenues from individual counties only serve to further those feelings.