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Statement of
MARSHA WIENERT
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Department of Business, Economic Development & Tourism
before the

HOUSE COMMITTEE ON TOURISM, CULTURE & INTERNATIONAL AFFAIRS

Monday, February 2, 2009
8:30 a.m.

State Capitol, Conference Room 312

in consideration of
HB 753
TRANSIENT ACCOMMODATIONS TAX.

Chair Manahan, Vice Chair Tokioka and Members of the House Committee on Tourism, Culture and International Affairs.

The Department of Business, Economic Development and Tourism appreciates the intent of HB 753, but has concerns about its impact on the General Fund. HB 753 repeals the cap on the deposit of transient accommodations tax (TAT) revenues into the convention center enterprise special fund and increases the percentage of TAT revenues to be deposited into the tourism special fund from 34.2% to 37.9%. It also repeals the deposit of excess revenues into the general fund.

Currently, the Hawai'i Convention Center's TAT revenues are capped at \$33 million. By repealing the cap on the center's revenues, it would allow the center to continue to upgrade and enhance the facility and cover increased operating costs. A repeal of the cap, however, would create a loss in revenue to the General Fund, which has not been taken into consideration in the Executive Biennium Budget.

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We also appreciate the intent to raise the percentage of TAT funds that go into the tourism special fund from 34.2% to 37.9%, which was the original percentage share that the tourism special fund received. We believe that tourism marketing is an investment in our economy. It has been proven time and again that increased marketing is one of the quickest ways to get our economy back on its feet.

While we support the intent of this measure, the impact to the General Fund, according to the latest Council on Revenues projections, would be a loss of \$12.253 million in FY 2010 and \$14.077 million in FY 2011. As these losses have not been taken into consideration in the Executive Biennium Budget, we cannot support this measure at this time. However, we do believe that increased marketing will generate additional revenue through other taxes that benefit the general funds of the state.

Thank you for giving me the opportunity to comment on HB 753 and I look forward to discussing this matter further.

LATE TESTIMONY

HOUSE OF REPRESENTATIVES
25th LEGISLATURE
REGULAR SESSION of 2009

COMMITTEE ON TOURISM, CULTURE & INTERNATIONAL AFFAIRS
Representative Joey Manahan, Chair

2/02/09
8:30 AM – Room 312

HB 753
Relating to Transient Accommodations Tax (TAT)

Chair Manahan and members of this Committee,

My name is Max Sword, here on behalf of Outrigger Hotels, to offer our support of this bill.

HB 753 proposes to increase the percentage of the TAT being allocated to the Hawaii Tourism Authority (HTA) from the current level of 34%, to 37.9%. This percentage represents a return to the original percentage that was allocated to the HTA when it was originally formed.

When HTA was formed the tourism industry was in a slump, as we are now. With a return to the full allocation, it will help the industry turn the corner during this current economic downturn.

In short, the industry needs the extra funds for increased marketing. Remember the old adage, "Out of Sight, Out of Mind." People around the world are still traveling, but Hawaii will be replaced by other destinations if we do not keep ourselves top of mind to the traveling public.

Mahalo for allowing me to testify and we urge the passage of this bill.

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