

SB 1272



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Testimony of
Lloyd I. Unebasami
Interim President and Chief Executive Officer
Hawai'i Tourism Authority

on
S.B. 1272, S.D. 1
Relating to Taxation

Senate Committee on Ways and Means
Wednesday, March 4, 2009
9:30 a.m.
Conference Room 211

The Hawai'i Tourism Authority (HTA) strongly opposes S.B. 1272, S.D. 1, which proposes to allocate a percentage of transient accommodations tax revenues to the Pest Inspection, Quarantine, and Eradication Fund, and change the allocation to the State Parks Special Fund and the deposit of funds for the statewide trail and access program.

There is a nexus between the impact of the visitor industry and the state parks system and the statewide trail and access program.

In its Kahului Risk Assessment, however, the Department of Agriculture found that "aircraft, passenger carry-on, and checked baggage were low risk for the importation of alien species," and that the "highest risk was with agricultural commodities imported as cargo."

In 2008, the Legislature passed H.B. 2843, which became Act 3, Special Session of 2008, which imposed a "fee for the inspection, quarantine, and eradication of invasive species." The fees collected by the Department of Agriculture are to be deposited into the Pest Inspection, Quarantine, and Eradication Fund, for the operation of pest inspection, quarantine, eradication, biosecurity, and monitoring programs. Act 3, imposes a fee of 50 cents for every one thousand pounds of freight brought into the state.

If the purpose of S.B. 1272 S.D. 1 is to increase the funding of the Pest Inspection, Quarantine, and Eradication Fund, the HTA suggests that Act 3, Section 150A-5.3 be amended to increase the fee on the commodities with the highest risk for importation of alien species.

For the Pest Inspection, Quarantine, and Eradication Fund, the TAT does not meet the test for special funds that requires a "clear nexus between the benefits sought and charges made upon the users."

Thank you for the opportunity to offer these comments.

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 1272, S.D. 1

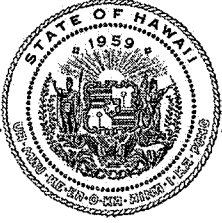
March 4, 2009

RELATING TO TAXATION

Senate Bill No. 1272, S.D. 1, amends the transient accommodations tax to require an unspecified amount of tax revenues to be deposited into the tourism special fund which is then subsequently allotted among the State parks special fund, the special land and development fund and the newly established pest inspection, quarantine, and eradication fund. The proposed measure also includes an unspecified percentage earmarked for the State parks special fund, the special land and development fund, and adds the pest inspection, quarantine, and eradication special fund to be funded.

Currently, Section 2370-6.5(b)(2), Hawaii Revised Statutes, provides that of the first \$1 million in revenues deposited into the tourism special fund, 90 percent of the revenue shall be deposited into the State parks special fund, and 10 percent of the revenue be deposited into the special land and development fund. After other statutorily mandated transfers, all excess revenues become realization to the general fund. This draft proposes to amend the current \$1 million amount that will likely increase because of the addition of a third fund to receive an earmarked amount.

We oppose this measure and cannot support any measure that reduces or eliminates the general fund's interest in transient accommodations revenues because it would negatively impact the State's general fund financial plan.



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Written statement of
MARSHA WIENERT
Tourism Liaison
Department of Business, Economic Development & Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS
Wednesday, March 4, 2009
9:30 a.m.
State Capitol, Conference Room 211

in consideration of
SB 1272 SD1
RELATING TO TAXATION.

Chair Kim, Vice Chair Tsutsui and Members of the Senate Committee on Ways and Means.

The Department of Business, Economic Development and Tourism opposes SB 1272 SD1, which amends the transient accommodations tax to require that the first amount of tax revenues deposited into the tourism special fund be appropriated to the state parks special fund, the Hawai'i statewide trail and access program through the special land and development fund and the pest inspection, quarantine and eradication fund.

Currently, 90% of the first \$1 million of tax revenues deposited into the tourism special fund is appropriated to the state parks special fund and 10% is deposited into the special land and development fund established for the Hawai'i statewide trail and access program and we agree with this appropriation.

While we believe that it is important to protect our environment and that there is a need for further pest inspections, we have concerns with continuing to utilize the tourism special fund for purposes other than marketing, especially now—when the visitor industry is struggling to stay alive, many of our residents are unemployed and our economy is worse than it has been in a very long time.

Diverting tourism special funds away from marketing at this critical period is not in the best interest of the people of Hawai'i and our economy.

Therefore, we respectfully request that this bill be held.

Thank you for the opportunity to comment on SB 1272 SD1.