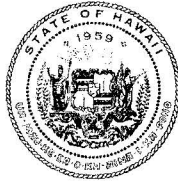


LINDA LINGLE  
GOVERNOR

JAMES R. AIONA, JR.  
LT. GOVERNOR



KURT KAWAFUCHI  
DIRECTOR OF TAXATION

SANDRA L. YAHIRO  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF TAXATION  
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**HOUSE COMMITTEE ON TOURISM, CULTURE & INTERNATIONAL AFFAIRS  
TESTIMONY REGARDING SB 1226 SD 2  
RELATING TO THE TOURISM SPECIAL FUND**

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

**DATE: MARCH 16, 2009**

**TIME: 8:30AM**

**ROOM: 312**

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This measure amends the amount of Transient Accommodations Tax (TAT) that is deposited into the tourism special fund from 34.2% of TAT collections to an unspecified amount of collections. This measure could potentially reduce the amount of TAT deposited to the general fund.

The Department of Taxation (Department) takes no position on the merits of this measure; however **opposes any amendment that reduces the amount of transient accommodations tax deposited to the benefit of the general fund.**

If amended to decrease the amount deposited to the tourism special fund, this legislation may have the affect of underfunding the important tourism programs necessary to help the State through these tough economic times, especially as the programs relate to the State's largest industry.

If amended to increase the amount deposited to the tourism special fund, this legislation could drastically impact the general fund revenue stream. The Department cannot support modifications to tax provisions that are not factored into the budget.

This measure's revenue impact is indeterminate due to the blank amounts.

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LINDA LINGLE  
GOVERNOR  
MARSHA WIENERT  
TOURISM LIAISON

## TOURISM LIAISON

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Statement of  
**MARSHA WIENERT**  
**Tourism Liaison**  
Department of Business, Economic Development & Tourism  
before the  
**HOUSE COMMITTEE ON TOURISM, CULTURE & INTERNATIONAL AFFAIRS**  
Monday, March 16, 2009  
8:30 a.m.  
State Capitol, Conference Room 312

in consideration of  
**SB 1226 SD2**  
**RELATING TO THE TOURISM SPECIAL FUND.**

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 has concerns with SB 1226 SD2, as it leaves blank the percentage of transient accommodations tax (TAT) that is deposited into the tourism special fund.

If the intent of leaving the percentage of TAT funds deposited into the tourism special fund is to reduce the percentage, we have major concerns with SB 1226 SD2. We are concerned that by reducing the amount of TAT that is deposited into the tourism special fund, it could impact critical marketing programs and hinder further revenue generation for our economy through tourism.

The tourism special fund and tourism marketing should be considered as investments in jobs and tax revenue and any decrease in those funds, especially now, could negatively impact our economy.

If the intent in leaving the percentage of TAT funds blank is to increase the percentage deposited into the tourism special fund, then we support the intent of increasing the percentage. The state's economic sustainability plan includes increased tourism marketing and tourism outreach. History shows that in times of economic challenges, increased tourism marketing allows the economy to recover faster.

While we support the intent of increasing the TAT percentage, this has not been taken into consideration in the Executive Biennium Budget and would have to be allowed for if passed.

Thank you for the opportunity to comment on SB 1226 SD2.

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**HAWAI'I HOTEL & LODGING  
ASSOCIATION**

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31<sup>st</sup> Anniversary  
Are You Walking???  
May 16, 2009  
(Always the 3<sup>rd</sup> Saturday in May)  
[www.charitywalkhawaii.org](http://www.charitywalkhawaii.org)

**TESTIMONY OF MURRAY TOWILL  
PRESIDENT  
HAWAI'I HOTEL & LODGING ASSOCIATION**

**March 16, 2009**

**RE: SB 1226 SD2 Relating to the Tourism Special Fund**

Good morning Chairman Manahan and members of the House Committee on Tourism, Culture and International Affairs. I am Murray Towill, President of the Hawai'i Hotel & Lodging Association.

The Hawai'i 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 Hawai'i Hotel & Lodging Association opposes SB 1226 SD2 Relating to the Tourism Special Fund. SB 1226 SD2 currently has a blank percentage of funds going to the Hawaii Tourism Authority ("HTA"). We oppose the potential reduction of the Transient Accommodations Tax ("TAT") funds going to the Tourism Fund of the Hawaii Tourism Authority ("HTA").

When the HTA was created in 1998, 37.9% of the TAT was dedicated to the Tourism Fund. This percentage was agreed upon when the industry agreed to an increase in the TAT in order to fund the HTA. We strongly oppose any further reduction in the funds.

In recent years as tourism has prospered and the TAT revenue increased, the HTA has been able to increase the funding to the diverse activities included in its broad mandate. Unfortunately, the severe economic downturn we are facing is reducing the funds to the HTA due to the falling TAT revenue. The downturn has also increased the need for marketing. While HTA needs to maintain a balance in its funding initiatives, they must once again focus on marketing to help stimulate our economic recovery. Reducing the TAT funds going to the HTA would compound the problems already being created by falling TAT revenue caused by the slowdown in visitor arrivals.

We urge you to at least restore the percentage of TAT going into the HTA to 34.2% and hopefully increase it.

Mahalo again for this opportunity to testify.

CC0045

Representative Joey Manahan, Chair  
Representative James Kunane Tokioka, Vice Chair  
Committee on Tourism, Culture and International Affairs



HEARING Monday, March 16, 2009  
8:30 am  
Conference Room 312  
State Capitol, Honolulu, Hawaii 96813

**RE: SB 1226, SD2, Relating to the Tourism Special Fund**

Chair Manahan, Vice Chair Tokioka, and Members of the Committee:

Retail Merchants of Hawaii (RMH) is a not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii.

**RMH opposes SB1226, SD2**, which removes the per cent of transient accommodations tax that is deposited into the tourism special fund from 34.2 per cent to a blank per cent.

Since 1998, when the HTA was created, the original 37.9% that was dedicated to the Tourism Fund has been decreased to 34.3%. Given the current state of Hawaii's economy and the declining visitor arrivals, the 34.2% share has already resulted in reduced funds for the HTA programs. SB1226, SD2 proposes to decrease it even further.

This is the time for the HTA and the state of Hawaii to increase tourism marketing in order to regain marketshare and remain top of mind for travelers. This is not the time to cut funding.

Our tourism retailers are experiencing double-digit decreases in sales. Most that had expansion plans in the works have canceled them; some have just shut their doors. Layoffs and declines in job growth are an unfortunate consequence.

**We respectfully request that you further amend SB1226, SD2 to INCREASE the percentage deposited into the tourism special fund to the original amount.** Thank you for your consideration and for the opportunity to comment on this measure.

Carol Pregill, President

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000046

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March 13, 2009

**COMMITTEE ON TOURISM, CULTURE, & INTERNATIONAL AFFAIRS Hearing March 16, 2009 Conference Room 312 at 8:30 AM**

**RE: Our Opposition to SB1226 SD2 and our suggestion for another course of action**

**Aloha Chairperson Joey Manahan and Members of the COMMITTEE ON TOURISM, CULTURE, & INTERNATIONAL AFFAIRS:**

Waikiki Beach Activities has provided pool, beach and water sports services (including lifeguards, surf instructors and beach boys) for hotel guests, visitors and residents for the last two decades at the Hilton Hawaiian Village Beach Resort Spa. Our staff is composed of watermen and waterwomen, mostly born and raised in Hawaii.

Waikiki Beach Activities opposes SB 1226 because it could decrease the amount of TAT Tax in the Tourism Special Fund. This is the time to increase the amount of TAT tax deposited in the Tourism Special Fund thus providing the necessary funding to promote Hawaii during this slow period.

Because of the possible reduction in funds necessary to promote our major industry we must oppose SB1226.

Aloha,

Bob Hampton  
President

*We deliver the Experience*

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