

THE TWENTY-FIFTH LEGISLATURE  
REGULAR SESSION OF 2010

LATE

THE SENATE  
COMMITTEE ON WAYS AND MEANS  
Senator Donna Mercado Kim, Chair  
Senator Shan Tsutsui, Vice Chair

State Capitol, Conference Room 211  
Monday, March 29, 2010, 9:30 a.m.

**COMMENTS OF THE ILWU LOCAL 142 ON H.B. 2598, HD1, SD1  
RELATING TO TRANSIENT ACCOMMODATIONS TAX**

The ILWU Local 142 initially opposed H.B. 2598 Relating to Transient Accommodations Tax (TAT) which would have suspended the distribution of the Counties' share of the TAT from July 1, 2010 to June 30, 2013.

The hotel industry long opposed the imposition of a hotel room tax as detrimental to Hawaii in a highly competitive worldwide tourism market. However, with the need to fund the building of the Hawaii Convention Center and the allocation of dedicated funding for Hawaii tourism promotion, the establishment of the Transient Accommodations Tax (TAT) made sense. As part of that consensus, a portion of the TAT collected was allocated to the Counties. 44.8% of the total is allocated and distributed by formula among the Counties -- 14.5% to the County of Kauai, 18.6% to Hawaii County, 22.8% to the County of Maui and 44.1% to the City and County of Honolulu. The allocation recognizes that there is a direct and indirect impact on the Counties from the tourism industry and that the TAT is collected from hotel room rentals from throughout the State of Hawaii, while the Hawaii Convention Center is physically located on Oahu.

While it was understandable that the current fiscal crisis in the State of Hawaii led to the consideration of many different revenue enhancing options in order to fill the shortfall in the State budget, we expressed great concern about the negative impact on the Counties of the proposed three year suspension of the distribution of their share of the TAT because, in general, Counties have only one option to raise income, and, in particular, the neighbor island Counties have experienced a disproportional impact from the economic downturn. Their share of the TAT makes up a greater portion of their budgets.

As for the ILWU Local 142, over half of our membership work in the tourism industry, and about 75% to 80% of our members live and work on the neighbor islands. They have

expressed to us their objection to the State taking the County share of the TAT.

We believe that the temporary \$94M cap on the distribution of the TAT to the Counties is a reasonable compromise.

Thank you for considering our comments on this important matter.

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**Subject:** Testimony for HB2598 on 3/29/2010 9:30:00 AM  
**Date:** Monday, March 29, 2010 10:56:05 AM

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Testimony for WAM 3/29/2010 9:30:00 AM HB2598

Conference room: 211  
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Comments:

We approve the bill but oppose the amendments HD 1 and SD 1.