

Honolulu, Hawaii

FEB 17 2011

RE: S.B. No. 1186
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Tourism, to which was referred S.B. No. 1186 entitled:

"A BILL FOR AN ACT RELATING TO THE TRANSIENT ACCOMMODATIONS TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to apply the Transient Accommodations Tax to transient accommodations that are furnished on a complimentary or gratuitous basis, or otherwise at no charge, in order to allow the State to realize transient accommodations tax revenue from these gratuitous accommodations.

Your Committee received testimony in opposition to this measure from the Royal Hawaiian Hotel, the Hawai'i Hotel and Lodging Association, and two private citizens. Your Committee received comments on this measure from the Department of Taxation and the Hawai'i Tourism Authority.

Your Committee finds that additional revenue streams are needed to protect the environment, make improvements to public facilities that have been impacted by visitors, and to advance Hawaiian cultural activities. Your Committee further finds that the promotion of Hawaiian culture and the arts should be at the forefront of the State's tourism agenda. Your Committee supports this measure as an opportunity to enhance the State's existing revenue streams in order to achieve these goals.

Accordingly, your Committee has amended this measure by:



- (1) Imposing a daily \$10 tax on transient accommodations that are furnished on a complimentary or gratuitous basis, or otherwise at no charge; and
- (2) For any period beginning on or after July 1, 2011, and ending prior to July 1, 2015:
 - (A) Capping the Transient Accommodations Tax revenues allocated to the Tourism Special Fund at \$69,000,000 per fiscal year;
 - (B) Capping the Transient Accommodations Tax revenues allocated to the counties at \$90,000,000 per fiscal year; and
 - (C) Requiring that \$20,000,000 of the excess Transient Accommodations Tax revenues deposited into the General Fund per fiscal year shall be used for environmental protection, improvements to public facilities impacted by visitors, and advancing Hawaiian culture and the arts.

Prior to amending this measure, a proposed S.D. 1 was prepared by your Committee and made available for public review.

As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1186, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1186, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Tourism,



DONNA MERCADO KIM, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Tourism
TSM

Bill / Resolution No.:* SB 1186	Committee Referral: TSM, WAM	Date: 2/15/11
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The committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	✓			
KOUCHI, Ronald D. (VC)				✓
GALUTERIA, Brickwood	✓			
KAHELE, Gilbert	✓			
SLOM, Sam			✓	
TOTAL	3		1	1

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature:


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*Only one measure per Record of Votes