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# A BILL FOR AN ACT

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. In 1984, the department of planning and  
2 economic development contracted for a study on the potential for  
3 developing a convention center in Hawaii. The study recommended  
4 that the transient accommodations tax be increased by 1.5 per  
5 cent and that one-sixth of the transient accommodations tax  
6 revenues be earmarked to cover the revenue bonds to finance the  
7 convention center. In 1993, the legislature provided that one-  
8 sixth of the transient accommodations tax, subsequently amended  
9 to 17.3 per cent, be deposited into the convention center  
10 capital and operations special fund.

11       In 2002, the transient accommodations tax revenues  
12 deposited into the convention center enterprise special fund  
13 were limited to \$31,000,000, and, in 2006, to \$33,000,000. A  
14 problem arises as a result of the limits on the deposits into  
15 the special fund, because collections are made on a calendar  
16 year basis, but expenditures from the fund are made on the  
17 fiscal year basis. In some years, the \$33,000,000 limit is  
18 achieved in the third month of the fiscal year, October, and no



1 further revenues are deposited into the fund until the new  
2 calendar year. This results in a short-fall in the fund's  
3 ability to pay the debt service for the convention center.

4 The purpose of this Act is to provide for the allocation of  
5 transient accommodations tax revenues to the convention center  
6 enterprise special fund on a fiscal year basis.

7 SECTION 2. Section 237D-6.5, Hawaii Revised Statutes, is  
8 amended by amending subsection (b) to read as follows:

9 "(b) Revenues collected under this chapter, except for  
10 revenues collected under section 237D-2(b), shall be distributed  
11 as follows, with the excess revenues to be deposited into the  
12 general fund:

13 (1) An amount equal to 17.3 per cent of the revenues  
14 collected [~~under this chapter~~] each calendar month of  
15 each fiscal year pursuant to section 237D-6 shall be  
16 [~~deposited into~~] allocated to the convention center  
17 enterprise special fund established under section  
18 201B-8; provided that [~~beginning January 1, 2002, if~~]  
19 the amount of the revenue [~~collected~~] allocated under  
20 this paragraph [~~exceeds~~] shall not exceed \$33,000,000  
21 in any [~~calendar~~] fiscal year [~~, revenues collected in~~



1 ~~excess of \$33,000,000 shall be deposited into the~~  
2 ~~general fund];~~

3 (2) 34.2 per cent of the revenues collected under this  
4 chapter shall be deposited into the tourism special  
5 fund established under section 201B-11 for tourism  
6 promotion and visitor industry research; provided that  
7 for any period beginning on July 1, 2011, and ending  
8 on June 30, 2015, no more than \$69,000,000 per fiscal  
9 year shall be deposited into the tourism special fund  
10 established under section 201B-11; and provided  
11 further that beginning on July 1, 2002, of the first  
12 \$1,000,000 in revenues deposited:

13 (A) Ninety per cent shall be deposited into the state  
14 parks special fund established in section  
15 184-3.4; and

16 (B) Ten per cent shall be deposited into the special  
17 land and development fund established in section  
18 171-19 for the Hawaii statewide trail and access  
19 program;

20 provided that of the 34.2 per cent, 0.5 per cent shall  
21 be transferred to a sub-account in the tourism special  
22 fund to provide funding for a safety and security



1 budget, in accordance with the Hawaii tourism  
2 strategic plan 2005-2015; provided further that of the  
3 revenues remaining in the tourism special fund after  
4 revenues have been deposited as provided in this  
5 paragraph and except for any sum authorized by the  
6 legislature for expenditure from revenues subject to  
7 this paragraph, beginning July 1, 2007, funds shall be  
8 deposited into the tourism emergency trust fund,  
9 established in section 201B-10, in a manner sufficient  
10 to maintain a fund balance of \$5,000,000 in the  
11 tourism emergency trust fund; and

- 12 (3) 44.8 per cent of the revenues collected under this  
13 chapter shall be transferred as follows: Kauai county  
14 shall receive 14.5 per cent, Hawaii county shall  
15 receive 18.6 per cent, city and county of Honolulu  
16 shall receive 44.1 per cent, and Maui county shall  
17 receive 22.8 per cent; provided that for any period  
18 beginning on July 1, 2011, and ending on June 30,  
19 2015, the total amount transferred to the counties  
20 shall not exceed \$93,000,000 per fiscal year.

21 Revenues collected under section 237D-2(b) shall be  
22 deposited into the general fund. All transient accommodations



1 taxes shall be paid into the state treasury each month within  
2 ten days after collection and shall be kept by the state  
3 director of finance in special accounts for distribution as  
4 provided in this subsection.

5 As used in this subsection, "fiscal year" means the twelve  
6 months' period beginning on July 1 of one calendar year and  
7 ending on June 30 of the next succeeding calendar year."

8 SECTION 3. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10 SECTION 4. This Act shall take effect on July 1, 2012;  
11 provided that the amendments made to section 237D-6.5(b), Hawaii  
12 Revised Statutes, by section 2 of this Act shall not be repealed  
13 on June 30, 2015, when section 237D-6.5, Hawaii Revised  
14 Statutes, is reenacted pursuant to Act 61, Session Laws of  
15 Hawaii 2009, and Act 103, Session Laws of Hawaii 2011.

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# H.B. NO. 2314

**Report Title:**

Transient Accommodations Tax; Convention Center Enterprise  
Special Fund

**Description:**

Provides for the allocation of transient accommodations tax  
revenues to the convention center enterprise special fund on a  
fiscal year basis.

*The summary description of legislation appearing on this page is for informational purposes only and is  
not legislation or evidence of legislative intent.*

