

# TAXBILLSERVICE

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**SUBJECT:** TRANSIENT ACCOMMODATIONS, Distribution to convention center enterprise special fund

**BILL NUMBER:** HB 2314, SD-1

**INTRODUCED BY:** Senate Committee on Tourism

**BRIEF SUMMARY:** Amends HRS section 237D-6.5 to provide that distributions of the transient accommodations tax (TAT) to the convention center enterprise special fund shall be made on a fiscal year basis rather than on a calendar year basis.

The amendments made to HRS section 237D-6.5(b) by this measure shall not be repealed on June 30, 2015 when that section is repealed and reenacted by Act 61, SLH 2009, and Act 103, SLH 2011.

Any unexpended and unencumbered moneys determined by the Hawaii tourism authority to be in excess of any unencumbered reserve remaining in the convention center enterprise special fund at the close of fiscal year 2012 may be expended by the authority for repair and maintenance projects of the Hawaii convention center.

**EFFECTIVE DATE:** July 1, 2012

**STAFF COMMENTS:** Currently TAT revenues are distributed to the convention center enterprise special fund on a calendar year basis while expenditures from the fund are made on a fiscal year basis. Since the special fund has a limit of \$33 million, once the special fund reaches \$33 million no additional funds can be deposited into the fund until the next calendar year, which currently results in a shortfall. This measure would provide that the distribution of TAT revenues be on a fiscal year basis in alignment with the payment of expenditures and the rest of the state's financial year.

The amendment made in SD-1 allows any excess funds in the enterprise special fund at the end of fiscal year 2012 to be used for repair and maintenance of the convention center. Hopefully, this is not an indicator that the management of the center does not have a schedule of maintenance reserves to insure that deferred maintenance projects will have the necessary funding when the time occurs.

Digested 3/28/12