

NEIL ABERCROMBIE
Governor

MIKE MCCARTNEY
President and
Chief Executive Officer

Hawai'i Tourism Authority

Hawai'i Convention Center, 1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
Website: www.hawaii-tourism-authority.org

Telephone: (808) 973-2255
Fax: (808) 973-2253

Testimony of
Mike McCartney
President and Chief Executive Officer
Hawai'i Tourism Authority
on
H.B. 2673
Relating to Tourism

House Committee on Tourism
Monday, January 30, 2012
10:00 a.m.
Conference Room 312

The Hawai'i Tourism Authority (HTA) offers the following comments on H.B. 2673, which would require transient accommodation operators or plan managers to inform visitors of the option to donate \$1 to the Department of Land and Natural Resources, to be credited to the State Parks Special Fund.

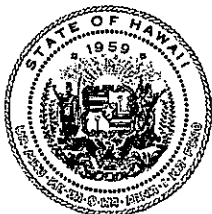
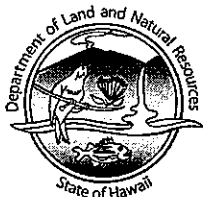
The bill establishes the option to donate \$1 to the Department of Land and Natural Resources, requires the Department to prepare and distribute information to be distributed to the occupants, and requires that the donations be credited to the State Parks Special Fund. H.B. 2673 does not describe how the donations are to be used.

Act 250, Session Laws of Hawaii 2002, provided for the deposit of \$900,000 in TAT revenues into the State Parks Special Fund and specified that the "moneys shall be expended in response to a master plan developed in coordination with the Hawaii Tourism Authority." This provision meets the criteria established in section 37-52.3, HRS, which requires that special funds reflect a clear nexus between the benefits sought and the charges made upon the users or beneficiaries.

We defer to the visitor industry transient accommodations operators on the impact and costs of the administration of this donation requirement.

Thank you for the opportunity to offer these comments.

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

GUY H. KAULUKUKUI
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
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HISTORIC PRESERVATION
KAIHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**Testimony of
WILLIAM J. AILA, JR.
Chairperson**

**Before the House Committee on
TOURISM**

**Monday, January 30, 2012
10:00 AM
State Capitol, Conference Room 312**

**In consideration of
HOUSE BILL 2673
RELATING TO TOURISM**

House Bill 2673 seeks to provide a means for individuals occupying transient accommodations with the ability to donate \$1 to the Department of Land and Natural Resources (Department) for the state park system and authorizes the deposit of these donations into the State Parks Special Fund. The Department supports the intent of this bill but has concerns about the costs to the Department to implement the program.

With over 7 million visitors a year from all over the world, the preparation of information in multiple languages and the distribution to each occupant of a transient accommodation will involve an initial start-up cost. However, the potential for donations to generate substantial revenues for the state park system provides the means to operate the program after start-up. The Department defers to the Department of Taxation regarding the means of collecting and depositing these donations.

The Department recommends working with the Hawaii Tourism Authority and representatives of the hotel industry to evaluate the cost and effectiveness of implementing and operating this program. There may be cost-saving ways to prepare and distribute the information. It is also important to identify and minimize the impacts of this program on the visitor industry.

NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

FREDERICK D. PABLO
DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR
DEPUTY DIRECTOR

To: The Honorable Tom Brower, Chair
and Members of the House Committee on Tourism

Date: Monday, January 30, 2012

Time: 10:00 a.m.

Place: Conference Room 312, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: H.B. 2673 Relating to Tourism

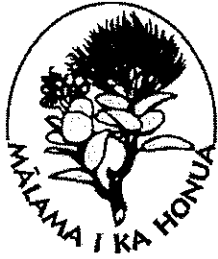
The Department of Taxation (Department) appreciates the intent of H.B. 2673 and provides the following information and comments for your consideration.

H.B. 2673 allows each occupant of a transient accommodation the option to donate \$1 to the State parks special fund. The bill requires the operator and plan manager to remit the amount of the donations collected to the Department on the 15th of each month following the month in which the donation was collected and allocate the donations to the State parks special fund.

Currently, the transient accommodations tax return and payment are due by the 20th day of the month. All other tax return forms are also due on the 20th day of the month. Changing the due date for this tax return form will require the Department to prescribe a new form and impose new procedures for the operator and plan manager for the donations collected.

While the Department understands and appreciates the intent of this bill, the Department cannot support any request which will require changes its forms and computer system, unless the changes are essential for taxpayer compliance. As the Legislature is aware, the Department has an outdated computer system with significant functionality issues. Staffing resources necessary to develop and implement modifications to the system also are insufficient. As a result, the Department's limited resources must be prioritized to address the significant projects that will occur over the next few years, and respectfully request that no new projects be imposed on the Department.

Thank you for the opportunity to testify on this measure.



Sierra Club Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803
808.538.6616 hawaii.chapter@sierraclub.org

HOUSE COMMITTEE ON TOURISM

January 30, 2012, 10:00 A.M.
(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF HB 2673

Aloha Chair Brower and Committee Members -

The Sierra Club, Hawai'i Chapter, with 9,000 dues-paying members and supporters, supports the intent of HB 2673. This bill would allow tourists to donate \$1 to the Department of Land and Natural Resources.

The islands of Hawai'i are blessed with an abundance of natural resources, diverse ecosystems, and stunning beauty unparalleled elsewhere on the Earth. This is the foundation of Hawai'i's tourism industry. For this reason, we need to better protect Hawai'i's environment, and we should use visitor money to do so.

Hawai'i is more committed to marketing its beauty and natural resources than protecting them. We must act to change this before we have nothing left to market. Visitor arrivals have decreased in Waikiki. Tourists are sending the message that Waikiki is overbuilt and unattractive. Visitors aren't seeking concrete jungles and towering resorts. In fact, it's just the opposite.

A survey of 1000 visitors performed in 1998 by the Sierra Club, Maui Group, found that Hawai'i's environment and pristine natural areas were very important in attracting tourists. Respondents chose open spaces, natural beaches, and undeveloped coastlines as reasons they visit Maui. The survey also revealed that visitors would be willing to pay for the protection of Hawai'i's environment. Over 80% of the sample surveyed said that they would be willing to spend an extra dollar on their hotel room tax (transient accommodations tax – TAT) if it was to be spent on preserving and protecting Hawai'i's natural areas.

Mahalo for the opportunity to submit testimony.