

TESTIMONY BY KALBERT K. YOUNG
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STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 2114

February 23, 2012

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

Senate Bill No. 2114 proposes to allocate the Transient Accommodations Tax revenues to the Convention Center Enterprise Special Fund on a fiscal year rather than on a calendar year basis which is the current method.

The department has no objection to this revision but does provide the following information on the context and impact this measure will have on the general fund. Presently, Section 237D-6.5, HRS, allocates 17.3 percent of the Transient Accommodations Tax to the Convention Center Enterprise Special Fund, up to a maximum of \$33,000,000; revenues collected in excess of the \$33,000,000 are deposited to the general fund. In past years, the \$33,000,000 maximum has been reached after about nine months, which results in the general fund receiving the 17.3 percent Transient Accommodations Tax allocation for the remaining three months of the calendar year.

Under this bill, the \$33,000,000 maximum allocation will shift from the calendar year to the fiscal year, effective July 1, 2012. Thus, the Convention Center Enterprise Special Fund will receive the 17.3 percent Transient Accommodations Tax allocation for the first six months of Calendar Year 2012, from January 1, 2012 to June 30, 2012. Then, with the \$33,000,000 resetting to the 2013 fiscal year,

beginning July 1, 2012, the Convention Center Enterprise Special Fund will continue to receive the 17.3 percent Transient Accommodations Tax allocation for the remaining six months of the calendar year from July 1, 2012 to December 31, 2012.

Although it appears the general fund will realize Transient Accommodations Tax losses in October, November and December of 2012, these amounts will be collected by the general fund in April, May and June of 2013. The impact of this measure is revenue neutral, but we do note that the timing of monthly collected revenue going to the Convention Center Enterprise Special Fund and the general fund will change within the fiscal year.