

OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU

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KIRK CALDWELL
MAYOR

EMBER LEE SHINN
MANAGING DIRECTOR DESIGNATE

GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR

TESTIMONY OF KIRK CALDWELL, MAYOR
CITY AND COUNTY OF HONOLULU
BEFORE THE HOUSE
COMMITTEE ON TOURISM

Monday, March 18, 2013, 9:35 a.m., Conference Room 312

HOUSE CONCURRENT RESOLUTION NO. 7, "URGING THE GOVERNOR AND THE LEGISLATURE OF THE STATE OF HAWAII TO PRESERVE THE COUNTIES' SHARE OF THE TRANSIENT ACCOMMODATIONS TAX"

Position: SUPPORT

HOUSE RESOLUTION NO. 8, "URGING THE GOVERNOR AND THE LEGISLATURE OF THE STATE OF HAWAII TO PRESERVE THE COUNTIES' SHARE OF THE TRANSIENT ACCOMMODATIONS TAX"

Position: SUPPORT

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

The City & County of Honolulu strongly supports House Concurrent Resolution No. 7, "Urging the Governor and the Legislature of the State of Hawaii to Preserve the Counties' share of the Transient Accommodations Tax", and House Resolution No. 8, "Urging the Governor and the Legislature of the State of Hawaii to Preserve the Counties' share of the Transient Accommodations Tax".

Each fiscal year, the City & County of Honolulu relies on receiving its share of the TAT in order to sustain its basic City operations. For example, the City's FY13 Proposed Operating Budget projected \$41 million in TAT revenue from the state. Any decrease in this amount would adversely affect our ability to serve the public.

It was recently reported that Hawaii's hotel industry set new records for average room rates and total revenue. In 2012 hotel operators earned \$4.81 billion, which is an all-time high for annual revenues. Furthermore, industry experts are anticipating statewide occupancy rates will continue to grow in 2013.

The issue here is fairness and equity. In FY 2012, the City & County of Honolulu generated \$257.2 million, or 79.4%, of the total \$323.9 million of TAT collected. With the cap imposed in FY 2012, Honolulu only received \$41 million in TAT revenues, which is about 12.7%. Furthermore, the City & County of Honolulu expends a significant amount of its resources to support our tourism industry. Services we provide include ocean safety, park maintenance, police protection, fire protection, bus services, and infrastructure repair and maintenance. The City also provides attractions and activities, such as the Honolulu Zoo, the Hanauma Bay Preservation Park, Royal Hawaiian Band performances, and our municipal golf courses. In FY 2012 the City spent approximately \$74.1 million

City & County of Honolulu TAT Revenues Generated and Received

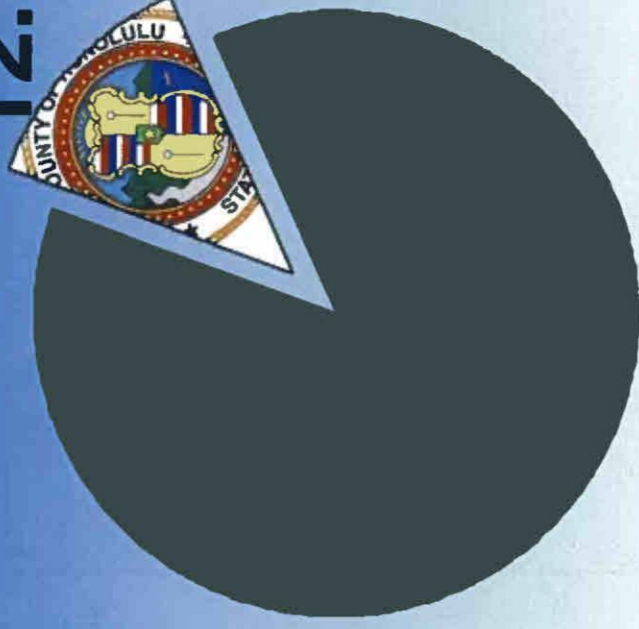
79.4%



Generated: \$257.2 Million

Oahu generated \$257.2 million or 79.4% of the total \$323.9 million of TAT collected in FY 2012.

12.7%

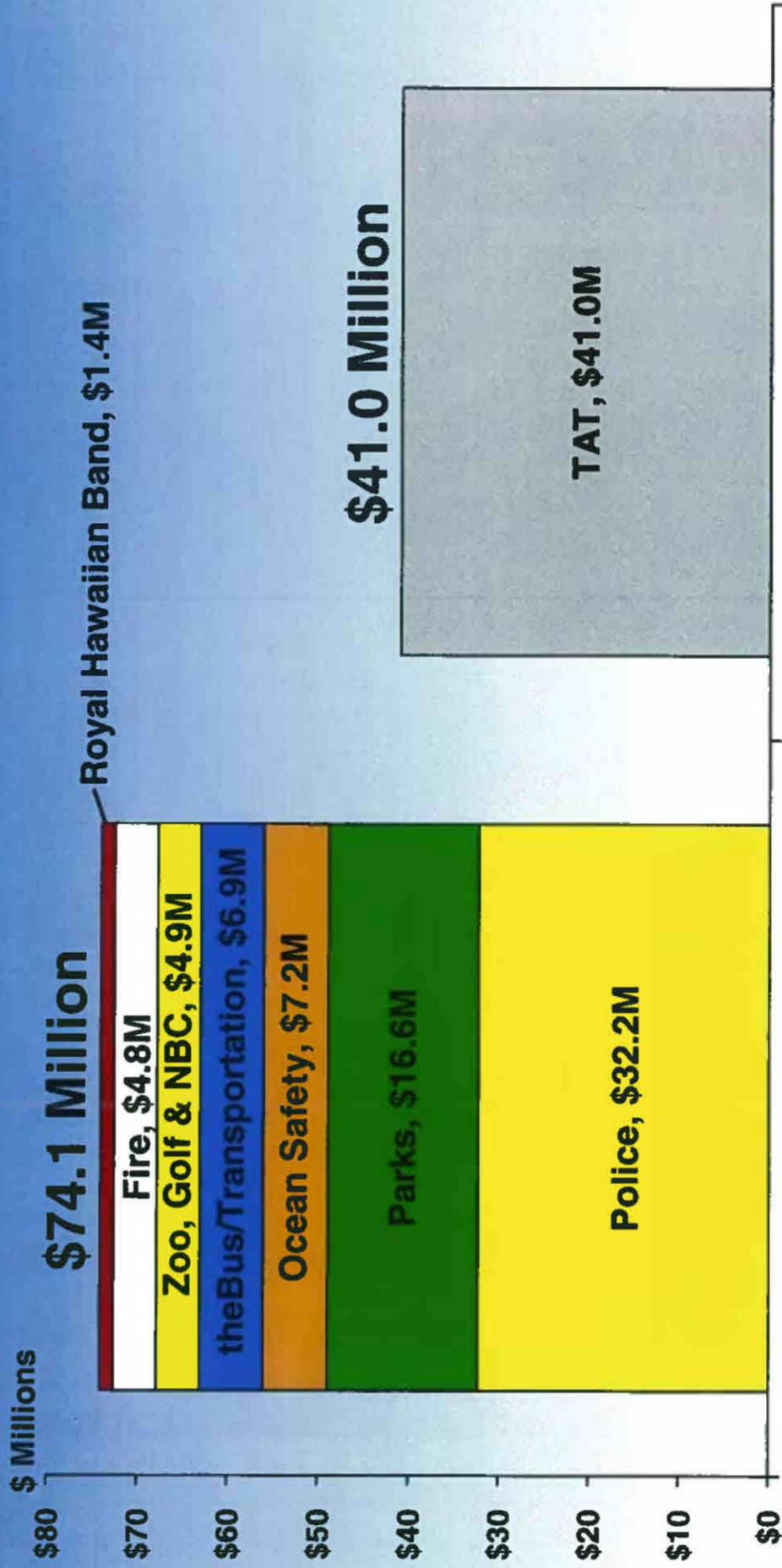


Received: \$41.0 Million

With the cap imposed in FY 2012, Honolulu receives only 12.7%.



City & County of Honolulu Visitor Industry Services



Visitor Costs

TAT

Note: The figures above do not include debt service.

Star Advertiser

Sunday, March 10, 2013

Visitor growth prompts warning

Hawaii's fortunes could reverse if it does not add more accommodations as tourism surges, some experts say

By Allison Schaefer
aschaefer@staradvertiser.com

Will and Kim Parsons of Canberra, Australia, have been talking about Hawaii's tourism industry for years. They've seen the state's tourism industry grow from a small industry to a major one. But they're warning that the industry is running out of headroom and that state leaders need to act now to ensure the industry's sustainability.

Their warning comes in the form of a letter to the Hawaii Tourism Authority, which is currently reviewing the state's tourism strategy. The letter says that the industry is "running out of headroom" and that state leaders need to act now to ensure the industry's sustainability.

The letter also says that the industry is "running out of headroom" and that state leaders need to act now to ensure the industry's sustainability.

warns the state at risk of filling its hotel rooms to capacity and constraining future tourism growth.

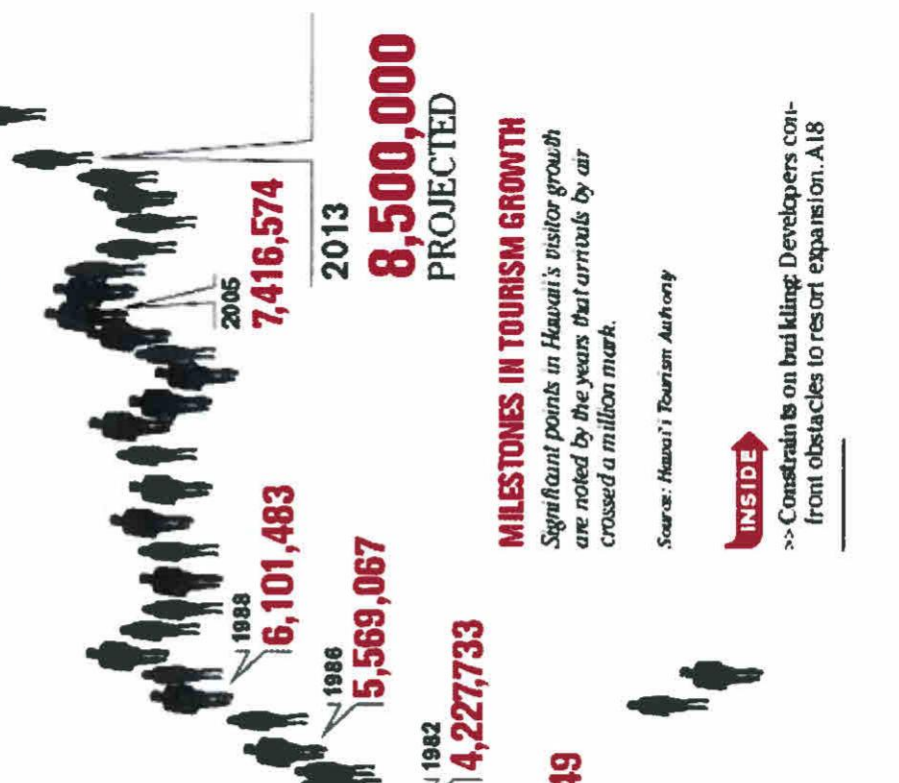
"The party's already over, you just don't know it," said Brewbaker, who as principal of TZEconomics has been sparking controversy at recent economic forums.

Brewbaker theorizes Hawaii's tourism industry is running out of headroom and that state leaders need to act now to ensure the industry's sustainability.

... visitor spending will hit \$15.8 billion this year...

The assumption is that the number of visitors will continue to grow, and that the average spending per visitor will also increase.

Please see TOURISM A18



MILESTONES IN TOURISM GROWTH
 Significant points in Hawaii's visitor growth are noted by the years that arrivals by air crossed a million mark.

Source: Hawaii's Tourism Authority

INSIDE

>> Constraints on building: Developers confront obstacles to resort expansion. A18

Star Advertiser

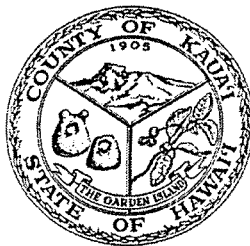
Friday, March 15, 2013

SURGE PREDICTED FOR AIRLINE SEATS

Isle tourism officials' forecast for the next three months sees international flights leading an 11.8% increase >> B1

COUNTY COUNCIL

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Ross Kagawa
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Council Services Division
4396 Rice Street, Suite 209
Līhu'e, Kaua'i, Hawai'i 96766

March 13, 2013

TESTIMONY OF JAY FURFARO
COUNCIL CHAIR, KAUAI COUNTY COUNCIL
ON
HCR7 AND HR8, URGING THE GOVERNOR AND THE
STATE LEGISLATURE OF THE STATE OF HAWAII
TO PRESERVE THE COUNTIES' SHARE OF THE
TRANSIENT ACCOMMODATIONS TAX
Committee On Tourism
Monday, March 18, 2013
9:35 a.m.
Conference Room 312

Dear Chair Brower and Committee Members:

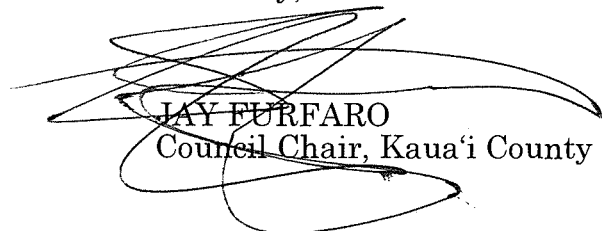
Thank you for this opportunity to submit testimony in strong support of HCR7 and HR8, which urges the Governor and the State Legislature of the State of Hawaii to preserve the Counties' share of the Transient Accommodations Tax (TAT). My testimony is submitted in my individual capacity as Council Chair of the Kauai County Council.

The current TAT allocation for the County of Kauai covers approximately 7.7% of the total County of Kauai Operating Budget for Fiscal Year 2012-2013. At this time, property values are still depressed, and it is impossible for our County to function without including the revenues received from the TAT.

Maintaining the current allocation of the TAT provides a stable revenue source for the Counties in continuing essential government programs and services for both residents and visitors alike. Reducing this source of revenue may leave the Counties with no choice but to significantly raise property taxes, increase fees, and possibly reduce or eliminate government programs and services.

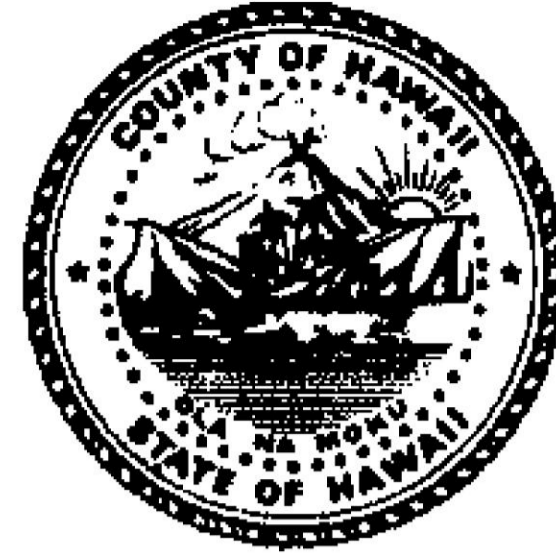
For the reasons stated above, I strongly urge the Committee to approve HCR7 and HR8. Again, thank you for this opportunity to submit testimony.

Sincerely,


JAY FURFARO
Council Chair, Kauai County Council

AB:dmc

DENNIS "FRESH" ONISHI
Council Member
District 3



PHONE: (808) 961-8396
FAX: (808) 961-8912
EMAIL: donishi@co.hawaii.hi.us

HAWAI'I COUNTY COUNCIL
25 Aupuni Street, Hilo, Hawai'i 96720

March 13, 2013

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

Dear Chair Brower and Committee members,

Thank you for the opportunity to submit testify in support of HCR 7, which urges the Governor and the Legislature to preserve the counties' share of the Transient Accommodations Tax, or TAT.

While I understand the State of Hawai'i's need to gain additional revenue to ensure its financial stability, I believe that the current efforts pending in the Legislature, in particular SB 1194, would create new budget shortfalls with the counties.

I would like your committee to re-read two clauses in this resolution:

"Maintaining the current allocation of the transient accommodations tax would allow the counties to continue providing essential government services to visitors and residents; and"

"Losing the current allocation of the transient accommodations tax would require counties to significantly raise property taxes."

While I am grateful that visitors from around the world continue to visit our islands, I do not believe our taxpaying citizens should bear the increased costs on infrastructure.

Please recommend approval of this resolution and deny any bill pending in your committee that is contrary to its intent.

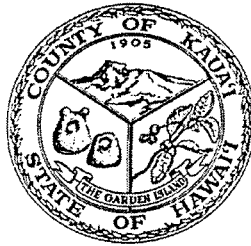
Sincerely,

A handwritten signature in black ink, appearing to read "Dennis Onishi".

Dennis "Fresh" Onishi
Hawai'i County Council District 3

COUNTY COUNCIL

Jay Furfaro, Chair
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March 13, 2013

**TESTIMONY OF GARY L. HOOSER
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON
HCR7 AND HR8, URGING THE GOVERNOR AND THE
STATE LEGISLATURE OF THE STATE OF HAWAII
TO PRESERVE THE COUNTIES' SHARE OF THE
TRANSIENT ACCOMMODATIONS TAX
Committee On Tourism
Monday, March 18, 2013
9:35 a.m.
Conference Room 312**

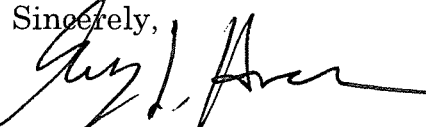
Dear Chair Brower and Committee Members:

Thank you for this opportunity to submit testimony in strong support of HCR7 and HR8, which urges the Governor and the State Legislature of the State of Hawai'i to preserve the Counties' share of the Transient Accommodations Tax (TAT). My testimony is submitted in my individual capacity as an individual member of the Kaua'i County Council, and as the Chair of the Economic Development (Sustainability / Agriculture / Food / Energy) & Intergovernmental Relations Committee.

In 1990, the Hawai'i State Legislature enacted Act 185, Session Law of Hawai'i 1990, which gave the Counties a portion of the TAT for the purpose of providing a more equitable method of sharing State revenues with Counties, rather than continuing with the policy, at that time, whereby the Counties requested financial assistance through "Grants-In-Aid" from the State.

Maintaining the current allocation of the TAT provides a stable revenue source for the Counties in continuing essential government programs and services for both residents and visitors alike. Reducing this source of revenue may leave the Counties with no choice but to significantly raise property taxes, increase fees, and possibly reduce or eliminate government programs and services.

For the reasons stated above, I strongly urge the Committee to approve these Resolutions to preserve the Counties' share of the TAT. Again, thank you for this opportunity to submit testimony.

Sincerely,

GARY L. HOOSER
Councilmember, Kaua'i County Council

AB:dmc

Council Chair
Danny A. Mateo



Director of Council Services
Ken Fukuoka


Vice-Chair
Joseph Pontanilla

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Gladys C. Baisa
Robert Carroll
Elle Cochran
Donald G. Couch, Jr.
G. Riki Hokama
Michael P. Victorino
Mike White

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/council

March 15, 2013

TO: Honorable Tom Brower, Chair
House Committee on Tourism

FROM: Robert Carroll 
Council Member, East Maui

DATE: Hearing of Monday, March 18, 2013

SUBJECT: **SUPPORT OF HCR 7 AND HCR8 URGING THE GOVERNOR AND THE
LEGISLATURE OF THE STATE OF HAWAII TO PRESERVE THE COUNTIES
SHARE OF THE TRANSIENT ACCOMMODATIONS TAX**

I support HCR 7 and 8 for the reasons cited in testimony submitted by the Hawaii State Association of Counties President, and urge you to support this measure.

Hawai'i State Association of Counties (HSAC)
Counties of Kaua'i, Maui, Hawai'i & City & County of Honolulu

March 13, 2013

TESTIMONY OF MEL RAPOZO
PRESIDENT, HAWAII STATE ASSOCIATION OF COUNTIES
ON
HOUSE CONCURRENT RESOLUTION NO. 7 AND
HOUSE RESOLUTION NO. 8
URGING THE GOVERNOR AND THE LEGISLATURE OF THE
STATE OF HAWAII TO PRESERVE THE COUNTIES' SHARE OF THE
TRANSIENT ACCOMMODATIONS TAX

Committee Tourism
Monday, March 18, 2013
9:35 a.m.
Conference Room 312

Dear Chair Brower and Committee Members:

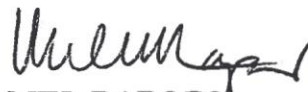
Thank you for this opportunity to submit testimony in strong support of HCR7 and HR8. My testimony is submitted in my capacity as President of the Hawai'i State Association of Counties (HSAC).

Both HCR7 and HR8 were included in the 2013 HSAC Legislative Package, and urges the Governor and the State Legislature to preserve Counties' share of the Transient Accommodations Tax (TAT). In 1990, the Hawai'i State Legislature enacted Act 185, Session Laws of Hawai'i 1990, which gave the Counties a portion of the TAT for the purpose of providing a more equitable method of sharing State revenues with the Counties, rather than continuing with the process, at that time, whereby the Counties requested financial assistance through "Grants-In-Aid" from the State.

Maintaining the current allocation of the TAT provides a stable revenue source for the Counties in continuing essential government programs and services for both residents and visitors alike. Reducing this source of revenue may leave the Counties with no choice but to significantly raise property taxes, increase fees, and possibly reduce or eliminate government programs and services.

For the reasons stated above, HSAC is in strong support of HCR7 and HR8, and respectfully request the Committee to approve these Resolutions. Again, thank you for this opportunity to submit testimony.

Sincerely,



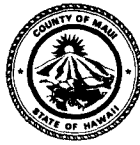
MEL RAPOZO
President, HSAC

AB:aa

Council Chair
Gladys C. Baisa

Vice-Chair
Robert Carroll

Council Members
Elle Cochran
Donald G. Couch, Jr.
Stacy Crivello
Don S. Guzman
G. Riki Hokama
Michael P. Victorino
Mike White




Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/council

March 15, 2013

TO: The Honorable Tom Brower, Chair
House Committee on Tourism

FROM: Michael P. Victorino, Treasurer 
Hawaii State Association of Counties

SUBJECT: **HEARING OF MARCH 18, 2013; TESTIMONY IN SUPPORT OF HCR 7 AND
HR 8, URGING THE GOVERNOR AND THE LEGISLATURE OF THE STATE OF
HAWAII TO PRESERVE THE COUNTIES' SHARE OF THE TRANSIENT
ACCOMMODATIONS TAX**

Thank you for the opportunity to testify in support of these important measures. The purpose of the measures is to urge the Governor and the Legislature to preserve the counties' share of the transient accommodations tax.

I am aware that the President of the Hawaii State Association of Counties ("HSAC") has submitted testimony, on behalf of HSAC, in support of these measures, which are in the HSAC Legislative Package. As the Treasurer of HSAC, I concur with the testimony submitted by the President, and urge you to support these measures.

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