

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
SENATE BILL NO. 1194, S.D. 2, PROPOSED H.D. 1

April 3, 2013

RELATING TO TRANSIENT ACCOMMODATIONS TAX

Senate Bill No. 1194, S.D. 2, Proposed H.D. 1, reduces the Transient Accommodations Tax (TAT) rate from 9.25% to 7.25% on July 1, 2013; repeals the \$71.0 million cap on the Tourism Special Fund (TSF) after June 30, 2015; and makes the \$93.0 million cap on the counties permanent.

Although Senate Bill No. 1194 was originally an Administration Proposal, the Department of Budget and Finance opposes this draft of the bill as it eliminates the 2% TAT charge effective July 1, 2013 and does not make permanent the \$71.0 million cap on the TSF. We do support the provision which makes permanent the \$93.0 million cap on the counties.

The 2% TAT charge generates approximately \$95 million per year for the general fund and is an important revenue source for FY 2014 and FY 2015. The original Administration Proposal would repeal the current June 30, 2015 sunset and make the 2% distribution to the general fund permanent to lock in future revenues for the general fund.

Further, the current \$71.0 million cap on the TSF generates about \$50 million annually for the general fund and the \$93.0 million cap on the counties generates about \$60 million annually for the general fund. Again, the Administration Proposal would make permanent the caps on the TSF and the counties so that the general fund would continue to realize the additional revenues after July 1, 2015.

Starting in FY 2016, the current projections for State revenues are expected to be flat (based on Council on Revenues forecasts) largely due to the sunset of a number of temporary revenue measures. The Administration's original proposal, by making permanent some of the temporary revenue measures related to the TAT, will maintain current revenues and generate future revenues for the general fund.

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 FINANCE

Wednesday, April 3, 2013, 2:30 p.m., Conference Room 308

**SENATE Bill 1194 SD2 Proposed HD1, "RELATING TO TRANSIENT ACCOMMODATIONS TAX"**

**Position: Oppose**

To: The Honorable Sylvia Luke, Chair  
and Members of the Committee on Finance

The City & County of Honolulu opposes Senate Bill 1194 SD2 proposed HD1, "Relating to Transient Accommodations Tax", which proposes to reduce the effective transient accommodations tax rate of 9.25 % to 7.25 % on July 1, 2013; and eliminate the June 30, 2015 sunset date of the \$93 million cap for revenues transferred to the counties.

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. The current \$93 million cap is a prohibitive measure to our county's revenue stream, and should be removed.

The City & County of Honolulu should be able to share the benefits of our booming travel industry. 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 on visitor industry services, yet only received \$41 million in TAT. The current \$93 million dollar cap will continue to prohibit the City & County of Honolulu from receiving fair compensation for the services it provides.

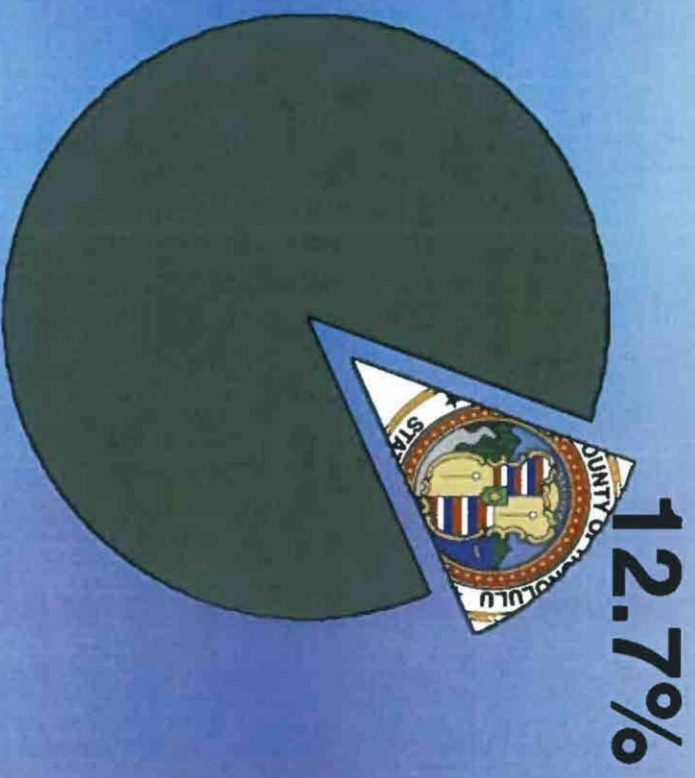
Mahalo for the opportunity to testify on this bill. Should you have any questions or concerns, please feel free to contact me at 768-4141.

# City & County of Honolulu TAT Revenues Generated and Received



**Generated: \$257.2 Million**

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

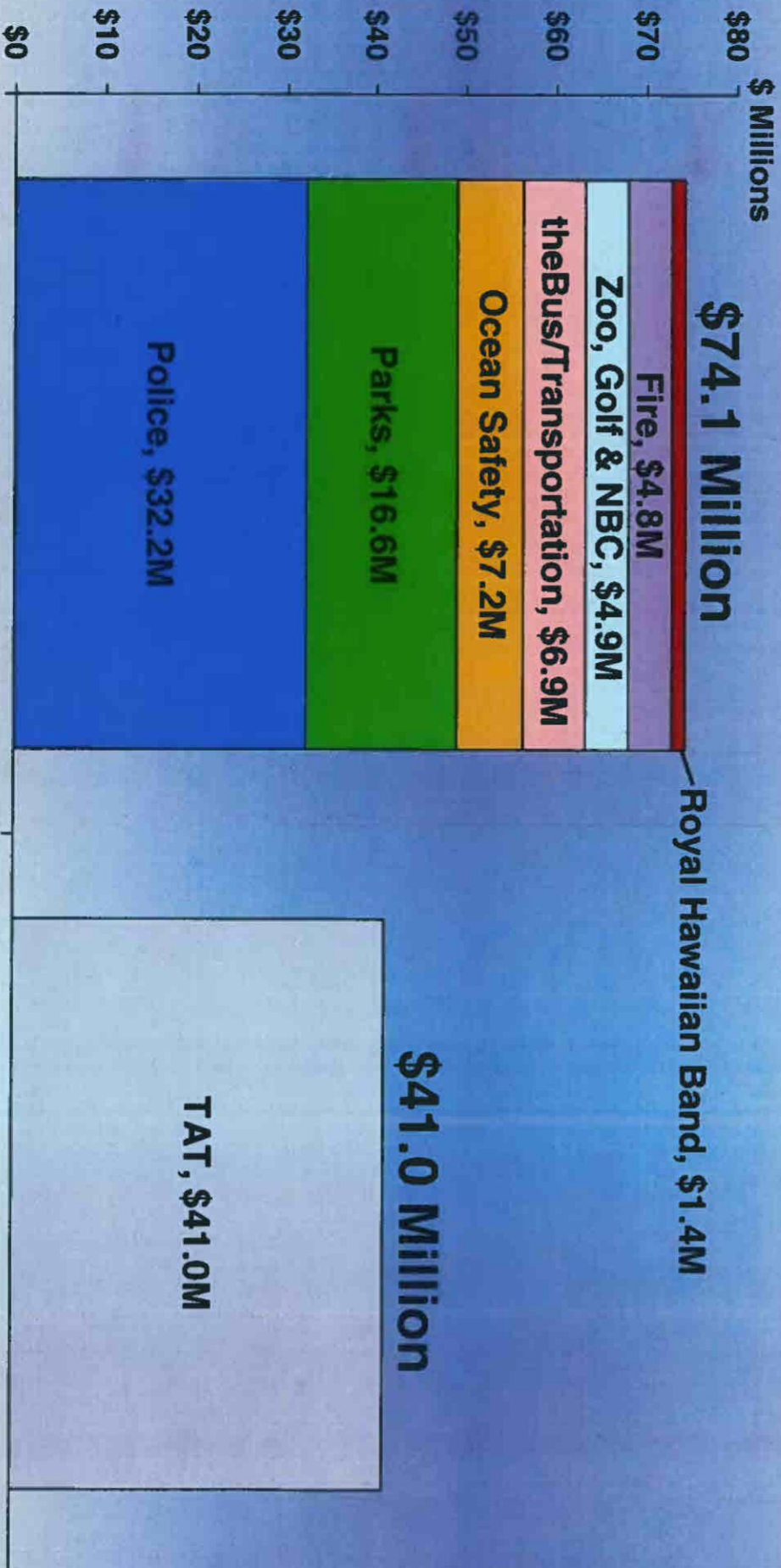


**Received: \$41.0 Million**

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



# City & County of Honolulu Visitor Industry Services



Visitor Costs

TAT

3

Note: The figures above do not include debt service.

**William P. Kenoi**  
*Mayor*



**Walter K.M. Lau**  
*Managing Director*

**Randall M. Kurohara**  
*Deputy Managing Director*

## County of Hawai'i Office of the Mayor

25 Aupuni Street, Suite 2603 • Hilo, Hawai'i 96720 • (808) 961-8211 • Fax (808) 961-6553  
KONA: 74-5044 Ane Keohokalole Hwy., Bldg. C • Kailua-Kona, Hawai'i 96740  
(808) 323-4444 • Fax (808) 323-4440

April 3, 2013

The Honorable Sylvia Luke, Chair,  
And Members of the House Committee on Finance  
Hawai'i State Capitol, Room 308  
415 South Beretania Street  
Honolulu, Hawai'i 96813

Re: Senate Bill 1194 SD2, RELATING TO TRANSIENT ACCOMODATIONS TAX

Aloha, Chair Luke and Committee Members:

Thank you for this opportunity to express our strong opposition to any proposal to make permanent the temporary cap on the counties' share of transient accommodation tax revenue (TAT). Permanently capping the amount of TAT funding distributed to the counties will leave the counties without the necessary resources to provide essential services to our residents or support for the visitor industry in the years ahead.

From the time of the establishment of the TAT in 1986, the Legislature planned to make the Counties beneficiaries of the hotel room tax because lawmakers recognized the importance of county facilities and services to support and enhance the visitor experience. It was always understood that the costs of mass tourism are mostly carried by the counties.

When a visitor calls for law enforcement help, a county police officer responds. When the visitor gets into trouble in the ocean, county lifeguards or firefighters respond. When the visitor uses sewer and water service, those are county services. The visitors drive on county roads, and use county parks. As the visitor count grows, the visitors' demands on county resources also grow.

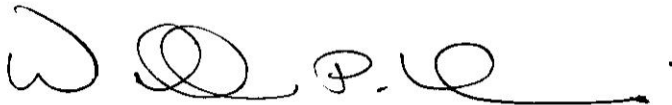
The Honorable Sylvia Luke  
Page 2  
April 3, 2013

We now have more than one million tourists a year visiting the County of Hawai'i, and the cost of delivering service rises each year. TAT collections are our second largest source of revenue, and it is critically important that TAT revenues to the counties increase as the visitor count increases. The counties need these resources to deliver the services that our residents and visitors require and expect.

The cap in TAT revenues to the counties that was imposed in 2011 was always understood to be a temporary measure, and the cap is scheduled to end in 2015. We respectfully ask that your committee remove the cap on the counties' share of TAT revenues.

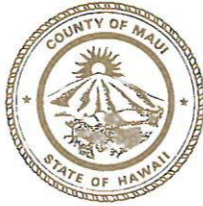
Mahalo for your consideration.

Aloha,

A handwritten signature in black ink, appearing to read 'W. P. Kenoi', with a long horizontal flourish extending to the right.

William P. Kenoi  
MAYOR

ALAN M. ARAKAWA  
MAYOR



200 South High Street  
Wailuku, Hawai'i 96793-2155  
Telephone (808) 270-7855  
Fax (808) 270-7870  
e-mail: mayors.office@mauicounty.gov

## OFFICE OF THE MAYOR

Ke'ena O Ka Meia  
COUNTY OF MAUI – Kalana O Maui

### TESTIMONY OF ALAN ARAKAWA, MAYOR COUNTY OF MAUI

#### BEFORE THE HOUSE COMMITTEE ON FINANCE

Wednesday, April 3, 2013, 2:30 p.m., Conference Rm. 308

#### **SENATE BILL 1194, SD2, SSCR 703** RELATING TO TRANSIENT ACCOMMODATIONS TAX

The Honorable Sylvia Luke, Chair  
Honorable Scott Y. Nishimoto, Vice Chair  
And Members of the House Committee on Finance

Thank you for this opportunity to offer testimony relating to SB1194 relating to the Transient Accommodations Tax (TAT).

As Mayor of Maui County, I am honored to be united with the mayors of Hawaii, Honolulu, and Kauai counties, to strongly oppose any effort to reduce the counties' proportionate share of the TAT. My administration has also opposed any effort to make permanent the temporary cap on the counties' share of the TAT put in place in 2011.

The TAT was established in 1986 under Act 304, Session Laws of Hawaii and imposed a five percent (5%) tax on the gross revenues derived from the furnishing of transient accommodations.

In 1990, the Legislature recognized that "many of the burdens imposed by tourism fall on the counties" and noted that increased pressures of the visitor industry meant greater demands on county services, such as "providing, maintaining, and upgrading police and fire protection, parks, beaches, water, roads, sewage systems, and other tourism related infrastructure." (House Journal 1990; Conference Committee Report No. 207.)



Therefore, any reduction in the counties' share of TAT revenues leaves the counties with no way to cope with the ever increasing costs of sewer, water, police, fire, lifeguards and other services the counties must provide our constantly increasing visitors. If the TAT cannot sufficiently cover the cost of these services to our visitors, the services will have to be reduced or the facilities will deteriorate. The State of Hawaii and its individual counties are vacation destinations for visitors from around the globe, and to reduce services and let facilities deteriorate would severely tarnish this image. Our residents and families would also suffer from such reduction in services and facilities.

Moreover, the cap was always understood to be a temporary measure to assist the state with a temporary budget shortfall, with a sunset of 2015. With the state economy recovering and TAT collections increasing, there is no further justification for the cap.

The costs of providing county services to visitors are always increasing. Normally, as visitor arrivals increase there is an increase in county collections from the TAT to help offset some of the escalating costs from the influx of record numbers of new visitors. If the TAT cap is made permanent, this would leave the counties and our residents to forever absorb the additional cost of ever-growing numbers of visitors.

For these reasons, we respectfully ask that the cap on the counties' share of the TAT be lifted, and that the counties' proportionate share of the proceeds not be reduced in any way.



**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
530 SOUTH KING STREET, ROOM 202  
HONOLULU, HAWAII 96813-3065  
TELEPHONE: (808) 768-5010 • FAX: (808) 768-5011

**STANLEY CHANG**

*Councilmember – District IV*  
Phone: (808) 768-5004  
Fax: (808) 768-5000  
ccldistrict4@honolulu.gov  
www.honolulu.gov/council/d4

April 2, 2013  
**TESTIMONY OF STANLEY CHANG**  
**COUNCILMEMBER FOR THE CITY AND COUNTY OF HONOLULU**  
On  
S.B. No. 1194, SD2, proposed HD1 RELATING TO TRANSIENT  
ACCOMMODATIONS TAX  
Wednesday, April 3, 2013  
2:30 p.m.  
Conference Room 308

Dear Chair Luke and Committee Members:

Thank you for allowing me the opportunity to submit testimony in support of S.B. No. 1194, SD2, proposed HD1 Relating to Transient Accommodations Tax as a Councilmember for the City and County of Honolulu.

S.B. No. 1194, SD2, proposed HD1 repeals the sunset of the Transient Accommodations Tax and revises the rate of TAT funds collected by the State. While I support the elimination of the sunset clause of the TAT, a portion of which goes to the four counties, I oppose the reduction of the rate of the TAT. I am also opposed to the current \$93 million cap on TAT funds transferred to the counties.

The TAT funds that the City receives are critical to City functions. The proposed City and County of Honolulu budget projects \$41 million in TAT revenues, the maximum under current law. The City provides police, fire, ocean safety, and bus services, which are all available to visitors. The City also maintains attractions such as parks, the Honolulu Zoo, the Hanauma Bay Preservation Park, and municipal golf courses. Therefore any decrease to rate of the TAT could affect Honolulu's ability to provide services to both residents and visitors alike. The City spends \$74 million on visitor industry services and generates \$257 million, nearly 80% of total TAT collected. The current cap limits the city to receiving no more than \$41 million, significantly less than it spends and generates.

For these reasons, I respectfully oppose S.B. No. 1194, SD2, proposed HD1 Relating to Transient Accommodations Tax as it relates to the decrease in the TAT rate and thank the Committee for allowing me to provide testimony.

Sincerely,

A handwritten signature in black ink, appearing to be "Stanley Chang", written in a cursive style.

Stanley Chang  
Councilmember – District IV

DENNIS "FRESH" ONISHI  
Council Member  
District 3



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

## HAWAI'I COUNTY COUNCIL

25 Aupuni Street, Hilo, Hawai'i 96720

April 2, 2013

The Honorable Sylvia Luke, Chair  
and Members of the House Committee on Finance

Dear Chair Luke and Committee Members,

Thank you for the opportunity to testify in **strong opposition** to this bill.

SB 1194 would punch holes in the budgets of all four county governments, forcing those counties to raise property taxes on your constituents or cut back in essential services. I join the Hawai'i Council of Mayors and Council members from all counties in opposing any effort to make permanent the temporary cap on the counties' share of transient accommodation tax revenue. I oppose any effort to reduce the counties' TAT share.

A vote for Senate Bill 1194 SD2 is a step in the wrong direction. On one hand, it increases the budget for marketing Hawai'i worldwide and encourages visitors to spend time in our great state, which is good. On the other hand, it **reduces the ability of the counties to cover the impacts** of those increased numbers of visitors on county parks, services and infrastructure, and it **leaves Hawai'i residents with the bill**, which is bad.

I welcome visitors from around the world to see the wonders of our islands. At the same time, we must acknowledge the fiscal impact on our limited county resources.

The Hawai'i State Association of Counties, of which I serve as vice president, opposes any effort to reduce the counties' share of the TAT.

I ask that your committee follow the example of the Committee on Tourism and recommend deferral of SB 1194 SD2.

Sincerely,

Dennis "Fresh" Onishi  
Vice President, Hawai'i State Association of Counties  
Hawai'i County Council, District 3

RESOLUTION NO. 60 13**A RESOLUTION URGING THE HAWAI‘I STATE LEGISLATURE TO REJECT ALL LEGISLATION WHICH WOULD ELIMINATE OR FURTHER CAP THE COUNTIES SHARE OF THE TRANSIENT ACCOMMODATIONS TAX REVENUE.**

**WHEREAS**, Section 237D-6.5 of the Hawai‘i Revised Statute (HRS) currently calls for 44.8 percent of transient accommodations tax (TAT) revenue to be transferred to the four counties of the State of Hawai‘i, provided that “the total amount transferred to the counties shall not exceed \$93,000,000 per fiscal year”; and

**WHEREAS**, HRS Section 237D-2 also sets the County of Hawai‘i’s share of the 44.8 percent allotted to the counties at 18.6 percent, which effectively caps the TAT that is transferrable to the County of Hawai‘i at \$17,298,000 per year; and

**WHEREAS**, the \$93,000,000 cap on TAT transfers to the counties was originally written as a temporary measure to assist the State during tough economic times and is set to expire on June 30, 2015; and

**WHEREAS**, due to the \$93,000,000 limit on transfers to the counties, counties within the State of Hawai‘i received less TAT revenue in 2012 than in 2009, despite the State seeing an increase in TAT revenue of over 50 percent during this time period; and

**WHEREAS**, House Bill No. 971, introduced on January 22, 2013, and Senate Bill No. 1194, introduced on January 24, 2013, would simultaneously reduce the counties’ share of TAT revenue from 44.8 percent to 28.9 percent while also eliminating the sunset date for the amounts to be distributed to the tourism special fund and the counties, forever capping the TAT revenue transferrable to the County of Hawai‘i at \$17,298,000 per year; and

**WHEREAS**, a similar measure, House Bill No. 963, introduced on January 22, 2013, and Senate Bill No. 1202, introduced on January 24, 2013, would also eliminate the sunset date for the amounts to be distributed to the tourism special fund and the counties, forever capping the TAT revenue to the County of Hawai‘i at \$17,298,000 per year; and

**WHEREAS**, Senate Bill No. 335, introduced on January 18, 2013, would completely stop the transfer of all TAT revenue to the counties, costing the County of Hawai‘i millions of dollars in revenue and unjustly pressuring the counties of the State of Hawai‘i to implement at 0.5 percent general excise tax surcharge; now, therefore

**BE IT RESOLVED BY THE COUNCIL OF THE COUNTY OF HAWAI‘I** that the 2013 Hawai‘i State Legislature is hereby urged to reject all legislation which would eliminate or further cap transient accommodations tax revenue designated for transfer to the counties.

**BE IT FINALLY RESOLVED** that the County Clerk shall transmit a copy of this resolution to the Honorable Governor Neil Abercrombie, the Honorable Senate President Donna Mercado Kim, the Honorable Speaker of the House of Representative Joe Souki, the Honorable Senator Gilbert Kahele, the Honorable Senator Russell Ruderman, the Honorable Senator Josh Green, the Honorable Senator Malama Solomon, the Honorable Representative Mark Nakashima, the Honorable Representative Clift Tsuji, the Honorable Representative Richard Onishi, the Honorable Representative Faye Hanohano, the Honorable Representative Denny Coffman, the Honorable Representative Nicole Lowen, the Honorable Representative Cindy Evans, the Honorable Mayor William P. Kenoi, and the Finance Director Nancy Crawford.

Dated at   Kona  , Hawai'i, this  20th  day of  February , 2013.

INTRODUCED BY:

  
 \_\_\_\_\_  
 COUNCIL MEMBER, COUNTY OF HAWAI'I

COUNTY COUNCIL  
 County of Hawai'i  
 Hilo, Hawai'i

I hereby certify that the foregoing RESOLUTION was by the vote indicated to the right hereof adopted by the COUNCIL of the County of Hawai'i on  February 20, 2013 .

ATTEST:

  
 COUNTY CLERK

  
 CHAIRPERSON & PRESIDING OFFICER

ROLL CALL VOTE

	AYES	NOES	ABS	EX
EOFF	X			
FORD	X			
ILAGAN	X			
KANUHA	X			
KERN	X			
ONISHI	X			
POINDEXTER	X			
WILLE	X			
YOSHIMOTO	X			
	9	0	0	0

Reference:  C-136/Waived FC 

RESOLUTION NO.   60 13

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](http://www.mauicounty.gov/council)

April 2, 2013

TO: The Honorable Sylvia Luke, Chair  
House Committee on Finance

FROM: Gladys C. Baisa   
Council Chair

SUBJECT: **HEARING OF APRIL 3, 2013; TESTIMONY IN OPPOSITION TO SB 1194, SD2, HD1, RELATING TO TRANSIENT ACCOMMODATIONS TAX**

Thank you for the opportunity to testify on this important measure. The purpose of this measure is reduce the effective transient accommodations tax rate to 7.25 per cent on July 1, 2013, eliminate the daily transient accommodations tax for complimentary accommodations, and retain caps on transient accommodations tax revenue distributions to the counties and other entities after 2015.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

If the cap on TAT distributions to the counties were removed, I would support this measure. However, I must strongly oppose this measure, in its current form, for the following reasons:

1. There is a clear correlation between the visitors' impact on county infrastructure and returning a fair share of county-earned TAT revenue to the respective county government. As Maui County continues to see a rise in visitor counts, I am concerned that making the cap on distribution of TAT revenue to the counties permanent will significantly hinder the County's ability to fully participate in any economic recovery experienced by the State.
2. Capping the amount of TAT distributed to the counties was always intended to be a temporary measure, as reflected in the sunset clause, and creates an unfair imbalance as costs associated with an increase in visitor counts within a county will not be offset by a corresponding increase in revenues to that county. If the distribution of TAT revenue does not correspond with rising visitor counts, any increase in infrastructure and public safety costs will undoubtedly fall to the counties.
3. Maui County's primary source of revenue is derived from real property taxes. Making the cap on TAT revenues permanent limits the allocation of TAT revenues distributed to Maui County and will unfairly burden real property tax payers.

For the foregoing reasons, I strongly oppose this measure in its current form.



April 3, 2013

The Honorable Sylvia Luke, Chair  
and Members of the House Committee on Finance  
Hawai'i State Capitol  
415 South Beretania Street, Room 308  
Honolulu, Hawai'i 96813

RE: Senate Bill 1194 SD2, RELATING TO TRANSIENT ACCOMODATIONS TAX

Aloha, Chair Luke and Committee Members:

The Hawai'i Council of Mayors, which includes the mayors of Hawai'i, Honolulu, Kaua'i and Maui counties, strongly opposes any effort to make permanent the temporary cap on the counties' share of transient accommodation tax revenue (TAT) put in place in 2011. The Hawai'i Council of Mayors also opposes any effort to reduce the counties' proportionate share of the TAT.

The cap was always understood to be a temporary measure to assist the state with a temporary budget shortfall, with a sunset in 2015. Now that the state economy is recovering and state transient accommodations tax collections are climbing to record levels, there is no further justification for the cap. We respectfully ask that the committee remove the cap on the counties' share of TAT revenues.

From the very beginning of the transient accommodations tax, the counties were always intended to receive a proportionate share of TAT revenue because the counties provide the bulk of services used by visitors. Arbitrarily reducing the counties' share of the tax increases the burden of mass tourism on the counties and our residents.



**Mayor William Kenoi**  
County of Hawaii  
25 Aupuni Street  
Hilo, Hawaii 96720



**Mayor Kirk Caldwell**  
City and County of Honolulu  
530 South King Street  
Honolulu, Hawaii 96813



**Mayor Bernard Carvalho, Jr.**  
County of Kauai  
4444 Rice Street  
Lihue, Hawaii 96766



**Mayor Alan Arakawa**  
County of Maui  
200 South High Street, 9<sup>th</sup> Floor  
Wailuku, Hawaii 96793

The Honorable Sylvia Luke

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April 3, 2013

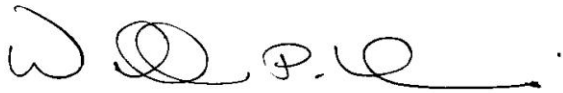
The costs of providing county services to visitors are always increasing. Normally, as tourism increases there is also an increase in county collections from the TAT to help offset some of the escalating costs from the influx of record numbers of visitors. If the TAT cap is made permanent, that will leave the counties to forever absorb the additional cost of ever-growing numbers of visitors.

This is not sustainable. Reducing the counties' share of TAT revenues leaves the counties with no way to cope with the ever increasing costs of sewer, police, fire, lifeguards and other services the counties must provide to serve ever-growing numbers of visitors. If the TAT cannot cover sufficiently the cost of those services, the services will have to be reduced or the facilities will deteriorate. This will create a less favorable environment for visitors and residents alike. The counties cannot raise property taxes to cover those constantly increasing costs without bankrupting local resident taxpayers.

For those reasons, we respectfully ask that the committee lift the cap on the counties' share of the TAT and maintain the counties' proportionate share of the proceeds.

Thank you for your consideration.

Sincerely,



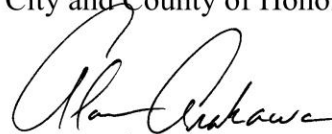
William Kenoi, Mayor  
County of Hawai'i



Bernard Carvalho, Jr., Mayor  
County of Kaua'i



Kirk Caldwell, Mayor  
City and County of Honolulu



Alan Arakawa, Mayor  
County of Maui



**COUNTY COUNCIL**

Jay Furfaro, Chair  
Nadine K. Nakamura, Vice Chair  
Tim Bynum  
Gary L. Hooser  
Ross Kagawa  
Mel Rapozo  
JoAnn A. Yukimura



**OFFICE OF THE COUNTY CLERK**

Ricky Watanabe, County Clerk  
Jade K. Fountain-Tanigawa, Deputy County Clerk

Telephone (808) 241-4188  
Fax (808) 241-6349  
Email cokcouncil@kauai.gov

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

April 2, 2013

**TESTIMONY OF JAY FURFARO  
COUNCIL CHAIR, KAUAI COUNTY COUNCIL  
ON**

**S.B. NO. 1194, S.D. 2, RELATING TO TRANSIENT ACCOMMODATIONS TAX**  
Committee of Finance  
Wednesday, April 3, 2013  
2:30 p.m.  
Conference Room 308

Dear Chair Luke and Committee Members:

Thank you for this opportunity to submit testimony in **STRONG OPPOSITION** of S.B. No. 1194, S.D. 2, Relating to the Transient Accommodations Tax (TAT). My testimony is submitted in my individual capacity as Council Chair of the Kaua'i County Council.

S.B. No. 1194, S.D. 2, proposes to reduce the percent of TAT revenues collected by the Counties and permanently caps the amount of TAT Funding received.

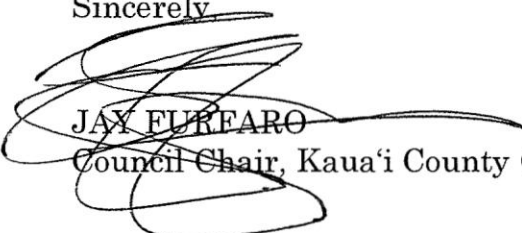
The current TAT allocation for the County of Kaua'i covers approximately 7.7% of the total Operating Budget for Fiscal Year 2012-2013. At this time, property values are still depressed, and it is impossible for our County to function without including the revenues received from the TAT.

I would like to request that the Committee amend this measure by maintaining the 4.4% allocated to the Counties, and extending the four (4) year cap by two (2) years.

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 these reasons, I strongly urge the Committee to amend this measure as stated above, or defer this item indefinitely. Again, thank you for this opportunity to submit testimony in **STRONG OPPOSITION** to S.B. No. 1194, S.D. 2.

Sincerely



JAY FURFARO

Council Chair, Kaua'i County Council

AB:dmc

**COUNTY COUNCIL**

Jay Furfaro, Chair  
Nadine K. Nakamura, Vice Chair  
Tim Bynum  
Gary L. Hooser  
Ross Kagawa  
Mel Rapozo  
JoAnn A. Yukimura



**OFFICE OF THE COUNTY CLERK**

Ricky Watanabe, County Clerk  
Jade K. Fountain-Tanigawa, Deputy County Clerk

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Fax (808) 241-6349  
Email [cokcouncil@kauai.gov](mailto:cokcouncil@kauai.gov)

**Council Services Division**  
4396 Rice Street, Suite 209  
Lihue, Kauai, Hawaii 96766

April 2, 2013

**TESTIMONY OF ROSS KAGAWA  
COUNCILMEMBER, KAUAI COUNTY COUNCIL**

**ON**

**S.B. NO. 1194, S.D. 2, RELATING TO TRANSIENT ACCOMMODATIONS TAX**

**Committee of Finance  
Wednesday, April 3, 2013  
2:30 p.m.  
Conference Room 308**

Dear Chair Luke and Committee Members:

Thank you for this opportunity to submit testimony in **STRONG OPPOSITION** of S.B. No. 1194, S.D. 2, Relating to the Transient Accommodations Tax (TAT). My testimony is submitted in my individual capacity as Councilmember of the Kauai County Council.

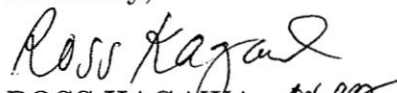
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In 1990, the Hawaii State Legislature enacted Act 185, Session Laws of Hawaii 1990, which gave the Counties a portion of the TAT for the purpose of providing a more equitable method of sharing State revenues with the Counties, rather than continuing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

The current TAT allocation for the County of Kauai covers approximately 7.7% of the total Operating Budget for Fiscal Year 2012-2013. 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 these reasons, I strongly urge the Committee to defer this item indefinitely. Again, thank you for this opportunity to submit testimony in **STRONG OPPOSITION** to S.B. No. 1194, S.D. 2.

Sincerely,

  
ROSS KAGAWA *for ass*

Councilmember, Kauai County Council

AB:dmc

**COUNTY COUNCIL**

Jay Furfaro, Chair  
Nadine K. Nakamura, Vice Chair  
Tim Bynum  
Gary L. Hooser  
Ross Kagawa  
Mel Rapozo  
JoAnn A. Yukimura



**OFFICE OF THE COUNTY CLERK**

Ricky Watanabe, County Clerk  
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**Council Services Division**  
4396 Rice Street, Suite 209  
Līhu'e, Kaua'i, Hawai'i 96766

April 2, 2013

**TESTIMONY OF TIM BYNUM  
COUNCILMEMBER, KAUAI COUNTY COUNCIL**

**ON**  
**S.B. NO. 1194, S.D. 2, RELATING TO TRANSIENT ACCOMMODATIONS TAX**  
Committee of Finance  
Wednesday, April 3, 2013  
2:30 p.m.  
Conference Room 308

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Thank you for this opportunity to submit testimony in **STRONG OPPOSITION** of S.B. No. 1194, S.D. 2, Relating to the Transient Accommodations Tax (TAT). My testimony is submitted in my individual capacity as Councilmember of the Kaua'i County Council.

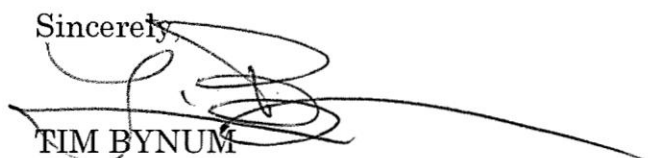
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For these reasons, I strongly urge the Committee to defer this item indefinitely. Again, thank you for this opportunity to submit testimony in **STRONG OPPOSITION** to S.B. No. 1194, S.D. 2.

Sincerely,



**TIM BYNUM**  
Councilmember, Kaua'i County Council

AB:dmc

**COUNTY COUNCIL**

Jay Furfaro, Chair  
Nadine K. Nakamura, Vice Chair  
Tim Bynum  
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**Council Services Division**  
4396 Rice Street, Suite 209  
Līhu'e, Kaua'i, Hawai'i 96766

April 2, 2013

**TESTIMONY OF MEL RAPOZO  
COUNCILMEMBER, KAUAI COUNTY COUNCIL**

**ON**

**S.B. NO. 1194, S.D. 2, RELATING TO TRANSIENT ACCOMMODATIONS TAX**

**Committee of Finance**

**Wednesday, April 3, 2013**

**2:30 p.m.**

**Conference Room 308**

Dear Chair Luke and Committee Members:

Thank you for this opportunity to submit testimony in **STRONG OPPOSITION** of S.B. No. 1194, S.D. 2, Relating to the Transient Accommodations Tax (TAT). My testimony is submitted in my individual capacity as Councilmember of the Kaua'i County Council.

S.B. No. 1194, S.D. 2, proposes to reduce the percent of TAT revenues collected by the Counties and permanently caps the amount of TAT Funding received.

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 policy, at that time, whereby the Counties requested financial assistance through "Grants-In-Aid" from the State.

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For these reasons, I strongly urge the Committee to defer this item indefinitely. Again, thank you for this opportunity to submit testimony in **STRONG OPPOSITION** to S.B. No. 1194, S.D. 2.

Sincerely,

MEL RAPOZO

Councilmember, Kaua'i County Council

AB:dmc

**COUNTY COUNCIL**

Jay Furfaro, Chair  
Nadine K. Nakamura, Vice Chair  
Tim Bynum  
Gary L. Hooser  
Ross Kagawa  
Mel Rapozo  
JoAnn A. Yukimura



**OFFICE OF THE COUNTY CLERK**

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

April 2, 2013

**TESTIMONY OF NADINE K. NAKAMURA  
COUNCIL VICE-CHAIR, KAUAI COUNTY COUNCIL**

**ON**

**S.B. NO. 1194, S.D. 2, RELATING TO TRANSIENT ACCOMMODATIONS TAX**

**Committee of Finance  
Wednesday, April 3, 2013  
2:30 p.m.  
Conference Room 308**

Dear Chair Luke and Committee Members:

Thank you for this opportunity to submit testimony in **STRONG OPPOSITION** of S.B. No. 1194, S.D. 2, Relating to the Transient Accommodations Tax (TAT). My testimony is submitted in my individual capacity as Council Vice-Chair of the Kaua'i County Council.

S.B. No. 1194, S.D. 2, proposes to reduce the percent of TAT revenues collected by the Counties and permanently caps the amount of TAT Funding received.

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 policy, at that time, whereby the Counties requested financial assistance through "Grants-In-Aid" from the State.

The current TAT allocation for the County of Kaua'i covers approximately 7.7% of the total Operating Budget for Fiscal Year 2012-2013. 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 these reasons, I strongly urge the Committee to defer this item indefinitely. Again, thank you for this opportunity to submit testimony in **STRONG OPPOSITION** to S.B. No. 1194, S.D. 2.

Sincerely,

NADINE K. NAKAMURA  
Council Vice-Chair, Kaua'i County Council

AB:dmc

**COUNTY COUNCIL**

Jay Furfaro, Chair  
Nadine K. Nakamura, Vice Chair  
Tim Bynum  
Gary L. Hooser  
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**Council Services Division**  
4396 Rice Street, Suite 209  
Līhu'e, Kaua'i, Hawai'i 96766

April 2, 2013

**TESTIMONY OF GARY L. HOOSER  
COUNCILMEMBER, KAUAI COUNTY COUNCIL**

**ON**

**S.B. NO. 1194, S.D. 2, RELATING TO TRANSIENT ACCOMMODATIONS TAX**

Committee of Finance  
Wednesday, April 3, 2013  
2:30 p.m.  
Conference Room 308

Dear Chair Luke and Committee Members:

Thank you for this opportunity to submit testimony in **STRONG OPPOSITION** of S.B. No. 1194, S.D. 2, Relating to the Transient Accommodations Tax (TAT). My testimony is submitted in my individual capacity as Councilmember of the Kaua'i County Council.

S.B. No. 1194, S.D. 2, proposes to reduce the percent of TAT revenues collected by the Counties and permanently caps the amount of TAT Funding received.

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 policy, at that time, whereby the Counties requested financial assistance through "Grants-In-Aid" from the State.

The current TAT allocation for the County of Kaua'i covers approximately 7.7% of the total Operating Budget for Fiscal Year 2012-2013. 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. The County of Kaua'i is already being forced to consider significantly increasing property taxes and other fees. Any reduction in TAT revenues will have a severe impact on vital County government programs and services and the County budget.

For these reasons, I strongly urge the Committee to defer this item indefinitely. Again, thank you for this opportunity to submit testimony in **STRONG OPPOSITION** to S.B. No. 1194, S.D. 2.

Sincerely,

GARY L. HOOSER  
Councilmember, Kaua'i County Council

AB:dmc

**COUNTY COUNCIL**

Jay Furfaro, Chair  
Nadine K. Nakamura, Vice Chair  
Tim Bynum  
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April 2, 2013

**TESTIMONY OF JOANN A. YUKIMURA  
COUNCILMEMBER, KAUAI COUNTY COUNCIL**

**ON**

**S.B. NO. 1194, S.D. 2, RELATING TO TRANSIENT ACCOMMODATIONS TAX**

**Committee of Finance  
Wednesday, April 3, 2013  
2:30 p.m.  
Conference Room 308**

Dear Chair Luke and Committee Members:

Thank you for this opportunity to submit testimony in **STRONG OPPOSITION** of S.B. No. 1194, S.D. 2, Relating to the Transient Accommodations Tax (TAT). My testimony is submitted in my individual capacity as Councilmember of the Kaua'i County Council.

S.B. No. 1194, S.D. 2, proposes to reduce the percent of TAT revenues collected by the Counties and permanently caps the amount of TAT Funding received.

To reduce the percent of TAT revenues appropriated to the Counties and permanently cap the amount of TAT funding to each County is short-sighted and will harm the visitor industry and Hawai'i's economy in the long run.

The Counties support for tourism is essential to a successful visitor experience and to a sustained revenue stream from tourism to the State.

If the Counties fail to provide police, fire, lifeguard and rescue services to our visitors, the number over time will fall. For example, the County conducted several costly search and rescues of visitors in the Na Pali (a State park). As another example of the important connection between visitor safety and visitor promotions, there was a terrible beating of visitors camping at Lydgate Park in the 1970's. Arrivals from Canada to Kaua'i took ten years to recover. Today, the costs to the County of providing safety and rescue for visitors is a substantial segment of the County's budget. If you remove those revenues, the consequences could be severe and counterproductive.

Chair Luke and Committee Members

TAT testimony

April 2, 2013

Page 2

The condition of our parks also affects the visitor experience. Hundreds of visitors a day use our renown coastal multi-use path on the East coast of Kaua'i. Some book motels year after year along the path specifically to come to Kaua'i and enjoy the path. Others rent bicycles in businesses that have popped up since the path was built. Hotels can now add the path to the list of things their guests can do. It took money to build, and it takes money to maintain, the path; it is legitimate to use some TAT monies for this facility that supports the visitor industry and is enjoyed by so many visitors.

Visitors also use our roads, solid waste, and wastewater systems. Again, they are using resources that require County funds to build and maintain. It is a win-win to share visitor-generated resources with the Counties to support such services.

As you can see, 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 these reasons, I strongly urge the Committee to defer this item indefinitely. Again, thank you for this opportunity to submit testimony in STRONG OPPOSITION to S.B. No. 1194, S.D. 2.

Sincerely,

  
JOANN A. YUKIMURA  
Councilmember, Kaua'i County Council

AB:dmc



**Bernard P. Carvalho, Jr.**  
Mayor



**Steven A. Hunt**  
Director of Finance

**Gary K. Heu**  
Managing Director

**Sally A. Motta**  
Deputy Director of Finance

**DEPARTMENT OF FINANCE**  
**County of Kaua'i, State of Hawai'i**  
4444 Rice Street, Suite 280, Līhu'e, Hawai'i 96766  
TEL (808) 241-4200 FAX (808) 241-6529

**Testimony of**  
**STEVEN A. HUNT**  
**Director of Finance**  
**County of Kaua'i**

**Before the House Committee on**  
**COMMITTEE ON TOURISM**

**Wednesday, April 3, 2013**  
**2:30 p.m.**  
**State Capitol, Senate Conference Room 308**

**In consideration of**  
**SB1194, SD2**  
**RELATING TO TRANSIENT ACCOMMODATIONS TAX**

**THE HONORABLE SYLVIA LUKE, CHAIR**  
**AND MEMBERS OF THE COMMITTEE ON FINANCE**

Thank you for this opportunity to express our strong opposition to Senate Bill 1194, SD2. From the time of the establishment of the TAT in 1986, the Legislature planned to make the Counties beneficiaries of the hotel room tax because lawmakers recognized the importance of the county facilities and services to support and enhance the visitor experience. It was always understood that the costs associated with mass tourism are mostly carried by the counties. The County of Kaua'i (Kaua'i) current receives approximately \$13.4 million in revenue from transient accommodations taxes, which is Kaua'i's second largest revenue source, only surpassed by revenue from real property taxes. Kaua'i needs the TAT revenues to adequately deliver services that our residents and visitors require and expect.

Despite Hawai'i's continued growth in the tourism industry, as evidenced by both increased occupancy rates and higher average daily room rates, the counties have not seen any proportional growth in the corresponding TAT revenues due to the concessions made in 2011 which placed a temporary cap on the counties' share of these taxes. Nevertheless, this increased visitor count has placed a higher demand (and cost) for county services, leaving the counties scrambling to find resources to meet the increased need for police, fire, and lifeguard protection, for maintenance of our parks and beaches, and for upgrades to the counties' water, sewer, and roadway

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systems. Kaua'i has already deferred several capital improvement projects as well as some scheduled maintenance in recognition that the revenues from TAT were simply insufficient to cover the expense of these projects. With the TAT cap due to sunset in 2015, Kaua'i was anticipating addressing many of these deferred projects once we returned to a more equitable allocation of the TAT revenues. Allowing the current TAT revenue to remain at a fixed amount while the corresponding costs of providing services and/or making necessary repairs continue to escalate only exasperates this imbalance. Additionally, a capped TAT amount does not adequately account for anticipated inflation which reduces the purposing power of those taxes over time.

We respectfully ask your committee to allow the counties to continue participating in the TAT revenue sharing as this revenue is one of Kaua'i's only off-island sources of taxes. We also ask that you allow the temporary cap on the TAT to sunset in 2015 as originally agreed. Thank you for the opportunity to testify on these House Bills.

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, Repeal rate increase

BILL NUMBER: SB 1194, Proposed HD-1

INTRODUCED BY: House Committee on Finance

BRIEF SUMMARY: Amends HRS section 237D-2 to repeal the temporary increase in the transient accommodation tax (TAT) rate of 9.25%. Eliminates the imposition of the TAT on complimentary rooms.

Amends HRS section 237D-6.5 to repeal the provision depositing the amount of TAT revenues attributable to the 1% or 2% increase in the TAT into the general fund. The provision allowing the total amount of TAT transferred to the counties to not exceed \$93 million per year is made permanent by repealing the sunset date of June 30, 2015.

EFFECTIVE DATE: July 1, 2050

STAFF COMMENTS: This was an administration measure submitted by the department of taxation TAX-13(13). The legislature by Act 61, SLH 2009, increased the TAT from 7.25% to 8.25% between 7/1/09 and 6/30/10 and to 9.25% between 7/1/10 to 6/30/15 with the proceeds attributable to the increase to be deposited into the general fund to shore up the state general fund. It appears that the intent of the proposed draft is to provide that the 9.25% TAT rate shall revert back to 7.25%. This measure would retain the \$71 million limitation of the amount of TAT revenues that is to be deposited into the tourism special fund until June 30, 2015 but would make the provision limiting the amount of TAT revenues transferred to the counties to \$93 million per fiscal year permanent. This would ensure that any excess TAT would be deposited into the general fund.

It should be remembered that in 1974, the Governor's Ad Hoc Commission on Operations Revenues and Expenditures (CORE) recommended that a tax on hotel rentals be enacted only in the case of extreme emergency as the tax would be exportable. The TAT was adopted initially to fund the building of a state convention center. However, because a site was not designated at the time of enactment, the funds from the tax flowed into the state general fund creating surpluses that became an embarrassment. When a site was finally selected, the tax rate was increased to 6% in order to provide a stable source for promotion of the visitor industry and provide subsidies for the maintenance of county infrastructure. Then during the economic contraction of the 1990's after the burst of the Japanese bubble, the rate was increased once again after a task force determined that adjustments needed to be made to the income tax to stimulate the economy and other responsibilities were shifted to the TAT. Understandably, the current financial crisis is one of those occurrences that the Commission alluded to in its report more than 30 years ago. However, making the TAT an on-going source of financing for the general fund will only lead to increased spending and expansion of government as the economy turns around.

While prior drafts of this measure would have made the TAT rate of 9.25% permanent, it should be remembered that any increase in the TAT actually hurts those who depend on the discretionary spending of visitor dollars. Lodging and its attendant taxes must be paid before there is one dollar to spend on souvenirs, tours, entertainment, and food. Thus, hiking the TAT rate merely hurts the small businesses dependent on the visitors' discretionary spending. Hence the reduction in the TAT rate would be a relief to those businesses.

While it may be argued that TAT dollars are being paid by visitors to Hawaii, it should be remembered that for every dollar that is spent to pay the TAT obligation, it is one less dollar that is spent in the state's economy. It is one less pair of slippers purchased or one less restaurant meal or one less catamaran ride taken by the visitors. So in the larger sense, these are not "free" dollars, but dollars that could be flowing back into the economy to generate additional income for Hawaii's people and creating additional jobs for the community.

Finally, some argue that they pay much higher occupancy tax rates in other jurisdictions of the country. For those critics there are three facts that must be recognized. First, much as visitor officials try, Hawaii is still viewed as a leisure destination in competition for discretionary dollars of travelers who have a variety of destinations from which to choose for their vacations. Second, Hawaii is challenged in that it is the most remote inhabited place on earth and, therefore, the most costly in the sense of time expended to reach paradise at a minimum of five hours of travel. And third, except for those places that are not leisure destinations like New York, Chicago or San Francisco where room rates are competitive with those charged for Hawaii rooms, higher occupancy rates are largely attributable to the fact that room rates are lower. As a result, where those hotel room tax rates are higher than Hawaii's TAT rates, the absolute dollar amount produced will be lower because the average room rate is lower than those found in Hawaii. Thus, hotel room rates are not comparable because the base against which they are applied is incongruous.

The legislature by Act 103, SLH 2011, provided that a minimum tax of \$10 was to be imposed on transient accommodations provided on a complimentary or gratuitous basis. This measure proposes to repeal that imposition because the department of taxation has found this provision difficult to administer and the imposition of the minimum tax has generated little revenue. More importantly, the "minimum" rate runs counter to the underlying philosophy that the TAT is a tax on the gross income for the rental of a transient accommodation as opposed to a per unit rate that the minimum rate represents.

Digested 4/2/13

**Testimony to the House Committee on Finance  
Wednesday, April 3, 2013 at 2:30 P.M.  
Conference Room 308, State Capitol**

**RE: SENATE BILL NO. 1194 SD 2 PROPOSED HD 1, RELATING TO TRANSIENT  
ACCOMMODATIONS TAX**

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") **supports with concerns SB 1194 SD2 Proposed HD1 Relating to Transient Accommodations Tax.**

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber supports the sunset of the transient accommodations tax increase of two percent that was passed in 2009. This was not supposed to be a permanent increase.

The Chamber does have concerns over the continuation of the cap on the tourism special fund, the convention center and the counties pass 2015. Like the tax increase, these caps were supposed to be temporary to address the shortfall of the great recession. The cap on the counties will likely force the counties to raise property taxes and/or fees to compensate for lost revenue. The Chamber does not believe that is good tax and fiscal policy.

In addition, we have concerns on the ability of the Hawaii Tourism Authority to market Hawaii across the world with the continuation of the cap. This could have severe and long lasting impacts to Hawaii tourism and the overall economy.

We respectfully ask the committee to amend the bill to sunset the caps in 2015 along with the tax increase.

Thank you for this opportunity to express our views.



Testimony to the Committee on Finance  
State Capitol, Conference Room 308 at 2:30pm  
April 3, 2013

**RE: SUPPORT OF SB1194 SD2  
RELATING TO TRANSIENT ACCOMMODATIONS TAX**

Dear Chair Luce, Vice Chairs Nishimoto & Johanson, and Committee Members:

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce. I am writing on behalf of our organization to now SUPPORT SB1194 SD2 to reduce the Transient Accommodations Tax rate of 9.25% to the original rate of 7.25% and the repeal and elimination of the daily \$10 TAT on complimentary rooms.

At a time when our visitor industry is competing against many sophisticated markets for every visitor dollar, we appreciate that this bill has been modified to reduce the transient accommodations tax to help Hawaii remain competitive and honor earlier promises made.

We also ask that you consider you consider lifting the caps on transient accommodations tax revenue distributions to the convention center special fund, the tourism special fund, and the counties after 2015.

Thank you for the opportunity to provide testimony and SUPPORT SB1194 SD2.

Sincerely,

Pamela Tumpap  
President



Hawai'i Convention Center  
1801 Kalākāua Avenue, Honolulu, Hawai'i 96815  
**kelepona** tel 808 973 2255  
**kelepa'i** fax 808 973 2253  
**kahua pa'a** web [hawaiitourismauthority.org](http://hawaiitourismauthority.org)

**Neil Abercrombie**  
*Governor*

**Mike McCartney**  
*President and Chief Executive Officer*

Testimony of  
Mike McCartney  
President and Chief Executive Officer  
Hawai'i Tourism Authority  
on  
**S.B. 1194, S.D. 2**  
**Relating to Transient Accommodations Tax**  
House Committee on Finance  
Wednesday, April 3, 2013  
2:30 p.m.  
Conference Room 308

The Hawai'i Tourism Authority (HTA) supports proposed S.B. 1194, H.D. 1, with amendments. The proposed H.D. 1, proposes to:

- (1) Return transient accommodations tax (TAT) rate to 7.25%; and
- (2) Repeal the sunset date for the \$93 million-cap on the transfer of TAT revenues to the counties.

As the 9.25 per cent was a temporary tax to help the state balance its budget, returning the TAT to the 7.25 per cent rate will help in keeping our visitor industry competitive and will help to maintain the positive momentum that the industry is experiencing. Through February 2013, visitors have spent an average of \$45 million per day: \$21 million on O'ahu, \$13 million in Maui County, \$6 million on Hawai'i Island and \$4 million on Kaua'i. This will result in an estimated \$1.6 billion in state tax revenue in 2013. We believe that returning the rate to the 7.25 per cent level is good for the long-term positioning of the Hawaiian Islands in the world-wide market.

We request that the bill be further amended to raise the limit on the deposits into the Tourism Special Fund to \$81 million. The removal of the limit will enable the HTA to:

- Diversify our portfolio to protect our market share in emerging major market areas;
- Focus on the diversification of new segments including the meetings, conventions and incentives (MCI) market;
- Achieve greater distribution of visitors to the neighbor islands;
- Invest in market development and experiential activities for the "shoulder" months, when visitor counts typically are lower;
- Enhance visitor safety and security programs; and
- Support long-term career development as part of workforce development.

These additional resources will not only help us to remain competitive and keep the positive momentum in a fragile market, it should yield \$140 million in state tax revenue given our current ROI. Simply said, it's an investment that will pay returns to the people of Hawai'i.

We further request that the bill be amended to provide that, instead of allocating funds from the Tourism Special Fund for parks, trail and access, that the TAT law be amended to provide for allocating \$3 million for Natural Resource programs within DLNR:

- a. State Parks & Trails
- b. Protection, preservation, and enhancement of natural resources important to the visitor industry;
- c. Planning, construction, and repair of facilities; and
- d. Operation and maintenance of public lands that enhance the visitor experience.

Investment in the resources that are vital to the Hawaii visitor experience, such as our parks, natural areas, and shoreline resources, are important to enhancing the Hawaii brand and preserving the resources that are an important part of our visitor industry.

Finally, we request that the effective date of the Act be changed to January 1, 2014. This will accommodate travel packages that have already been sold and will give time for travel agents and wholesalers to create new packages with new price structures.

Unlike other destinations with higher hotel room taxes, which host more business travelers, Hawaii is a leisure destination, where the visitor's spending is discretionary and not expensed as by a business traveler. As such, our visitor market is price-sensitive, and any increase could drive a traveler to a competing destination. Our market is affected by the price of accommodations, the price of fuel, the long travel time to reach our destination, or, in the case of Japan, the devaluing of the yen.

Currently, the visitor industry supports more than 166,000 jobs and we anticipate this number to grow this year. However, we are still well below the peak of more than 178,000 jobs in 2005, and the TAT increase could cause a loss of jobs in the tourism sector.

Mahalo for the opportunity to offer these comments and for your consideration of the amendments being proposed.

\*Please see attachments for more information.





HAWAII LODGING & TOURISM

ASSOCIATION

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**TESTIMONY OF GEORGE SZIGETI  
PRESIDENT & CEO  
HAWAII LODGING & TOURISM ASSOCIATION  
House Committee on Finance  
Chair Sylvia Luke, Vice Chair Scott Nishimoto, Vice Chair Aaron Ling Johanson**

**Wednesday, April 3, 2013. 2:30pm, Room 308**

**RE: Support of proposed HD1 to SB 1194, SD2 Relating to the Transient Accommodations Tax**

Good afternoon Chair Luke, Vice Chairs Nishimoto and Johanson, and members of the committee. I am George Szigeti, President & CEO of the Hawaii Lodging & Tourism Association.

The Hawaii Lodging & Tourism Association is a statewide association of hotels, condominiums, timeshare companies, management firms, suppliers, and other related firms and individuals. Our membership includes over 150 lodging properties representing over 48,000 rooms. Our lodging members range from the 3,499 rooms of the Hilton Hawaiian Village Waikiki Beach Resort to the 4 rooms of the Bougainvillea Bed & Breakfast on the Big Island.

The Hawaii Lodging & Tourism Association strongly support the proposed HD1 to SB 1194 SD2 which reduces the current transient accommodations tax rate of 9.25 per cent to 7.25 per cent on July 1, 2013, and eliminates the daily transient accommodations tax for complimentary accommodations. We would humbly ask that the committee consider eliminating the caps on the transient accommodations tax revenue applied to the convention center special fund, the tourism special fund and the counties after 2015.

While our industry recognized the State was facing serious budget problems in 2009 and that the TAT would address these issues, it was not going to be a permanent increase. Now that things have recently improved, and the forecast for 2013 looks very positive we believe a "deal is a deal" and we strongly support reverting back to our original 7.25%. Furthermore, in resort destination similar to Hawaii, our competitor's tax rates are usually lower. All of these destinations also have lower room rates due to lower cost of doing business thus leading to even lower tax bills for the customer. The cost of doing business and the cost of taxes are increasingly making us less competitive in a highly competitive and fragile industry!

Competing destinations like New York City, Washington DC, San Francisco, Chicago and Seattle also have high room tax rates and most travelers are not paying the hotel bill themselves while staying in these destinations, but rather charging these expenses to their business. On the contrary, Hawaii visitors have "selected" Hawaii as their vacation destination and are personally responsible for what is incurred on their hotel bill. In selecting Hawaii as their next vacation, they know they have high airfare, hotel and accommodations expenses, ground transportation cost, high food and beverage costs, as well as miscellaneous expenses that all come out of their pockets. Reducing taxes can only help make Hawaii vacations more affordable and more competitive.

Let's continue to have government, the private sector, the community, HTA, HVCB all work as one to keep Hawaii's visitor industry vibrant, modern, affordable and ahead of worldwide competition.

Thank you for the opportunity to testify in support of HD1 to S.B. 1194 SD2

April 2, 2013

Rep. Sylvia Luke  
Chair, Committee on Finance  
Hawaii State Capitol

**TESTIMONY OF DOUG SEARS, General Manager, Grand Hyatt Kaua`i Resort & Spa  
and Board Member of the Hawaii Lodging & Tourism Association**

**Hearing on Wednesday, April 3, 2013, 2:30PM**

**RE: Support of proposed HD1 to SB1194, SD2 Relating to Transient Accommodations Tax**

Aloha Chair Luke, Vice Chairs Nishimoto and Ling Johanson and members of the Committee. I am Doug Sears, General Manager of the Grand Hyatt Kaua`i and a member of the Board of Directors of the Hawaii Lodging & Tourism Association.

I am writing you today to express my support of the proposed HD1 to SB1194 which would reduce the current Transient Accommodations Tax from the 9.25% to the original 7.25% on July 1, 2013 and eliminate \$10 daily transient accommodations tax on complimentary accommodations. I humbly ask that the committee consider lifting the caps on Transient Accommodations Tax revenue distributions to the Convention Center special fund, the tourism special fund and the counties after 2015.

Now that we have seen a positive turn around in our industry, we strongly support reverting back to the 7.25% TAT. The cost of doing business in Hawaii and the cost of increasing taxes has made the Hawaii market less competitive in this highly competitive industry! In resort destinations similar to Hawaii, our competitor's tax rates, room rates and cost of doing business are usually lower which results in even lower tax bills for the customer. Reducing taxes can only help make Hawaii vacations more affordable and our market more competitive.

Thank you for the opportunity to testify in support of HD1 to SB 1194 SD2.

Sincerely,



**DOUG SEARS**  
General Manager

GRAND HYATT KAUA`I RESORT & SPA  
1571 Poipu Road  
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Honorable Sylvia Luke, Chair  
Honorable Scott Nishimoto, Vice Chair  
Honorable Aaron Johanson, Vice Chair  
House Committee on Finance

Wednesday, April 3, 2013; 2:30 PM; **Agenda #1**  
Hawaii State Capitol; Conference Room 308

### **SB 1194 SD2 Proposed HD1 – Relating to Transient Accommodations Tax**

Aloha Chair Luke, Vice Chairs Nishimoto and Johanson and Members of the Committee:

The Kohala Coast Resort Association (KCRA) appreciates this opportunity to provide comments on SB 1194 SD2 Proposed HD1.

We are in strong support of reducing the transient accommodations tax (TAT) rate of 9.75% to 7.25% on July 1, 2013 and eliminating the daily TAT for complimentary accommodations. We ask that the committee please consider lifting the cap on the tourism special fund and the Counties.

KCRA members represent more than 60% of Hawaii island's hotel rooms and vacation rentals and directly employ nearly 5,000 island residents. The members of the resort association include: Hualalai Resort, Mauna Kea Resort, Mauna Lani Resort and Waikoloa Beach Resort. The hotels located within these resorts are also members – Four Seasons Resort Hualalai, Hapuna Beach Prince Hotel, Hilton Waikoloa Village, Mauna Kea Beach Hotel, Mauna Lani Bay Hotel & Bungalows, The Fairmont Orchid, Hawaii, and Waikoloa Beach Marriott Resort & Spa.

Complimentary accommodations are used by our members to promote and market our destination. In addition to offering complimentary rooms to travel writers, travel agents and meeting planners, our members also donate complimentary rooms to charities and non-profits. Eliminating the tax on complimentary accommodations will provide some tax relief to members, and just as importantly, it will allow them to better support their community and the marketing and promotion of their property and the broader destination.

The hotels have had one reasonably good year in the last five and while Oahu may be at historic levels of occupancy, the same cannot be said for Hawai`i Island properties. Visitor statistics show that while Oahu enjoyed an 85% occupancy level in 2012, Hawai`i Island's occupancy trailed by 23 percentage points at 62%.

The membership would also like to point out that increasing occupancy does not equal increasing profits as operating costs such as utilities, shipping and medical benefits for staff continue to climb.

Airlift, the visitor industry's lifeline, continues to be a concern for our island. Kona International Airport lost its international airlift when Japan Airlines pulled its route in late 2010 and this year, Kona is expected to have a 3.3% drop in domestic seats. Added is the difficulty in getting visitors to Hawai'i Island due to limited inter-island airlift.

Allowing the TAT to roll back to 7.25% would make it possible for our resorts and hotels to be more competitive in the leisure travel marketplace.

Mahalo nui loa,  
Sharon Sakai  
Administrative Director



*Maui Hotel & Lodging*  
ASSOCIATION

Testimony of  
**Lisa H. Paulson**  
Executive Director  
Maui Hotel & Lodging Association  
on  
**SB1194, Proposed HD1**  
**Relating To Transient Accommodations Tax**

COMMITTEE ON FINANCE  
**Wednesday, April 3, 2013, 2:30pm**  
**Room 308**

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 140 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA’s membership employs over 20,000 local residents.

MHLA is in support of SB1194, Proposed HD1 which reduces the effective transient accommodations tax rate of 9.25 per cent to 7.25 per cent on July 1, 2013, and also eliminates the daily transient accommodations tax for complimentary accommodations. Additionally, we would like to request that the committee consider eliminating the caps on the transient accommodations tax revenue applied to the convention center special fund, the tourism special fund and the counties after 2015.

The visitor industry is the economic driver for Maui County. We are the largest employer of residents on the Island - directly employing approximately 40% of all residents (indirectly, the percentage increases to 75%).

In 2009, the state government raised the TAT with a 1% increase effective July 1, 2009, and an additional 1%, 2010. Since the July 1, 2010, guests and locals have paid a TAT of 9.25%. Coupled with the GET, guests pay a 13.41% tax on Maui. Based on the annual average cost of a hotel room and the 13.41% tax rate, the average tax bill is \$32 per night.

The cost of doing business and the tax rates in Hawaii are increasingly making it more difficult to be competitive and for businesses to be profitable. Continuously increasing the TAT fees will only diminish Maui’s ability to compete in a price-sensitive resort destination market. This could cause us to lose momentum in the significant gains in visitor arrivals and spending experienced over the past three years. We need to ensure the continued success of our industry for the state’s economy to be sustainable.

We urge you to support SB1194, HD1.

Thank you for the opportunity to testify.



Michael Jokovich  
General Manager

Hyatt Regency Maui Resort and Spa  
on Kaanapali Beach  
200 Nohea Kai Drive  
Lahaina, Maui, Hawaii USA 96761

Phone: 808.667.4400  
FAX: 808.661.0062  
Email: michael.jokovich@hyatt.com  
www.maui.hyatt.com

**Testimony of  
Michael Jokovich  
General Manager  
Hyatt Regency Maui Resort and Spa  
on  
SB1194 SD2  
Relating to Transient Accommodations Tax**

**COMMITTEE ON FINANCE  
Wednesday, April 3, 2013, 2:30 pm  
Room 308**

As General Manager of the Hyatt Regency Maui Resort and Spa, I am in support of SB1194 to reduce the TAT rate of 9.25 per cent to 7.25 per cent on July 1, 2013 and eliminate the daily TAT for complimentary accommodations. I would also ask the Committee to please consider eliminating the caps on the transient accommodations tax revenue applied to the convention center special fund, the tourism special fund and the counties after 2015.

While our industry recognized the State was facing serious budget problems in 2009 and that the TAT would address these issues, it was not going to be a permanent increase. Now that things have recently improved, and the forecast for 2013 looks very positive we believe a "deal is a deal" and we strongly support reverting back to our original 7.25%. Our guests, both locals and visitors, currently pay the highest tax rate in the country for visitor destinations as a result of the TAT increases in 2009 and again in 2010. Returning the TAT to the original 7.25% will lower the cost of a hotel room to a wider market and help continue the momentum experienced over the past three years of significant gains in visitor arrivals and spending.

The \$10 daily tax on complimentary accommodations was surely also only intended as a temporary emergency measure and its removal will allow us to encourage longer stays with incentive packages (such as 'fifth night free') and provide gift certificates for overnight stays to local charities by returning the word 'free' to its original meaning.

Reducing and eliminating these taxes will benefit not only our hotel but all businesses on Maui. Hawaii is a vacation destination primarily serving the individual traveler who pays for all expenses on their own, unlike many major city destinations which cater to business travelers charging their hotel bill to their company. The cost of doing business and the cost of taxes are increasingly making us less competitive in a highly competitive and fragile industry! Reducing taxes can only help make Hawaii vacations more affordable and more competitive.

Thank you for the opportunity to testify in support of S.B. 1194 SD2

**SB1194**

Submitted on: 4/1/2013

Testimony for FIN on Apr 3, 2013 14:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Rob Robinson	Pacific Beach Hotel	Support	No

Comments: Aloha- Put simply this bill will allow hotels to flourish and continue to attract tourists worldwide. I am strongly in favor of SB1194. Rob Robinson, General Manager

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**FOUR SEASONS RESORT**  
*Hualalai at Historic Ka'ūpulehu*

**ROBERT WHITFIELD**  
Regional Vice President  
and General Manager

April 1, 2013

House of Representatives  
Committee on Finance  
Representative Sylvia Luke, Chair

Subject: SB 1194, SD2  
(SSCR703)

Notice of Hearing Wednesday, April 03, 2013 at 2:30 p.m.

Dear Representative Luke,

I am writing to express my strong support of SB1194 which reduces the effective transient accommodations tax rate of 9.25 percent to 7.25 percent on July 1, 2013. I support the repeal and elimination of the daily \$10 TAT on complimentary accommodations. I also ask the committee to please consider lifting the cap on transient accommodations tax revenue distributions to the convention center special fund, the tourism special fund, and the counties after 2015.

We ask for your favorable consideration in honoring the above proposals which would make it possible for our resorts and hotels to be more competitive in the leisure travel marketplace.

Sincerely yours,

Robert Whitfield

Copy to: Chris Leudi  
General Manager  
The Fairmont Orchid, Hawai'i

RW/rc



**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [FINTestimony](#)  
**Cc:** [thomas.steinbauer@fourseasons.com](mailto:thomas.steinbauer@fourseasons.com)  
**Subject:** Submitted testimony for SB1194 on Apr 3, 2013 14:30PM  
**Date:** Monday, April 01, 2013 4:37:59 PM

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**SB1194**

Submitted on: 4/1/2013

Testimony for FIN on Apr 3, 2013 14:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Thomas Steinbauer	Four Seasons Maui	Support	No

Comments: We support the reducing TAT from 9.25% to 7.25% We support the repeal and elimination of the daily \$10 TAT on complimentary rooms. We ask the committee to please consider lifting the cap on the HTA and the Counties

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**SB1194**

Submitted on: 4/2/2013

Testimony for FIN on Apr 3, 2013 14:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jenavi Correa	Ma'alaea Surf Resort	Support	No

Comments:

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Lahaina, Maui, HI. 96761  
Tel: (808) 669-1050  
Fax: (808) 669-1848

4/02/2013

Dear Council Committee members,

My name is Suzie Moore and I am the General Manager of Kahana Falls Resort. I am writing today to show my support for Bill #SB1194. I believe the amendment to decrease the TAT from 9.25% to the original 7.25% is in the best interest of everyone to ensure the health of our industry.

Additionally, I support the repeal and elimination of the daily \$10 TAT on complimentary rooms. Complimentary rooms are an asset to the industry and the elimination of the tax will benefit many.

Lastly, I would like to respectfully request your consideration of lifting the cap on the HTA and the Counties.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Suzie Moore', is written over a light blue horizontal line.

Suzie Moore  
Kahana Falls Resort GM  
808-669-1050 ext. 432

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, April 02, 2013 2:21 PM  
**To:** FINTestimony  
**Cc:** jpcercillieux@kaimana.com  
**Subject:** Submitted testimony for SB1194 on Apr 3, 2013 14:30PM

### **SB1194**

Submitted on: 4/2/2013

Testimony for FIN on Apr 3, 2013 14:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
JP cercillieux	The New Otani Kaimana Beach Hotel	Support	No

Comments: Suppot the bill SB 1194 with a request, asking the committee to eliminate the caps on the TAT revenue applied to convention special fund , the tourism special fund and the counties after 2015.

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starwood

Hotels and  
Resorts

2155 kalakaua avenue, suite 300  
honolulu, hi 96815

united states

April 3, 2013

To: Honorable Sylvia Luke, Chair  
House Committee on Finance

**RE: SB 1194 SD2 Proposed HD1 – Relating to Transient Accommodations Tax –  
Comments**  
Conference Room 308, 2:30 PM; **Agenda #1**

Aloha Chair Luke and Members of the Committee:

My name is Keith Vieira, Senior Vice President of Operations for Starwood Hotels and Resorts (“Starwood”) in Hawai’i and in French Polynesia. We appreciate the opportunity to provide comments on the proposed HD1 for SB 1194 SD2, relating to the Transient Accommodations Tax (“TAT”).

Starwood appreciates the Committee’s consideration to move forward the proposed HD1 to this bill. We believe this is a positive step to keep to the commitments made during the Great Recession that the changes to the state TAT be temporary to fund the state's budget shortfall. We support the changes to restore the TAT rate to 7.25 percent on July 1, 2013, to eliminate the minimum \$10 TAT on complimentary accommodations and to keep the present TAT revenue distributions for the Hawaii Tourism Authority (“HTA”) and the counties.

Starwood supports removing the \$71 million cap for the HTA and the \$93 million cap for the counties. We believe that increased revenues should support the original intent of the TAT to fund the work of HTA, which markets the state world-wide and helps strengthen our visitor industry. This is a positive step to ensure market competition for our state. Additionally, it is important to ensure that counties continue to get their fair share of TAT revenue to support important public safety and infrastructure programs. If the TAT distributions do not correlate with increased demands on these programs, we may see a diminishing result on the overall economic recovery of the state.

Like the temporary increase to the TAT, capping the TAT distributions were always intended to be a temporary fix to help support the state’s budget shortfall. Now it’s time to remove these caps to ensure that the HTA, the counties, and other entities supported by TAT revenues continue to provide important services to help our state.

We appreciate the opportunity to offer comments on this bill and respectfully ask for your consideration for these changes.

Sincerely,

Keith Vieira  
Senior Vice President of Operations  
Starwood Hotels and Resorts in Hawai’i and in French Polynesia



**TESTIMONY OF JERRY GIBSON  
AREA VICE PRESIDENT, HILTON HAWAII**

**April 3, 2013**

**RE: SB 1194 HD1 Relating to the Transient Accommodations Tax**

Good afternoon, Representative Sylvia Luke, Representative Scott Nishimoto, Representative Aaron Ling Johanson and the members of the Committee on Finance.

Thank you for holding this hearing and allowing the members of the visitor industry to submit testimony to you.

Our Hilton Hawaii portfolio spans three Hawaiian Islands: Oahu, Maui and the Hawaii, the Big Island and represents more than 6,000 hotel guest rooms and timeshare units. Our Hilton Hawaiian Village Waikiki Beach Resort is the largest hotel in Hawaii with its 3,543 hotel and timeshare units.

Hilton Hawaii strongly supports SB 1194 HD1 Relating to the Transient Accommodations Tax. This bill reduces the effective TAT rate from the temporary 9.25% to the original 7.5%. In addition, this bill would eliminate the daily transient accommodations tax for complimentary accommodations.

In the years since the TAT was introduced, the residents Hawaii have benefited from the millions of dollars that the fund has provided. Through these tax revenues, not only has the visitor industry been able to increase its marketing efforts, but the funds have been used outside of tourism agencies as part of the general fund. This financial boost to the economy that tourism provided was much needed. We all agree that it has helped with the recovery.

The economy is looking positive and we hope that the recovery continues. And as such, we need to allow the industry to return to its original tax rate and eliminate the tax on complimentary rooms. We do not want to price ourselves back into a slump as travelers seek out more affordable destinations.

We additionally would ask that you consider lifting the cap on the HTA and the counties. In order to compete in the marketplace, our agencies need to have adequate financial resources.

We urge you to support this bill and help Hawaii's tourism industry continue to grow and thrive.

Mahalo,

A handwritten signature in black ink, appearing to read 'Jerry Gibson', written in a cursive style.

Jerry Gibson  
Area Vice President, Hawaii  
Hilton Worldwide

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, April 02, 2013 2:13 PM  
**To:** FINTestimony  
**Cc:** cathy@mauivacationproperties.com  
**Subject:** Submitted testimony for SB1194 on Apr 3, 2013 14:30PM

### **SB1194**

Submitted on: 4/2/2013

Testimony for FIN on Apr 3, 2013 14:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Catherine Clark	Individual	Support	No

Comments: Aloha from Maui. I SUPPORT this bill on the basis that the TAT tax will reduce from 9.25% to 7.25%. The tourism industry is our main economic generator, and reducing the tax will show the world that we LOVE visitors.

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**SB1194**

Submitted on: 4/2/2013

Testimony for FIN on Apr 3, 2013 14:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Michael P. Victorino	Individual	Oppose	Yes

Comments:

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## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, April 02, 2013 3:30 PM  
**To:** FINTestimony  
**Cc:** pluta@maui.net  
**Subject:** Submitted testimony for SB1194 on Apr 3, 2013 14:30PM

### **SB1194**

Submitted on: 4/2/2013

Testimony for FIN on Apr 3, 2013 14:30PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Joseph D Pluta	Individual	Support	No

Comments: I wholeheartedly "SUPPORT" the House Draft 1 amendments of SB1194 which reduces the TAT from the 9.25% to the original 7.25%. I also support the repeal and elimination of the daily \$10 TAT on complimentary rooms. I respectfully ask the committee to consider lifting the cap on the HTA and the Counties. Malama Pono ame Mahalo.

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