

# SB 950

## SB950

**Measure Title:** RELATING TO TRANSIENT ACCOMMODATIONS TAX.

**Report Title:** Tourism Special Fund; Conservation and Resources Enforcement Special Fund; Transient Accommodations Tax

**Description:** Reallocates portions of TAT revenues deposited into tourism special fund to state parks special fund, special land and development special fund, and conservation and resources enforcement special fund.

**Companion:**

**Package:** None

**Current Referral:** WTL/THA, WAM

**Introducer(s):** SOLOMON, Kahele

<u>Sort by Date</u>		<b>Status Text</b>
1/24/2013	S	Introduced.
1/24/2013	S	Passed First Reading.
1/24/2013	S	Referred to WTL/THA, WAM.
2/7/2013	S	The committee(s) on WTL/THA has scheduled a public hearing on 02-12-13 1:20PM in conference room 225.

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

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

**ESTHER KIA'AINA**  
FIRST DEPUTY

**WILLIAM M. TAM**  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

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

**Before the Senate Committees on  
WATER AND LAND  
and  
TOURISM AND HAWAIIAN AFFAIRS**

**Tuesday, February 12, 2013  
1:20 PM  
State Capitol, Conference Room 225**

**In consideration of  
SENATE BILL 950  
RELATING TO TRANSIENT ACCOMMODATIONS TAX**

Senate Bill 950 proposes to reallocate portions of Transient Accommodations Tax (TAT) revenues deposited into the Tourism Special Fund to the State Parks Special Fund, Special Land Development Fund, and Conservation and Resources Enforcement Special Fund. **The Department of Land and Natural Resources (Department) supports the intent of this bill but is concerned with the potential adverse impact it may have on the Tourism Special Fund and its uses.**

Presently, an amount of \$1,000,000 from the TAT is allotted to the Department. Of this amount, 90% is allotted to the State Parks Special Fund and 10% is allotted to the special fund for the Statewide Trail and Access Program (Na Ala Hele). These funds have been received by the Department since 2005 and have allowed the Department to make significant improvements to the parks and trails for the benefit of both residents and visitors.

Additional funding for State Parks, the Na Ala Hele Trail and Access Program, and the Division of Conservation and Resources Enforcement would provide greater protection for the resources for the enjoyment of current and future generations.



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**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. 950  
Relating to Transient Accommodations Tax**

Senate Committee on Water and Land  
Senate Committee on Tourism and Hawaiian Affairs  
Tuesday, February 12, 2013  
1:20 p.m.  
Conference Room 225

The Hawai'i Tourism Authority (HTA) strongly opposes S.B. 950, which proposes that ten per cent of transient accommodations tax revenues deposited into the Tourism Special Fund be transferred to:

- The State Parks Special Fund (eight of the ten per cent);
- The Special Land and Development Fund (one of the ten per cent); and
- The Conservation and Resources Enforcement Fund (one of the ten per cent).

HTA, however, can support S.B. 950, with certain amendments. The first amendment is providing that 1 per cent or an amount not to exceed \$4 million of revenues received from the transient accommodations tax be allocated to the programs for the protection, preservation, and enhancement of natural resources important to the visitor industry. Our informal discussion with the Department of Land and Natural Resources personnel determined that this amount should be sufficient to supplement the general fund appropriations for those programs, which are an integral part of our visitor industry infrastructure.

The second amendment is to repeal the \$71 million limit on deposits into the Tourism Special Fund. In 2012, the revenues deposited into the Tourism Special Fund were capped at \$71 million. This has seriously affected our ability to maintain our market share in a highly competitive tourism marketplace. We believe that by investing in opportunities to maintain market share and diversify our tourism profile in the leisure and meetings, conventions and incentive (MCI) markets, enhancing access and

neighbor island distribution, and building on the experiential assets of our people, place and culture, we can generate greater revenue that will benefit the entire state.

With these amendments, we can support S.B. 950.

Thank you for the opportunity to comment on S.B. 950.

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

**SUBJECT:** TRANSIENT ACCOMMODATIONS, Disposition for conservation and resources enforcement fund

**BILL NUMBER:** SB 950

**INTRODUCED BY:** Solomon and 1 Democrat

**BRIEF SUMMARY:** Amends HRS section 237D-6.5(b)(2) to provide that of the 34.2% of transient accommodations tax (TAT) revenues deposited into the tourism special fund, 10% of TAT revenues shall be deposited as follows: (1) 8% rather than 90% shall be deposited into the state parks fund; 1% rather than 10% shall be deposited into the special land and development fund of the statewide trail and access program; and 1% shall be deposited into the conservation and resources enforcement fund.

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

**EFFECTIVE DATE:** July 1, 2003

**STAFF COMMENTS:** Currently, TAT revenues are allocated as follows: (1) 17.3% is deposited into the convention center enterprise special fund; (2) 34.2% is deposited into the tourism special fund; (3) 44.8% is transferred to the various counties, with any remaining revenues deposited into the general fund. Of the 34.2% deposited into the tourism special fund one of the earmarks of this fund provides that of the first \$1 million deposited, 90% is deposited to the state parks special fund and 10% is deposited into the special land and development fund established for the Hawaii statewide trail and access program. This measure would replace the \$1 million earmark with 10% and provide that of the 10%: (1) 8% shall be deposited into the state parks fund; (2) 1% shall be deposited into the special land and development fund for the Hawaii statewide trail and access program; and (3) 1% shall be deposited into the conservation enforcement fund.

While the proposed measure would add another siphon of TAT revenues, it would perpetuate the earmarking of TAT revenues for activities other than tourism. While proponents of earmarking of the TAT argue that if these projects or programs are not funded, none of the pristine beauty that visitors come to see will be preserved, one could make the argument on the other side. If there are insufficient funds to promote the industry, then visitor counts will drop and so will the income that fuels the state's economy. Lawmakers seem to have lost sight of the fact that visitors also contribute to state coffers directly through the 4% on everything they purchase in Hawaii including hotel rooms, visitor activities and purchases of food and souvenirs. To that extent, a good part of the general fund tax collections is contributed by visitors. If the argument is that visitors should pay for other "visitor related" programs, then paying for those programs out of general funds would be more appropriate than stealing the money from what is identified as a tax paid specifically by the visitor.

Unfortunately, lawmakers would rather spend those general funds on other pet programs and projects. What they have decided is that maintaining the state's parks, trails, etc., is not a high enough priority to be funded out of the general fund pot. Indeed, if such programs are of such a priority, then they should be measured along side all other general fund financed programs.

Rather than the continual earmarking of TAT revenues, a direct appropriation of general funds would be preferable. Earmarking the TAT revenues for these programs that not only benefit the visitors but the community at large, is an abdication on the part of the legislature to set priorities among general fund resources and is an indication that the legislature truly does not believe this is an important enough issue to set aside state appropriations to address these issues.

Digested 2/8/13

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**Subject:** Submitted testimony for SB950 on Feb 12, 2013 13:20PM  
**Date:** Saturday, February 09, 2013 12:43:37 PM

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## SB950

Submitted on: 2/9/2013

Testimony for WTL/THA on Feb 12, 2013 13:20PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara J. Smith	Individual	Support	No

Comments: This bill would be a step in the right direction to provide money for enforcement of the rules and regulations governing our off shore islands that are in very restricted conservation zones, as well as other sensitive historical sites and state trails. Already the bird sanctuaries of Popoia, and Mokulua are being overused by visitors and residents alike causing a degradation of the nesting areas and starting to create new landing areas, especially on Popoia Island, and trails. Other islands off Waimanalo and Malaekahana and elsewhere are also most likely being affected. The current signage, on the Mokulua and Popoia, seem to have no effect on those who visit these islands. Particularly the Mokulua, which has become a "party place" since the sand bar in Kaneohe Bay has been shut down. These islands have no sanitary facilities or potable water. The closest public facilities are at Kailua Beach Park or Waimanalo Beach Park. It is not good public policy to encourage "overuse" of resources that are attractive to visitors, both residents and tourists alike. With increased use comes increased deterioration of the beauty of the sites and soon their value to our state is lost. Please vote to pass this bill out of committee for a full Senate hearing. In the early 1960's, our State was at the forefront of keeping lands in conservation, this bill will enable the State, particularly the Department of Land and Natural Resources, to fund enforcement of rules and regulations governing the use of lands in the most restrictive conservation zone. Mahalo, for taking the time to read my testimony. Sincerely, Barbara J. (Hoppy) Smith

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**Subject:** Submitted testimony for SB568 on Feb 12, 2013 13:20PM  
**Date:** Monday, February 11, 2013 12:54:58 AM

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**SB568**

Submitted on: 2/11/2013

Testimony for WTL/THA on Feb 12, 2013 13:20PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Carl P Jellings Sr	Individual	Support	No

Comments: Aloha Ahiahi Honorable Senator's (Sand) for some Marine life a favored habitat for others it's a critical habitat. akule,opelu, naia, oio, weke, moi, hihimanu,oopu okea,laenihi.piha ,nehu,ulae,iao,ahaaha,iheihe, lae,weke nono, weke ula,moelua,weke a,weke pueo,paki'i,kuahonu,ohiki,mano ,and ulua. We are in strong support of SB 568 Mahalo Nui Carl P Jellings Sr

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**Cc:** [lisamarten@hawaii.rr.com](mailto:lisamarten@hawaii.rr.com)  
**Subject:** Submitted testimony for SB950 on Feb 12, 2013 13:20PM  
**Date:** Friday, February 08, 2013 2:17:27 PM

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SB950

Submitted on: 2/8/2013

Testimony for WTL/THA on Feb 12, 2013 13:20PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Lisa Marten	Individual	Support	No

Comments: I think it is very appropriate to have a portion of transient accommodations go to conservation of our environment. Our natural environment is a big draw for tourists, and its preservation will keep them coming.

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