



EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

GOV. MSG. NO. 1181

May 19, 2014

The Honorable Donna Mercado Kim,
President
and Members of the Senate
Twenty-Seventh State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

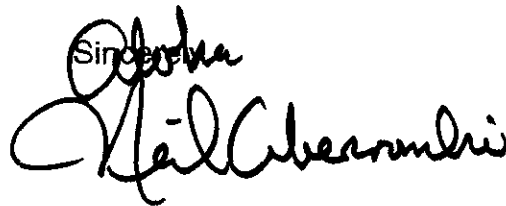
The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Seventh State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

This is to inform you that on May 19, 2014, the following bill was signed into law:

HB2434 HD2 SD2 CD1

RELATING TO THE TRANSIENT
ACCOMMODATIONS TAX
ACT 081 (14)

Sincerely,


NEIL ABERCROMBIE
Governor, State of Hawaii

A BILL FOR AN ACT

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to establish a
2 method to use transient accommodations tax revenues to pay for
3 the debt service on revenue bonds, the proceeds of which will be
4 used to acquire the conservation easement in Turtle Bay, Oahu.

5 This Act:

- 6 (1) Authorizes the Hawaii tourism authority to issue
7 \$40,000,000 in revenue bonds and use the proceeds to
8 acquire a conservation easement in Turtle Bay, Oahu;
- 9 (2) Allocates transient accommodations tax revenues of
10 \$3,000,000 annually to the Hawaii tourism authority
11 for use to pay the debt service on the revenue bonds;
- 12 (3) Reduces the transient accommodations tax revenue
13 allocation to the convention center enterprise special
14 fund from \$33,000,000 to \$26,500,000; and
- 15 (4) Requires the Hawaii tourism authority and department
16 of budget and finance to restructure the convention
17 center debt owed to the department to accommodate an



1 annual payment for debt service of not more than
2 \$16,500,000.

3 As a result of the events specified above, this Act is
4 intended to produce an additional \$3,500,000 in transient
5 accommodations tax revenues to the general fund.

6 SECTION 2. Chapter 201B, Hawaii Revised Statutes, is
7 amended by adding two new sections to be appropriately
8 designated and to read as follows:

9 "§201B-A Revenue bonds for conservation easement in Turtle
10 Bay, Oahu. (a) As authorized by section 6 of Act , Session
11 Laws of Hawaii 2014, the authority shall issue revenue bonds to
12 acquire a conservation easement in Turtle Bay, Oahu. The public
13 shall have perpetual public access to said conservation
14 easement. The conservation easement shall be in compliance with
15 chapter 198.

16 Prior to executing the agreement to acquire the
17 conservation easement, the authority shall:

18 (1) Obtain an appraisal and perform its due diligence on
19 the conservation easement and property rights proposed
20 to be acquired; and

21 (2) Offer to hold an informational briefing for the
22 legislature. The offer shall be made through the



1 president of the senate and speaker of the house of
2 representatives.

3 (b) For the purpose of this section, the authority shall
4 be deemed a "department" and the acquisition of the conservation
5 easement shall be deemed an "undertaking" under chapter 39.

6 (c) The revenue bonds issued to acquire the conservation
7 easement shall be secured by and payable from the transient
8 accommodations tax revenues allocated to the Turtle Bay
9 conservation easement special fund established pursuant to
10 section 201B-B. For this purpose, the revenues allocated shall
11 be deemed "user taxes" for the undertaking.

12 (d) The revenue bonds shall be issued in accordance with
13 chapter 39, part III. The authority shall request the director
14 of finance, on behalf of the authority, to perform the duties
15 specified under section 39-68 regarding the preparation, sale,
16 and administration of the revenue bonds.

17 **§201B-B Turtle Bay conservation easement special fund.**

18 (a) There is established the Turtle Bay conservation easement
19 special fund.

20 (b) Transient accommodations tax revenues allocated to the
21 Turtle Bay conservation easement special fund pursuant to
22 section 237D-6.5 shall be deposited into the special fund. All



1 interest earned on the moneys in the special fund shall be
2 credited to the special fund.

3 (c) Moneys in the Turtle Bay conservation easement special
4 fund shall be expended to pay the debt service on revenue bonds
5 issued to acquire the conservation easement in Turtle Bay, Oahu,
6 pursuant to section 201B-A.

7 (d) The Turtle Bay conservation easement special fund
8 shall be exempt from the central service expenses of section 36-
9 27 and departmental administrative expenses of section 36-30."

10 SECTION 3. Section 201B-8, Hawaii Revised Statutes, is
11 amended by amending subsection (b) to read as follows:

12 "(b) Moneys in the convention center enterprise special
13 fund shall be used by the authority for the payment of any and
14 all [~~debt service~~] of the following:

15 (1) Debt owed to the department of budget and finance
16 relating to the convention center [~~, any expense~~];
17 provided that, after the restructuring required by
18 section 5 of Act , Session Laws of Hawaii 2014, the
19 annual debt service payment owed to the department
20 shall not exceed \$16,500,000 from fiscal year 2014-
21 2015 until fully retired; and



1 (2) Expenses arising from any and all use, operation,
 2 maintenance, alteration, improvement, or any
 3 unforeseen or unplanned repairs of the convention
 4 center, including without limitation the food and
 5 beverage service and parking service provided at the
 6 convention center facility, the sale of souvenirs,
 7 logo items, or other items, for any future major
 8 repair, maintenance, and improvement of the convention
 9 center facility as a commercial enterprise or as a
 10 world class facility for conventions, entertainment,
 11 or public events, and for marketing the facility
 12 pursuant to section 201B-7(a)(7)."

13 SECTION 4. Section 237D-6.5, Hawaii Revised Statutes, is
 14 amended by amending subsection (b) to read as follows:

15 "(b) Revenues collected under this chapter shall be
 16 distributed as follows, with the excess revenues to be deposited
 17 into the general fund:

18 (1) [~~\$33,000,000~~] \$26,500,000 shall be allocated to the
 19 convention center enterprise special fund established
 20 under section 201B-8;

21 (2) \$82,000,000 shall be allocated to the tourism special
 22 fund established under section 201B-11; provided that:



- 1 (A) Beginning on July 1, 2012, and ending on June 30,
2 2015, \$2,000,000 shall be expended from the
3 tourism special fund for development and
4 implementation of initiatives to take advantage
5 of expanded visa programs and increased travel
6 opportunities for international visitors to
7 Hawaii;
- 8 (B) Of the \$82,000,000 allocated:
- 9 (i) \$1,000,000 shall be allocated for the
10 operation of a Hawaiian center and the
11 museum of Hawaiian music and dance at the
12 Hawaii convention center; and
- 13 (ii) 0.5 per cent of the \$82,000,000 shall be
14 transferred to a sub-account in the tourism
15 special fund to provide funding for a safety
16 and security budget, in accordance with the
17 Hawaii tourism strategic plan 2005-2015; and
- 18 (C) Of the revenues remaining in the tourism special
19 fund after revenues have been deposited as
20 provided in this paragraph and except for any sum
21 authorized by the legislature for expenditure
22 from revenues subject to this paragraph,



1 beginning July 1, 2007, funds shall be deposited
2 into the tourism emergency trust fund,
3 established in section 201B-10, in a manner
4 sufficient to maintain a fund balance of
5 \$5,000,000 in the tourism emergency trust fund;

6 (3) \$93,000,000 shall be allocated as follows: Kauai
7 county shall receive 14.5 per cent, Hawaii county
8 shall receive 18.6 per cent, city and county of
9 Honolulu shall receive 44.1 per cent, and Maui county
10 shall receive 22.8 per cent; provided that commencing
11 with fiscal year 2018-2019, a sum that represents the
12 difference between a county public employer's annual
13 required contribution for the separate trust fund
14 established under section 87A-42 and the amount of the
15 county public employer's contributions into that trust
16 fund shall be retained by the state director of
17 finance and deposited to the credit of the county
18 public employer's annual required contribution into
19 that trust fund in each fiscal year, as provided in
20 section 87A-42, if the respective county fails to
21 remit the total amount of the county's required annual
22 contributions, as required under section 87A-43; [and]

1 (4) \$3,000,000 shall be allocated to the Turtle Bay
2 conservation easement special fund established under
3 section 201B-B for the payment of debt service on
4 revenue bonds, the proceeds of which were used to
5 acquire the conservation easement in Turtle Bay, Oahu,
6 until the bonds are fully amortized; and

7 [~~4~~] (5) Of the excess revenues deposited into the general
8 fund pursuant to this subsection, \$3,000,000 shall be
9 allocated subject to the mutual agreement of the board
10 of land and natural resources and the board of
11 directors of the Hawaii tourism authority in
12 accordance with the Hawaii tourism authority strategic
13 plan for:

- 14 (A) The protection, preservation, and enhancement of
15 natural resources important to the visitor
16 industry;
- 17 (B) Planning, construction, and repair of facilities;
18 and
- 19 (C) Operation and maintenance costs of public lands
20 connected with enhancing the visitor experience.

21 All transient accommodations taxes shall be paid into the
22 state treasury each month within ten days after collection and



1 shall be kept by the state director of finance in special
2 accounts for distribution as provided in this subsection.

3 As used in this subsection, "fiscal year" means the twelve-
4 month period beginning on July 1 of a calendar year and ending
5 on June 30 of the following calendar year."

6 SECTION 5. (a) The executive director of the Hawaii
7 tourism authority and the director of finance shall enter into
8 negotiations to restructure the debt owed to the department of
9 budget and finance for the convention center so that the annual
10 amount payable on the debt service is not more than \$16,500,000
11 until fully retired.

12 (b) If the debt is not restructured as required under
13 subsection (a), no state funds, including revenue bond funds,
14 shall be expended to acquire any conservation easement or other
15 real property interest in Turtle Bay, Oahu, notwithstanding the
16 authorization under section 201B-A, Hawaii Revised Statutes, and
17 sections 6 and 7 of this Act.

18 SECTION 6. (a) The board of directors of the Hawaii
19 tourism authority, with the approval of the governor, is
20 authorized to issue revenue bonds in the sum of \$40,000,000 or
21 so much thereof as may be necessary for fiscal year 2014-2015
22 for the purpose of acquiring a conservation easement in Turtle



1 Bay, Oahu, as authorized under section 201B-A, Hawaii Revised
2 Statutes.

3 (b) The board of directors, with the approval of the
4 governor, shall issue the revenue bonds under such terms,
5 conditions, and maturity dates that do not require any debt
6 service payment to exceed \$3,000,000 in any fiscal year.

7 (c) If the board of directors cannot issue revenue bonds
8 in accordance with the conditions of this section or section
9 201B-A or chapter 39, part III, Hawaii Revised Statutes, no
10 state funds shall be expended to acquire any conservation
11 easement or other real property interest in Turtle Bay, Oahu.

12 SECTION 7. There is appropriated out of the revenue bond
13 proceeds authorized by section 6 of this Act the sum of
14 \$40,000,000 or so much thereof as may be necessary for fiscal
15 year 2014-2015 to carry out the purpose of section 6; provided
16 that any unexpended or unencumbered balance of the appropriation
17 shall not lapse at the end of fiscal year 2014-2015 and shall
18 lapse instead on June 30, 2016.

19 The sum appropriated shall be expended by the Hawaii
20 tourism authority for the purpose of this Act.

21 SECTION 8. This Act shall not be severable. If any
22 provision of this Act, or the application thereof to any person



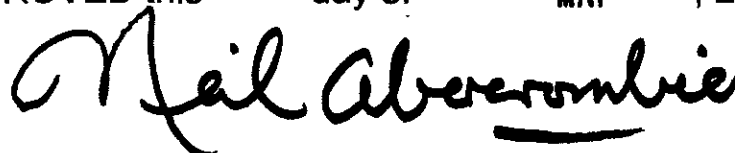
1 or circumstance, is held invalid, then the entire Act shall be
2 invalid.

3 SECTION 9. In codifying the new sections added by section
4 2 of this Act, the revisor of statutes shall substitute
5 appropriate section numbers for the letters used in designating
6 the new sections in this Act.

7 SECTION 10. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 11. This Act shall take effect on July 1, 2014.

APPROVED this 19 day of MAY, 2014



GOVERNOR OF THE STATE OF HAWAII

