



EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

GOV. MSG. NO. 1277

July 1, 2014

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

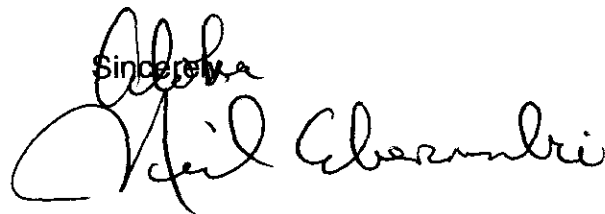
The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Seventh State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

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

This is to inform you that on July 1, 2014, the following bill was signed into law:

HB1671 HD1 SD1 CD1

RELATING TO TRANSIENT ACCOMMODATIONS
TAX
ACT 174 (14)

Sincerely,


NEIL ABERCROMBIE
Governor, State of Hawaii

A BILL FOR AN ACT

RELATING TO TRANSIENT ACCOMMODATIONS TAX.

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

1 SECTION 1. Section 237D-6.5, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:
3 "(b) Revenues collected under this chapter shall be
4 distributed as follows, with the excess revenues to be deposited
5 into the general fund:

6 (1) \$33,000,000 shall be allocated to the convention
7 center enterprise special fund established under
8 section 201B-8;

9 (2) \$82,000,000 shall be allocated to the tourism special
10 fund established under section 201B-11; provided that:

11 (A) Beginning on July 1, 2012, and ending on June 30,
12 2015, \$2,000,000 shall be expended from the
13 tourism special fund for development and
14 implementation of initiatives to take advantage
15 of expanded visa programs and increased travel
16 opportunities for international visitors to
17 Hawaii;

18 (B) Of the \$82,000,000 allocated:



- 1 (i) \$1,000,000 shall be allocated for the
2 operation of a Hawaiian center and the
3 museum of Hawaiian music and dance at the
4 Hawaii convention center; and
- 5 (ii) 0.5 per cent of the \$82,000,000 shall be
6 transferred to a sub-account in the tourism
7 special fund to provide funding for a safety
8 and security budget, in accordance with the
9 Hawaii tourism strategic plan 2005-2015; and
- 10 (C) Of the revenues remaining in the tourism special
11 fund after revenues have been deposited as
12 provided in this paragraph and except for any sum
13 authorized by the legislature for expenditure
14 from revenues subject to this paragraph,
15 beginning July 1, 2007, funds shall be deposited
16 into the tourism emergency trust fund,
17 established in section 201B-10, in a manner
18 sufficient to maintain a fund balance of
19 \$5,000,000 in the tourism emergency trust fund;
- 20 (3) [~~\$93,000,000~~] \$103,000,000 for fiscal year 2014-2015,
21 \$103,000,000 for fiscal year 2015-2016, and
22 \$93,000,000 for each fiscal year thereafter shall be



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

- 18 (4) Of the excess revenues deposited into the general fund
19 pursuant to this subsection, \$3,000,000 shall be
20 allocated subject to the mutual agreement of the board
21 of land and natural resources and the board of
22 directors of the Hawaii tourism authority in



1 accordance with the Hawaii tourism authority strategic
2 plan for:

3 (A) The protection, preservation, and enhancement of
4 natural resources important to the visitor
5 industry;

6 (B) Planning, construction, and repair of facilities;
7 and

8 (C) Operation and maintenance costs of public lands
9 connected with enhancing the visitor experience.

10 All transient accommodations taxes shall be paid into the
11 state treasury each month within ten days after collection and
12 shall be kept by the state director of finance in special
13 accounts for distribution as provided in this subsection.

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

17 SECTION 2. (a) There is established a state-county
18 functions working group that shall:

19 (1) Evaluate the division of duties and responsibilities
20 between the state and counties relating to the
21 provision of public services; and



1 (2) Submit a recommendation to the legislature on the
2 appropriate allocation of the transient accommodations
3 tax revenues between the State and counties that
4 properly reflects the division of duties and
5 responsibilities relating to the provision of public
6 services.

7 (b) The working group shall be composed of thirteen
8 members appointed, without regard to section 26-34, Hawaii
9 Revised Statutes, as follows:

- 10 (1) Four members, each of whom shall be appointed by a
11 different county mayor;
- 12 (2) Four members appointed by the governor;
- 13 (3) Two members appointed by the president of the senate;
- 14 (4) Two members appointed by the speaker of the house of
15 representatives; and
- 16 (5) One member appointed by the chief justice, who shall
17 serve as the chair of the working group.

18 The members appointed under paragraphs (3), (4), and (5) shall
19 not be currently employed by the State or any county.

20 (c) The working group shall be administratively placed in
21 the office of the auditor. The auditor shall initiate the
22 organization of and provide staff support for the working group.



1 (d) Members of the working group shall serve without
2 compensation, but shall be reimbursed for necessary expenses
3 incurred during the performance of their duties. The
4 reimbursements shall be made by the auditor, who shall submit a
5 request to the legislature for an appropriation equal to the
6 reimbursements made and expected to be made. The auditor shall
7 submit the requests for inclusion in the legislative budget acts
8 of 2015 and 2016.

9 (e) The working group shall submit an interim report to
10 the legislature, governor, and each county mayor and council not
11 later than twenty days prior to the convening of the regular
12 session of 2015.

13 The working group shall submit a final report with its
14 findings and recommendations to the same parties not later than
15 twenty days prior to the convening of the regular session of
16 2016.

17 (f) The working group shall cease to exist upon the
18 adjournment sine die of the regular session of 2016.

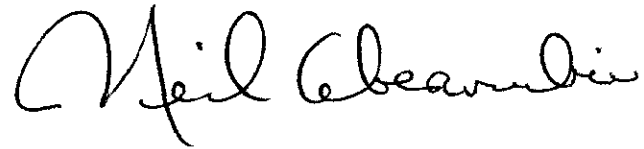
19 SECTION 3. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

21 SECTION 4. This Act shall take effect on July 1, 2014.



H.B. NO. 1671
H.D. 1
S.D. 1
C.D. 1

APPROVED this 1 day of JUL , 2014



GOVERNOR OF THE STATE OF HAWAII