

Honolulu, Hawaii
February 28, 2014

RE: H.B. No. 1671
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1671, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TRANSIENT ACCOMMODATIONS TAX,"

begs leave to report as follows:

The purpose of this measure is to assist the counties financially by removing the \$93,000,000 cap on the Transient Accommodations Tax (TAT) revenues currently allocated to the counties and instead allocating TAT revenues to the counties according to a percentage of the total TAT revenues collected.

The Mayor of the City and County of Honolulu; Mayor of the County of Maui; Mayor of the County of Hawaii; Chair of Hawaii County Council; Chair of Kauai County Council; Chair of Maui County Council; Chair of Honolulu City Council; Chair of the Budget and Finance Committee of Maui County Council; Chair of the Human Services and Social Services Committee of Hawaii County Council and Councilmember of Hawaii County Council, District 8; Vice Chair of Kauai County Council; Vice Chair of Maui County Council; Councilmember of the City and County of Honolulu, District 4; Councilmember of Kauai County Council, District At Large; Councilmember of Hawaii County Council, District 4; Councilmember of Maui County Council, South Maui; Councilmember of Maui County Council, Molokai; Director of Finance of the County of Kauai; Outrigger Hotels Hawaii; and ILWU Local 142 supported this measure. The Department of Budget and Finance, Tax Foundation of



Hawaii, Hawaii Tourism Authority, and Hawai'i Lodging & Tourism Association commented on this measure.

Your Committee notes that the Transient Accommodations Tax has been the subject of considerable discussion and debate among policymakers regarding its effect as a significant revenue generator and funding source in the State. The economic downturn and slow periods of economic growth greatly lowered the amount of Transient Accommodations Tax and other tax revenues generated by the State, thus affecting the provision of government services to the community. The Legislature has been hard-pressed to make tough decisions to balance the State Budget while ensuring that health, education, pension, and other state services are met.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1671, H.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



