

Honolulu, Hawaii

APR 26 2013

RE: S.B. No. 1194  
S.D. 2  
H.D. 1  
C.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1194, S.D. 2, H.D. 1, entitled:

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

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to adjust the transient accommodations tax rate and the disposition of the transient accommodations tax revenues. Among other things, this measure:

- (1) Specifies new transient accommodations tax rates as follows:
  - (A) 8.25 percent for the period beginning on July 1, 2009, to June 30, 2010;
  - (B) 9.25 percent for the period beginning on July 1, 2010, to June 30, 2013; and



- (C) 7.25 percent for the period beginning on July 1, 2013, and thereafter;
- (2) Repeals the additional transient accommodations tax imposed by Act 61, Session Laws of Hawaii 2009;
  - (3) Repeals the daily transient accommodations tax for complimentary accommodations; and
  - (4) Makes permanent the caps on the transient accommodations tax revenue distributions to the tourism special fund and the counties.

Your Committee on Conference finds that allowing the transient accommodations tax rate to fall to 7.25 percent beginning on July 1, 2013, would deprive the general fund of needed tax revenues. According to the Department of Budget and Finance, retaining a 9.25 percent tax rate is a key component to ensuring that the State's general fund financial plan remains balanced beyond the fiscal biennium 2013-2015. Your Committee on Conference further finds that the State requires a consistent amount of funds to effectively market itself in a competitive tourist industry, to maintain tourist attractions, and to enhance the visitor experience.

Accordingly, your Committee on Conference has amended this measure by:

- (1) Making permanent the 9.25 percent tax on the gross rental or gross rental proceeds derived from furnishing transient accommodations;
- (2) Allocating \$33,000,000, rather than 17.3 percent, of the transient accommodations tax revenue to the convention center enterprise special fund and repealing the language that required revenues collected in excess of \$33,000,000 to be deposited into the general fund;
- (3) Allocating \$82,000,000, rather than 34.2 percent, of the transient accommodations tax revenue to the tourism special fund, repealing the language specifying that the revenues be for tourism promotion and visitor industry research, and repealing the language that placed a \$71,000,000 per fiscal year cap on revenues to be deposited into the tourism special fund until June 30, 2015;



- (4) Repealing the \$1,000,000 allocation to the state parks special fund and special land development fund;
- (5) Allocating \$1,000,000 of the \$82,000,000 allocated to the tourism special fund for the operation of a Hawaiian center and the Museum of Hawaiian Music and Dance at the Hawaii Convention Center;
- (6) Allocating \$93,000,000, rather than 44.8 percent, of the transient accommodations tax revenue to the counties and repealing the \$93,000,000 cap on the amount to be transferred to the counties;
- (7) Allocating \$3,000,000 of the excess revenue from the transient accommodations tax deposited into the general fund for natural resources important to the visitor industry, facilities, and public lands connected with enhancing the visitor experience; provided that these funds shall be expended by mutual agreement of the Board of Land and Natural Resources and the Board of Directors of the Hawaii Tourism Authority;
- (8) Changing the effective date to July 1, 2013; and
- (9) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1194, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1194, S.D. 2, H.D. 1, C.D. 1.



Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



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SYLVIA LUKE, Co-Chair



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BRICKWOOD GALUTERIA, Chair



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TOM BROWER, Co-Chair



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GILBERT S.C. KEITH-AGARAN  
Co-Chair



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DAVID Y. IGE, Co-Chair



Record of Votes of a Conference Committee

Bill / Concurrent Resolution No.: SB 1194, SD 2, HD 1 Date/Time: 4/24/13 3:20pm

[X] The recommendation of the House and Senate managers is to pass with amendments (CD).

[ ] The Committee is reconsidering its previous decision.

[ ] The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure

[ ] The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

Table with columns for Senate Managers and House Managers, and sub-columns for A, WR, N, E. Includes names like GALUTERIA, KEITH-AGARAN, IGE, KIDANI, KOUCHI, LUKE, BROWER, NISHIMOTO, JOHANSON.

TOTAL 4 0 0 1 TOTAL 4 0 0 0

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: [X] Adopted [ ] Not Adopted

House Recommendation is: [X] Adopted [ ] Not Adopted

Senate Lead Chair's or Designee's Signature: [Handwritten Signature]

House Lead Chair's or Designee's Signature: [Handwritten Signature]

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