

Honolulu, Hawaii

FEB 0 8 2013

RE: S.B. No. 1194
S.D. 1

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

Madam:

Your Committee on Tourism and Hawaiian Affairs, to which was referred S.B. No. 1194 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Eliminate the sunset of the transient accommodations tax rate of 9.25 percent;
- (2) Decrease the allocation of transient accommodations tax revenues to the convention center enterprise special fund, tourism special fund, and counties and make the allocations permanent; and
- (3) Eliminate the daily \$10 transient accommodations tax for complimentary accommodations.

Your Committee received testimony in support of this measure from the Department of Taxation, Department of Budget and Finance, and Hawaii Tourism Authority. Your Committee received testimony in opposition to this measure from the Maui County Council, County of Hawaii Office of the Mayor, Hawaii Council of Mayors, Maui Chamber of Commerce, Outrigger Enterprises Group, Hawaii Lodging and Tourism Association, The Chamber of Commerce of Hawaii, and VIP Foodservice. Your Committee received comments on this measure from the Tax Foundation of Hawaii.



Your Committee finds that allowing the transient accommodations tax rate to return to 7.25 percent would take needed funds from the general fund. 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 further finds that despite recent growth in the tourist industry, Hawaii must continue to develop tourist programs and incentives so that Hawaii remains competitive in the global tourism market.

Accordingly, your Committee has amended this measure by:

- (1) Decreasing the percentage of transient accommodations tax revenues allocated to the tourism special fund but repealing the temporary \$71,000,000-per-fiscal-year limit on transient accommodations tax revenues that may be deposited into the tourism special fund; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Tourism and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1194, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1194, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Tourism and
Hawaiian Affairs,

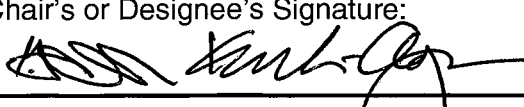


BRICKWOOD GALUTERIA, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Tourism and Hawaiian Affairs
THA

Bill / Resolution No.:* SB 1194	Committee Referral: THA, WAM	Date: 2/4/13		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GALUTERIA, Brickwood (C)	✓			
KEITH-AGARAN, Gilbert S.C. (VC)	✓			<i>WGLA</i>
HEE, Clayton				✓
KAHELE, Gilbert	✓			
KIDANI, Michelle N.		✓		
SHIMABUKURO, Maile S.L.	✓			
SOLOMON, Malama	✓			
SLOM, Sam			✓	
TOTAL	5	1	1	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes