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Testimony of
Councilmember Carol Fukunaga
Honolulu City Council
on
HB 1671, HD1, SD1
Relating to Transient Accommodations Tax
Senate Committee on Ways and Means
Friday, March 28, 2014
9:15 AM • Conference Room 211

Chair Ige and Members of the Committee, Thank you for the opportunity to present testimony in strong support of HB 1671, HD 1, SD 1, *Relating to Transient Accommodations Tax*, to lift the cap on the distribution of transient accommodations tax (TAT) revenues to the four counties, and to restore the original partnership between the state and counties for services/infrastructure to support Hawaii's visitor economy.

When the State Legislature passed Act 85 in 1990, it was intended to provide a more equitable means of sharing state revenues with the counties, since "...many of the burdens imposed by tourism fall on the counties." As noted by the Hawaii Tourism Authority, Hawaii Lodging & Tourism Association and other visitor industry stakeholders, increased visitors mean greater demands on county services, such as police and fire protection, emergency services and rescues, or insuring clean and safe parks, beaches, water, roads, sewage systems and other tourism-related infrastructure.

When the Hawaii Tourism Authority was established in 1998, the Transient Accommodations Tax (TAT) was likewise increased to strategically distribute TAT revenues in support of Hawaii's visitor economy among four major "partners": (a) to the Hawaii Tourism Authority for tourism marketing and promotion, (b) for payment of debt service on the Hawaii Convention Center construction, (c) to the four counties to assist in meeting services and infrastructure demands, and (d) to the State general fund.

The original premise was that distribution of the TAT revenues on a percentage basis would insure that, as more visitors came to Hawaii, each partner would receive a larger amount of TAT revenues to meet the demands upon its share of the combined visitor industry coalition. That strategy has helped the state of Hawaii remain competitive in spite of increased fuel costs, greater international competition and challenges of aging infrastructure costs.

Honolulu in particular has faced significant infrastructure and sanitation challenges. To insure that the state and counties collectively produce a quality visitor experience — one that allows visitors to enjoy the best of high-end shopping in Waikiki, buying local produce in Chinatown (the oldest Chinatown in the United States), or sampling local delicacies at a wide range of



Honolulu Farmers' Markets — it is critical to recognize the role that county services and investments play in delivering that experience. Safe visitor experiences in the City and County of Honolulu are an important measure of the roughly \$140-180 million (or 7-9% of the City's annual operating budget) that is spent on public safety, transportation and other tourism-related services that visitors utilize.

As pointed out by the Hawaii Tourism Authority, "*...growing international markets will be a major focus to diversify Hawaii's tourism profile. China has become a vastly growing market for Hawaii's visitor industry, attracting more than 123,000 people from January through November 2013, a 13 percent increase from the same period in 2012.*"

"These increases [in airlift] are expected to boost air capacity from the China and Taiwan markets by more than 300 percent during the first quarter of 2014. Overall, the HTA is targeting reaching more than 180,000 visitor arrivals from China, an increase of 21.5 percent, and 35,000 visitor arrivals from Taiwan, an increase of 100 percent in 2014." (source: Hawaii Tourism Authority website).

We at the county level look forward to helping the State of Hawaii achieve its aggressive Asia-Pacific growth strategies in 2014, and I therefore respectfully urge the restoration of the percentage distribution of TAT revenues to HB 1671, HD1, SD1.

I further look forward to addressing any additional transparency or accountability measures that the state and counties can pursue to insure that prudent investments and expenditures receive thoughtful and rigorous evaluation. Thank you for the opportunity to present these comments in strong support of HB 1671, HD1, SD1.



From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: stacy.crivello@mauicounty.us
Subject: Submitted testimony for HB1671 on Mar 28, 2014 09:15AM
Date: Friday, March 28, 2014 9:16:57 AM

HB1671

Submitted on: 3/28/2014

Testimony for WAM on Mar 28, 2014 09:15AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Councilmember Stacy Helm Crivello	Individual	Support	No

Comments: I support Maui County Council Chair Gladys Baisa who submitted a testimony in support of the measure. Thank You!

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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LATE



March 27, 2014

The Honorable David Y. Ige, Chair
Senate Committee on Ways and Means
State Capitol, Room 208
Honolulu, Hawaii 96813

RE: H.B. 1671, HD1 SD1 RELATING TO TRANSIENT ACCOMMODATIONS TAX.

Aloha Chair Ige, Vice Chair Kidani, and Members of the Committee:

I am Dan Monck, here to testify on behalf of the Hawai'i Association of Vacation Rental Managers ("HAVRM").

This letter is written in **SUPPORT of HB 1671 HD1 SD1.**

The Hawaii Association of Vacation Rental Managers, representing tourism professionals providing transient accommodations on Hawaii's four major islands, supports HB 1671 HD1 SD1 because the tax revenues derived from guest visits to the different islands of Hawaii help offset the costs of providing these services that guests use while visiting these islands.

The intent of the modern TAT was that it was to be a "shared" tax revenue with the counties, and we believe that common sense and fairness dictate a return to an equitable sharing of these monies with the counties.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Dan Monck', written over a white background.

Dan Monck
President
Hawaii Association of Vacation Rental Managers