



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii-tourismauthority.org

Neil Abercrombie
Governor

Mike McCartney
President and Chief Executive Officer

Testimony of
Mike McCartney
President and Chief Executive Officer
Hawai'i Tourism Authority
on
S.B. No. 3024, S.D.2
Relating to the Transient Accommodations Tax
House Committee on Tourism
Thursday, March 13, 2014
9:30 a.m.
Conference Room 312

The Hawaii Tourism Authority (HTA) supports S.B. No. 3024, S.D.2, which provides for the allocation of transient accommodations tax revenues to the Special Land and Development Fund to be expended for programs of the Department of Land and Natural Resources (DLNR) according to a mutual agreement of the Board of Land and Natural Resources and the Board of the Hawaii Tourism Authority.

S.B. 3024, S.D.2, corrects an administrative error in Act 161, SLH 2013, which provided that \$3 million of the excess TAT revenues deposited into the general fund be allocated for DLNR programs connected with enhancing the visitor experience, by allocating the funds instead to the Special Land and Development Fund.

In addition to correcting that error, S.B. 3024, S.D. 2, changes the amount to be allocated to the Special Land and Development Fund from \$3 million to an unspecified amount, and authorizes the use of the monies in the Fund for the "planning, development, management, operations or maintenance of all lands and improvements under the control and management" of the Board of Land and Natural Resources pursuant to Title 12, HRS. It further provides that an amount to be specified be allocated to the conservation resources and enforcement special fund.

The amendments proposed by S.B. 3024, S.D.2, will allow the expenditure of funds without further appropriation, and proposes to make an additional allocation for the enforcement programs of DLNR.

Thank you for the opportunity to offer these comments.

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
WILLIAM J. AILA, JR.
Chairperson**

**Before the House Committee on
TOURISM**

**Thursday, March 13, 2014
9:15 AM
State Capitol, Conference Room 312**

**In consideration of
SENATE BILL 3024, SENATE DRAFT 2
RELATING TO THE TRANSIENT ACCOMMODATIONS TAX**

Senate Bill 3024, Senate Draft 2, proposes to provide an unspecified amount of excess revenues allocated for certain purposes subject to the mutual agreement of the Board of Land and Natural Resources and the Board of Directors of the Hawaii Tourism Authority (HTA) in accordance with the HTA strategic plan, and would allocate a portion of the funds to the Division of Conservation and Resources Enforcement. **The Department of Land and Natural Resources (Department) strongly supports this measure but requests amendments, including amended language in SECTION 6 to provide clarity in the manner in which the proposed funding would be received by the Department.**

Last Session, the Legislature passed Senate Bill 1194, Conference Draft 1, which was signed into law by the Governor as Act 161, Session Laws of Hawaii 2013. Prior to this bill being enacted into law, \$1,000,000 from Transient Accommodation Tax (TAT) revenues budgeted for the HTA was deposited into the Department's State Parks Special Fund, and the Special Land and Development Fund for the state-wide trail and access program. Act 161 in part left that \$1,000,000 in the HTA budget and instead allocated \$3,000,000 subject to the mutual agreement of the Board of Land and Natural Resources (BLNR) and the Board of Directors of the HTA in accordance with the HTA Strategic Plan for the same purposes outlined in this measure. Act 161 specified an amount "of the excess revenue deposited into the general fund", but did not provide authority to expend the funds. The current draft of Senate Bill 3024, Senate Draft 2, provides for deposit into various special funds; however, all the revenue is still going to the general fund.

In order to address this issue, we request Senate Bill 3024, Senate Draft 2 be amended with language similar to that in Senate Bill 2430, Senate Draft 1, as follows:

WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ESTHER KIA'AINA
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

On page 11, line 13:

- (4) [~~Of the excess revenues deposited into the general fund pursuant to this subsection, \$3,000,000~~] \$_____ shall be allocated to the special land and development fund established in section 171-19 subject to the mutual agreement of the board of land and natural resources and the board of directors of the Hawaii tourism authority in accordance with the Hawaii tourism authority strategic plan . . .

In addition, in order to allow the Department to make use of the current Fiscal Year's funds, we request that the measure become effective upon approval.

The Department's Division of Conservation and Resources Enforcement (DOCARE) would welcome these additional funds that will be used to further DOCARE's mission of protecting Hawaii's natural, historical, cultural and recreational resources. Over the past few years, DOCARE's general fund operating budget has been strained, making it difficult to provide for increasing operating costs and equipment purchases. This funding would be used to provide for a more viable and responsive conservation and resources enforcement program in the State of Hawaii.

The Department urges your strong support of this measure with the requested amendments. We note that should the increase in funding be approved, the ceilings of the Conservation and Resources Enforcement Special Fund, and other Department special funds, will need to be adjusted accordingly.

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON TOURISM
ON
SENATE BILL NO. 3024, S.D. 2

March 13, 2014

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

Senate Bill No. 3024, S.D. 2, changes to an unspecified sum the amount of excess revenues allocated for certain purposes subject to the mutual agreement of the Board of Land and Natural Resources and the Board of Directors of the Hawaii Tourism Authority in accordance with the Hawaii Tourism Authority Strategic Plan and specifies that these revenues will be allocated to the Special Land and Development Fund. The bill also requires a portion of these revenues be allocated to the Conservation and Resource Enforcement special fund.

The Department of Budget and Finance does not take a position on the policy of increasing support for tourism-related Department of Land and Natural Resources programs; however, as a matter of general policy, the department does not support earmarking of general fund revenues. We strongly believe that general fund resources should be used and allocated through the biennium budget process based on statewide needs and priorities.

Further, if the amount of the excess revenues that is dedicated from the general fund exceeds \$3,000,000, then there will be a general fund loss that is currently not accounted for in the State's six-year general fund financial plan.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, Disposition for division of conservation and resource enforcement

BILL NUMBER: SB 3024, SD-2

INTRODUCED BY: Senate Committee on Ways and Means

BRIEF SUMMARY: Amends HRS section 237D-6.5(b)(4) to increase the amount of revenue allocated by the mutual agreement of the board of land and natural resources and the board of directors of the Hawaii tourism authority in accordance with the Hawaii tourism authority strategic plan from \$3 million to \$___ million and provides that \$___ million shall be allocated to the division of conservation and resource enforcement.

EFFECTIVE DATE: July 1, 2050

STAFF COMMENTS: Currently, TAT revenues are allocated as follows: (1) \$33 million is deposited into the convention center enterprise special fund; (2) \$82 million is deposited into the tourism special fund; (3) \$93 million is transferred to the various counties; and (4) any remaining revenues deposited into the general fund of which \$3 million allocated by the mutual agreement of the board of land and natural resources and the board of directors of the Hawaii tourism authority in accordance with the Hawaii tourism authority strategic plan. This measure would increase the amount from \$3 million to \$___ million and provide that \$___ million shall be allocated to the division of conservation and resource enforcement.

The proposed measure would add another siphon of TAT revenues, and would perpetuate the earmarking of TAT revenues. Proponents of earmarking of the TAT argue that if these projects or programs are not funded, none of the pristine beauty that visitors come to see will be preserved. But what of the other government services that visitors use that are not so earmarked?

Visitors also contribute to state coffers directly through the taxes on everything they purchase in Hawaii including hotel rooms, visitor activities and purchases of food and souvenirs. To that extent, a good part of general fund tax collections is contributed by visitors. If the argument is that visitors should pay for other "visitor related" programs, then paying for those programs out of general funds would be more appropriate.

Instead of earmarking TAT revenues, a direct appropriation of general funds would be preferable. Earmarking TAT revenues for these programs that not only benefit the visitors but the community at large is an abdication on the part of the legislature to set priorities among general fund resources and is an indication that the legislature truly does not believe this is an important enough issue to set aside state appropriations to address.

Digested 3/12/14

Kukana Kama-Toth
41-731 Bell street Waimanalo, Hi 96795
kana.zac98@gmail.com
March 12, 2014

To: Representative Tom Brower, Chairperson
Representative Romy Cachola, Vice-Chairperson
And members of the Representative Committee on Tourism

From: Kukana Kama-Toth, on behalf of the community of Waimanalo

RE: SB3024 SD2, Relating to the transient accommodations tax

Aloha Chair, Vice-Chair, and members of the House committee on Tourism. I am testifying in strong support to SB3024 SD2.

My name is Kukana Kama-Toth and I am a concerned community member from Waimanalo. I am also a lessee holder to a homestead parcel leased through DHHL. We are a community of fishermen/women who depend on the ocean marine resources from our bay. The communities homeless also utilize the resources of the ocean to sustain themselves. Our kupuna have shared with us makua (parents) that our resources have been dwindling rapidly so a group of concerned community members have been canvassing our shorelines at night, witnessing frequent illegal activities at our beaches. The illegal activities are the poaching of turtles and the rapping of resources. Turtles make home in our bay and have been seen frequently at both Kaiona beach and makai pier in the past. Currently you are lucky if you see one. A particular group of Micronesians have been seen at both places almost every single night for more than three weeks. One community member witnessed them put a turtle straight on a lit grill, right from the ocean. Turtle shells have been found in the trash cans at Kaiona beach by the care takers of that area and two rotting turtle shells were found on the beach at makai pier. A group of community members gathered this saturday and made them leave. It was a risky attempt but there was no other option. There are some Native Hawaiians that believe turtles are their ancestors and still practice their traditional and customary rights given to them under the constitution of Hawaii, Article 12. Their rights are being violated by this illegal poaching of an ancestor.

The police have been called but because they are a county entity they do not have jurisdiction in the water. DLNR has been called but with only two men canvassing Waimanalo to Laie they are not able to protect our coastlines and mountains. Hawaii's resources are being depleted. I on behalf of Waimanalo humbly ask you to consider the movement of this bill to the financing committee. DLNR needs more money to insure more positions for game wardens. Our community needs your help. Hawaii needs your help.

Mahalo NUI LOA,
Kukana Kama-Toth

brower1-Luke

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 12, 2014 2:56 PM
To: TOUtestimony
Cc: lisacates@hawaii.rr.com
Subject: Submitted testimony for SB3024 on Mar 13, 2014 09:15AM

SB3024

Submitted on: 3/12/2014

Testimony for TOU on Mar 13, 2014 09:15AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Lisa Cates	Individual	Support	No

Comments: Please support SB3024 which serves to increase the amount of revenue allocated to DLNR for enforcement of our natural resources. Increasing funding for DOCARE will better protect our resources, promote public safety, and ensure compliance with State laws. Mahalo, Lisa Cates

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Rep. Tom Brower, Chair
Rep. Romy M. Cachola, Vice Chair
SENATE COMMITTEE ON TOURISM

March 13, 2014

Subject: Testimony of Trisha Kehaulani Watson in Support of SB 3024

Dear Representative Tom Brower and Representative Romy Cachola,

Marine Conservation Institute is in strong support of SB 3024, a measure that would provide critical funding to the State of Hawai'i Department of Land and Natural Resources' Division of Conservation and Resource Enforcement (DOCARE). DOCARE oversees and provides enforcement for all the natural and cultural resources within the main Hawaiian Islands. The division is tasked with enforcing all terrestrial and marine based enforcement laws, as well as providing support to federal environmental enforcement agencies.

This critical task remains severely underfunded. A lack of funding has resulted in an insufficient number of DOCARE officers across Hawai'i, meaning that in many cases the laws and regulations that protect our precious natural and cultural resources cannot be enforced.

DOCARE officers are the front line of defense for Hawai'i's environment and wildlife. Their success is critical to maintaining Hawai'i's ecosystems for both residents and visitors alike. Therefore, we believe the allocation of \$5 million to DOCARE from Hawaii's transient accommodations tax receipts is a very appropriate use of these funds. We urge the legislature to enact SB 3024. Thank you for this opportunity to provide testimony.

Kind Regards,

*Trisha Kehaulani Watson,
Representative of Marine Conservation Institute*

Note: Marine Conservation Institute (MCI), a 501(c)(3) conservation organization located in Seattle, WA, provides research, community outreach, and advocacy for endangered marine mammals and marine protected areas. Honua Consulting leads Marine Conservation Institute's work in Hawai'i which is focused on recovery of the Hawaiian Monk Seal. <http://www.marine-conservation.org/>