

JAN 23 2015

A BILL FOR AN ACT

RELATING TO TRANSIENT ACCOMMODATIONS TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 171-19, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:
3 "(a) There is created in the department a special fund to
4 be designated as the "special land and development fund".
5 Subject to the Hawaiian Homes Commission Act of 1920, as
6 amended, and section 5(f) of the Admission Act of 1959, all
7 proceeds of sale of public lands, including interest on deferred
8 payments; all moneys collected under section 171-58 for mineral
9 and water rights; all rents from leases, licenses, and permits
10 derived from public lands; all moneys collected from lessees of
11 public lands within industrial parks; all fees, fines, and other
12 administrative charges collected under this chapter and chapter
13 183C; a portion of the highway fuel tax collected under chapter
14 243; all moneys collected by the department for the commercial
15 use of public trails and trail accesses under the jurisdiction
16 of the department; transient accommodations tax revenues
17 collected pursuant to section 237D-6.5(b)(2); and private



1 contributions for the management, maintenance, and development
2 of trails and accesses shall be set apart in the fund and shall
3 be used only as authorized by the legislature for the following
4 purposes:

5 (1) To reimburse the general fund of the State for
6 advances made that are required to be reimbursed from
7 the proceeds derived from sales, leases, licenses, or
8 permits of public lands;

9 (2) For the planning, development, management, operations,
10 or maintenance of all lands and improvements under the
11 control and management of the board, including but not
12 limited to permanent or temporary staff positions who
13 may be appointed without regard to chapter 76;
14 provided that transient accommodations tax revenues
15 deposited into the special land and development fund
16 pursuant to section 237D-6.5(b)(6)(B) shall be
17 expended subject to the mutual agreement of the board
18 of land and natural resources and the board of
19 directors of the Hawaii tourism authority an in
20 accordance with the Hawaii tourism authority strategic
21 plan;



- 1 (3) To repurchase any land, including improvements, in the
2 exercise by the board of any right of repurchase
3 specifically reserved in any patent, deed, lease, or
4 other documents or as provided by law;
- 5 (4) For the payment of all appraisal fees; provided that
6 all fees reimbursed to the board shall be deposited in
7 the fund;
- 8 (5) For the payment of publication notices as required
9 under this chapter; provided that all or a portion of
10 the expenditures may be charged to the purchaser or
11 lessee of public lands or any interest therein under
12 rules adopted by the board;
- 13 (6) For the management, maintenance, and development of
14 trails and trail accesses under the jurisdiction of
15 the department;
- 16 (7) For the payment to private land developers who have
17 contracted with the board for development of public
18 lands under section 171-60;
- 19 (8) For the payment of debt service on revenue bonds
20 issued by the department, and the establishment of



1 debt service and other reserves deemed necessary by
2 the board;

3 (9) To reimburse the general fund for debt service on
4 general obligation bonds issued to finance
5 departmental projects, where the bonds are designated
6 to be reimbursed from the special land and development
7 fund;

8 (10) For the protection, planning, management, and
9 regulation of water resources under chapter 174C; and

10 (11) For other purposes of this chapter."

11 SECTION 2. Section 237D-2, Hawaii Revised Statutes, is
12 amended by amending subsection (a) to read as follows:

13 "(a) There is levied and shall be assessed and collected
14 each month a tax of:

15 (1) Five per cent for the period beginning on January 1,
16 1987, to June 30, 1994;

17 (2) Six per cent for the period beginning on July 1, 1994,
18 to December 31, 1998;

19 (3) 7.25 per cent for the period beginning on January 1,
20 1999, to June 30, 2009;



- 1 (4) 8.25 per cent for the period beginning on July 1,
- 2 2009, to June 30, 2010; [~~and~~]
- 3 (5) 9.25 per cent for the period beginning on July 1,
- 4 2010, and thereafter; and
- 5 (6) per cent for the period beginning July 1, 2016,
- 6 and thereafter;

7 on the gross rental or gross rental proceeds derived from
8 furnishing transient accommodations."

9 SECTION 3. Section 237D-6.5, Hawaii Revised Statutes, is
10 amended by amending subsection (b) to read as follows:

11 "(b) Revenues collected under this chapter shall be
12 distributed as follows, with the excess revenues to be deposited
13 into the general fund:

14 (1) \$26,500,000 shall be allocated to the convention
15 center enterprise special fund established under
16 section 201B-8;

17 (2) \$82,000,000 shall be allocated to the tourism special
18 fund established under section 201B-11; provided that:

19 (A) Beginning on July 1, 2012, and ending on June 30,
20 2015, \$2,000,000 shall be expended from the
21 tourism special fund for development and



1 implementation of initiatives to take advantage
2 of expanded visa programs and increased travel
3 opportunities for international visitors to
4 Hawaii;

5 (B) Of the \$82,000,000 allocated:

6 (i) \$1,000,000 shall be allocated for the
7 operation of a Hawaiian center and the
8 museum of Hawaiian music and dance at the
9 Hawaii convention center; and

10 (ii) 0.5 per cent of the \$82,000,000 shall be
11 transferred to a sub-account in the tourism
12 special fund to provide funding for a safety
13 and security budget, in accordance with the
14 Hawaii tourism strategic plan 2005-2015; and

15 (C) Of the revenues remaining in the tourism special
16 fund after revenues have been deposited as
17 provided in this paragraph and except for any sum
18 authorized by the legislature for expenditure
19 from revenues subject to this paragraph,
20 beginning July 1, 2007, funds shall be deposited
21 into the tourism emergency trust fund,



1 established in section 201B-10, in a manner
2 sufficient to maintain a fund balance of
3 \$5,000,000 in the tourism emergency trust fund;
4 (3) \$103,000,000 for fiscal year 2014-2015, \$103,000,000
5 for fiscal year 2015-2016, and [~~\$93,000,000~~] for each
6 fiscal year thereafter shall be allocated as follows:
7 Kauai county shall receive [~~14.5~~] _____ per cent,
8 Hawaii county shall receive [~~18.6~~] _____ per cent,
9 city and county of Honolulu shall receive [~~44.1~~] _____
10 per cent, and Maui county shall receive [~~22.8~~] _____
11 per cent; provided that [~~commencing~~];

12 (A) Commencing with fiscal year 2018-2019, a sum that
13 represents the difference between a county public
14 employer's annual required contribution for the
15 separate trust fund established under section
16 87A-42 and the amount of the county public
17 employer's contributions into that trust fund
18 shall be retained by the state director of
19 finance and deposited to the credit of the county
20 public employer's annual required contribution
21 into that trust fund in each fiscal year, as



1 provided in section 87A-42, if the respective
2 county fails to remit the total amount of the
3 county's required annual contributions, as
4 required under section 87A-43;

5 (B) Each county shall expend moneys received under
6 this paragraph exclusively to market and promote
7 tourism and tourism-related activities and events
8 within the respective county; and

9 (C) Each county shall report to the legislature
10 annually on its expenditures pursuant to this
11 paragraph;

12 (4) \$3,000,000 shall be allocated to the Turtle Bay
13 conservation easement special fund established under
14 section 201B-8.6 for the payment of debt service on
15 revenue bonds, the proceeds of which were used to
16 acquire the conservation easement in Turtle Bay, Oahu,
17 until the bonds are fully amortized; ~~and~~

18 (5) Of the excess revenues deposited into the general fund
19 pursuant to this subsection, \$3,000,000 shall be
20 allocated subject to the mutual agreement of the board
21 of land and natural resources and the board of



1 directors of the Hawaii tourism authority in
2 accordance with the Hawaii tourism authority strategic
3 plan for:

4 (A) The protection, preservation, and enhancement of
5 natural resources important to the visitor
6 industry;

7 (B) Planning, construction, and repair of facilities;
8 and

9 (C) Operation and maintenance costs of public lands
10 connected with enhancing the visitor
11 experience[-]; and

12 (6) 1 per cent of the revenues collected under this
13 chapter, not to exceed \$4,000,000, shall be deposited
14 as follows:

15 (A) \$2,000,000 into the state parks special fund
16 established in section 184-3.4; provided that any
17 expenditure of funds deposited into the state
18 parks special fund pursuant to this subparagraph
19 shall be matched dollar-for-dollar with
20 appropriations from the general fund and matched



- 1 dollar-for-dollar by the county in which the park
2 is located;
- 3 (B) The amount in excess of \$2,000,000 into the
4 special land and development fund established in
5 section 171-19 to be expended for:
- 6 (i) The protection, preservation, and
7 enhancement of natural resources important
8 to the visitor industry;
- 9 (ii) Planning, construction, and repair of
10 facilities;
- 11 (iii) Operation and maintenance costs of public
12 lands connected with enhancing the visitor
13 experience; and
- 14 (iv) Administrative costs, including salaries for
15 permanent and temporary staff positions.

16 All transient accommodations taxes shall be paid into the
17 state treasury each month within ten days after collection and
18 shall be kept by the state director of finance in special
19 accounts for distribution as provided in this subsection.



1 As used in this subsection, "fiscal year" means the twelve-
2 month period beginning on July 1 of a calendar year and ending
3 on June 30 of the following calendar year."

4 SECTION 4. Of the amount deposited into the special land
5 and development fund pursuant to this Act, for fiscal year 2015-
6 2016, \$400,000 shall be transferred to the beach restoration
7 special fund under section 171-156, Hawaii Revised Statutes, to
8 provide matching funds for the environmental impact statement
9 associated with the planned beach nourishment project at Kapua
10 on the island of Hawaii.

11 SECTION 5. There is appropriated out of the beach
12 restoration special fund the sum of \$400,000 or so much thereof
13 as may be necessary for fiscal year 2015-2016 to be matched
14 dollar-for-dollar by the county of Hawaii, for the environmental
15 impact statement associated with the planned beach nourishment
16 project at Kapua on the island of Hawaii; provided that no funds
17 appropriated pursuant to this section shall be expended unless
18 matched dollar-for-dollar with private funds.

19 The sum appropriated shall be expended by the department of
20 land and natural resources for the purposes of this Act.



S.B. NO. 534

1 SECTION 6. The department of land and natural resources
 2 and the Hawaii tourism authority shall seek additional or
 3 supplemental funding from the counties, the federal government,
 4 and private entities to accomplish the purposes of this Act.

5 SECTION 7. Statutory material to be repealed is bracketed
 6 and stricken. New statutory material is underscored.

7 SECTION 8. This Act shall take effect on July 1, 2015.
 8

INTRODUCED BY:

Glenn Uehara

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[Signature]



S.B. NO. 534

Report Title:

Tourism Special Fund; Conservation and Resources Enforcement Special Fund; Transient Accommodations Tax; Appropriation

Description:

Amends the rate of the transient accommodations tax (TAT) beginning July 1, 2016. Changes the allocation of TAT revenues to each county. Requires each county to expend moneys received from TAT exclusively to market and promote tourism and tourism-related activities and events within the respective county. Requires each county to report to the legislature annually on its expenditures of the TAT. Allocates a percentage of TAT revenues to the state parks special fund and to the special land and development fund. Requires TAT revenues deposited into the special land and development fund to be expended 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. Transfers a portion of the amounts deposited into the special land and development fund to the beach restoration special fund and appropriates those funds as matching funds for the environmental impact statement associated with the planned beach nourishment project at Kapua on the island of Hawaii. Requires the department of land and natural resources and the Hawaii tourism authority to seek additional or supplemental funding from the counties, the federal government, and private entities to accomplish the purposes of this Act.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

