

Honolulu, Hawaii
April 8, 2016

RE: S.B. No. 2987
S.D. 2
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 2987, S.D. 2, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to address the allocation of transient accommodations tax revenues by:

- (1) Making permanent the annual allocation of \$103,000,000 of transient accommodations tax revenues to the counties; and
- (2) Establishing a new state-county functions working group on July 1, 2022, to study the division of duties between the State and the counties in the provision of public services and report recommendations to the Legislature, Governor, and the County mayors and councils on the appropriate allocation of the transient accommodations tax revenues between the State and counties.

The Maui County Council, Maui County Councilmember for the Island of Molokai, Maui County Councilmember for the South Maui District, Kauai County Council, Kauai County Councilmember, Hawaii County Councilmember for District 9, Hawaii State Association of Counties, and an individual testified in opposition to this measure. The Department of Budget and Finance, Office of the Mayor of the County of Maui, Office of the Mayor of the County of



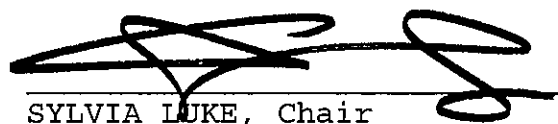
Hawaii, Office of the Mayor of the City and County of Honolulu, Tax Foundation of Hawaii, Hawaii Lodging & Tourism Association, and Maui Hotel & Lodging Association provided comments.

Your Committee has amended this measure by:

- (1) Removing provisions establishing the state-county functions working group;
- (2) Changing the \$103,000,000 annual allocation of transient accommodations revenues to the counties to an unspecified amount;
- (3) Amending the annual percentage of transient accommodations revenues allocated to each county as follows:
 - (A) Kauai County: from 14.5 to 20 per cent;
 - (B) Hawaii County: from 18.6 to 25 per cent;
 - (C) City and County of Honolulu: from 44.1 to 30 per cent; and
 - (D) Maui County: from 22.8 to 25 per cent; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2987, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2987, S.D. 2, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


SYLVIA LUKE, Chair



