

Honolulu, Hawaii

FEB 18 2016

RE: S.B. No. 2987

S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committees on Tourism and International Affairs and Public Safety, Intergovernmental, and Military Affairs, to which was referred S.B. No. 2987 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Make permanent the annual \$103,000,000 allocation of transient accommodations tax revenues to the counties; and
- (2) Establish a state-county functions working group in 2022 to recommend the allocation of transient accommodations tax revenues between the State and counties based upon the division of duties and responsibilities for the provision of public services.

Your Committees received testimony in support of this measure from the Department of Budget and Finance and one individual. Your Committees received testimony in opposition to this measure from the Office of the Mayor of the County of Kaua'i, Office of the Mayor of the City and County of Honolulu, Office of the Mayor of the County of Maui, Maui County Council, Kaua'i County Council, Hawai'i State Association of Counties, and one individual. Your Committees received comments from the County of Hawaii Office of the Mayor, Hawaii Council of Mayors, and Tax Foundation of Hawaii.



Your Committees find that Act 174, Session Laws of Hawaii 2014, established the current cap on the distribution to the counties at \$103,000,000 for fiscal years 2014-2015 and 2015-2016, and \$93,000,000 for each fiscal year thereafter. The \$93,000,000 cap is the cap prior to Act 174. The legislative history of this provision does not reveal the reasons for raising the cap and then lowering it. Conference Committee Report No. 145-14 on H.B. No. 1671, H.D. 1, S.D. 1, C.D. 1 (Regular Session of 2014), states: "Your Committee on Conference finds that the Legislature, in enacting Act 161, Session Laws of Hawaii 2013, established a cap of \$93,000,000 on the amount of transient accommodations tax revenues allocated to the counties. Your Committee on Conference believes that increasing the maximum amount of transient accommodations tax revenues allocated to the counties will allow the counties to better provide for public safety, parks, road maintenance, and visitor-related services."

Your Committees further find that the counties continue to struggle financially with the costs of providing basic public services. Therefore, making the \$103,000,000 cap permanent is in the best interests of the State and the counties.

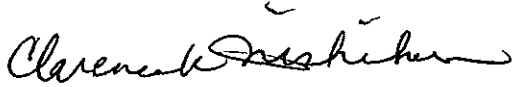
Your Committees have amended this measure by:

- (1) Inserting an effective date of June 22, 2026; and
- (2) Making technical, nonsubstantive amendments for clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Tourism and International Affairs and Public Safety, Intergovernmental, and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2987, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2987, S.D. 1, and be referred to your Committee on Ways and Means.

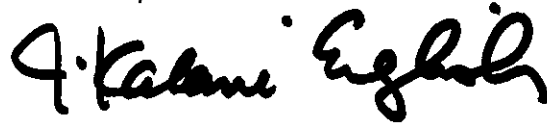


Respectfully submitted on  
behalf of the members of the  
Committees on Tourism and  
International Affairs and  
Public Safety,  
Intergovernmental, and Military  
Affairs,



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CLARENCE K. NISHIHARA, Chair



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J. KALANI ENGLISH, Majority Leader





