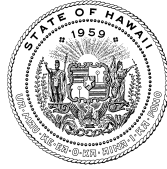


DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

RODERICK K. BECKER
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON TOURISM
ON
SENATE BILL NO. 2987, S.D. 2

March 16, 2016
10:00 a.m.

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

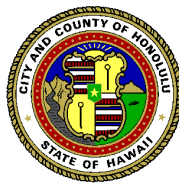
Senate Bill No. 2987, S.D. 2, increases the allocation of transient accommodations tax (TAT) revenues to the counties from \$93 million to \$103 million for FY 17 and beyond. The bill also establishes a State-County Functions Working Group on July 1, 2022, to evaluate the division of duties and responsibilities between the State and counties and to submit a report of its findings and recommendations on the appropriate allocation of TAT revenues to the counties 20 days prior to the convening of the Regular Session of 2023.

The Department of Budget and Finance believes that increasing the county's fixed share of the TAT revenues as proposed in this bill is preferable to the recommendation proposed by the State-County Functions Working Group Report, dated December 2015.

The department also believes that the establishment of a second working group is unnecessary.

OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET, ROOM 300 * HONOLULU, HAWAII 96813
PHONE: (808) 768-4141 * FAX: (808) 768-4242 * INTERNET: www.honolulu.gov



KIRK CALDWELL
MAYOR

ROY K. AMEMIYA, JR.
MANAGING DIRECTOR DESIGNATE

GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR

CITY AND COUNTY OF HONOLULU
BEFORE THE HOUSE COMMITTEE ON TOURISM

Wednesday, March 16, 2016, 10:00 A.M.

TO: The Honorable Tom Brower, Chair
and Members of the House Committee on Tourism

The Office of the Mayor of the City and County of Honolulu continues to believe that the Legislature should adopt the recommendations of the State-County Functions Working Group (Working Group) on the Transient Accommodations Tax (TAT). We encourage the committee to set aside the language currently in SB 2987, SD2 and replace it with the language found in HB1554, a bill this committee passed out once before. The Working Group established by the Legislature in Act 174, Session Laws of Hawaii 2014, worked for over a year on the allocation of the TAT and submitted its findings and recommendations to the Legislature. We urge your committee to consider those global recommendations.

If, however, your committee decides to move forward with SB 2987, SD2, we would ask that you consider the following comments:

- (1) Although we appreciate the Senate bill extending the annual allocation of \$103,000,000 of TAT to the counties, we ask that the allocation increase annually and that the increase be tied to an index, such as the Consumer Price Index;
- (2) We recommend that the next Working Group get started as soon as possible. The bill currently has the group convening on July 1, 2022, which is six years from now. The allocation of the TAT is too important to be put off for so long;
- (3) We urge that the language be as clear as possible in directing the new Working Group. SB 2987, SD2 uses similar language to that in Act 174, SLH 2014. Those directions proved misleading to the Working Group established under Act 174, SLH 2014, and clear legislative intent is important; and
- (4) Finally, we ask that the new Working Group consider the revenues available to the various levels of government, not just the expenditures.

Thank you for the opportunity to provide comments on this important measure.

William P. Kenoi
Mayor



Walter K.M. Lau
Managing Director

Randall M. Kurohara
Deputy Managing Director

County of Hawai'i Office of the Mayor

25 Aupuni Street, Suite 2603 • Hilo, Hawai'i 96720 • (808) 961-8211 • Fax (808) 961-6553
KONA: 74-5044 Ane Keohokālole Hwy., Bldg. C • Kailua-Kona, Hawai'i 96740
(808) 323-4444 • Fax (808) 323-4440

March 16, 2016

The Honorable Tom Brower, Chair
and Members of the House Committee on Tourism
415 South Beretania Street
Hawai'i State Capitol, room 312
Honolulu, Hawai'i 96813

Aloha, Chair Brower and Committee Members:

Mahalo for this opportunity to express our concerns on SB 2987, SD 2 RELATING TO
TRANSIENT ACCOMMODATIONS TAX.

The hospitality industry is critically important to our state, especially for the thousands of working families that rely on visitors both directly and indirectly for their livelihoods. We thank the Legislature for recognizing the importance of county facilities and services in supporting and enhancing the visitor experience.

While we all share the goal of a vibrant visitor industry, a TAT cap that does not grow with the industry unfairly burdens the counties. The counties' cost to provide services to our visitors is not stagnant. When a visitor calls for law enforcement help, a county police officer responds. When a visitor gets into trouble in the ocean, county lifeguards or firefighters respond. When a visitor uses sewer and water service, those are county services. Visitors travel on county roads, and use county parks. As the visitor count grows, their demands on county resources also grow. The counties' share of TAT should grow with increased tourism demands not remain stagnant.

The State-County Functions Working Group, created by the 2014 Legislature, consisted of representatives from the state, counties, and visitor industry. They evaluated the division of responsibilities between the state and counties relating to the provision of public services, and recommended an allocation of transient accommodations tax revenue that reflects that division. We urge the Legislature to consider and support their recommendations.

Mahalo for your consideration.

Aloha,

William P. Kenoi
MAYOR

Council Chair
Mike White

Vice-Chair
Don S. Guzman

Presiding Officer Pro Tempore
Michael P. Victorino

Councilmembers
Gladys C. Baisa
Robert Carroll
Elle Cochran
Don Couch
Stacy Crivello
Riki Hokama



Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

March 15, 2016

TO: Honorable Tom Brower, Chair
House Committee on Tourism

FROM: Stacy Helm Crivello
Councilmember

A handwritten signature in cursive script, appearing to read "Stacy Helm Crivello", is written over the printed name of the sender.

DATE: March 16, 2016

SUBJECT: **SB 2987 S.D. 2, RELATING TO TRANSIENT ACCOMMODATIONS TAX**

I **oppose** SB 2987, SD2 for the reasons cited in testimony submitted by the Maui County Council Chair, and urge you to **oppose** this measure.

Council Chair
Mike White

Vice-Chair
Don S. Guzman

Presiding Officer Pro Tempore
Michael P. Victorino

Councilmembers
Gladys C. Baisa
Robert Carroll
Elle Cochran
Don Couch
Stacy Crivello
Riki Hokama

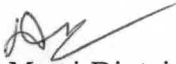


Director of Council Services
David M. Ratz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

March 15, 2016

TO: The Honorable Tom Brower, Chair
House Committee on Tourism

FROM: Don Couch 
Councilmember, South Maui District

DATE: Wednesday, March 16, 2016

SUBJECT: **TESTIMONY IN OPPOSITION TO SB 2987 SD2, RELATING TO
TRANSIENT ACCOMMODATIONS TAX**

Thank you for the opportunity to testify in **opposition** to this important measure. I provide this testimony as an individual member of the Maui County Council.

The purposes of this measure are to establish an annual allocation of Transient Accommodations Tax revenue to the counties in the amount of \$103 million and to create a State-County Functions Working Group on July 1, 2022 to recommend the appropriation allocation of TAT revenue between the State and counties.

I **oppose SB 2987 SD2** for the reasons cited in testimony submitted by the Maui County Council Chair, and urge you to oppose this measure.

Council Chair
Mike White

Vice-Chair
Don S. Guzman

Presiding Officer Pro Tempore
Michael P. Victorino

Councilmembers
Gladys C. Baisa
Robert Carroll
Elle Cochran
Don Couch
Stacy Crivello
Riki Hokama




Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

March 14, 2016

TO: Honorable Tom Brower, Chair
House Committee on Tourism

FROM: Riki Hokama 
Councilmember

DATE: March 14, 2016

SUBJECT: **HEARING ON MARCH 16, 2016; IN OPPOSITION TO SB 2987 SD2
RELATING TO THE TRANSIENT ACCOMODATIONS TAX**

Thank you for the opportunity to testify in this important measure. The purposes of this measure are to establish an annual allocation of TAT revenue to the counties in the amount of \$103 million and to create a State-County Functions Working Group on July, 1, 2022 to recommend the appropriate allocation of TAT revenue between the State and counties.

I oppose this measure and support the reasoning laid out by Maui County Council Chairman Mike White in his testimony on the matter. I concur with Chair White that TAT revenue distribution should not be a fixed amount, but rather a formula-based percentage that factors in visitor number growth.

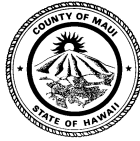
For the foregoing reasons, I oppose this measure.

Council Chair
Mike White

Vice-Chair
Don S. Guzman

Presiding Officer Pro Tempore
Michael P. Victorino

Councilmembers
Gladys C. Baisa
Robert Carroll
Elle Cochran
Don Couch
Stacy Crivello
Riki Hokama



Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

March 15, 2016

TO: The Honorable Tom Brower, Chair
House Committee on Tourism

FROM: Mike White
Council Chair

A handwritten signature in black ink, appearing to read "Mike White", is written over the printed name and title.

SUBJECT: **HEARING OF MARCH 16, 2016; TESTIMONY IN OPPOSITION TO SB
2987 SD 2, RELATING TO TRANSIENT ACCOMMODATIONS TAX**

Thank you for the opportunity to testify in **opposition** to this measure. The purpose of this measure is to cap the annual allocation of Transient Accommodations Tax revenue to the counties.

The Maui County Council on February 26, 2016, adopted Resolution 16-15, entitled "URGING THE LEGISLATURE TO PROVIDE THE COUNTIES WITH THE SAME SHARE OF TRANSIENT ACCOMMODATIONS TAX REVENUE AS THE STATE." Therefore, I am providing this testimony on behalf of the Maui County Council.

My testimony is informed by my visitor-industry experience as general manager of the Ka'anapali Beach Hotel for 30 years and through my service as a State legislator from 1993 to 1998, in addition to my tenure on the Maui County Council over the last five years.

I oppose this measure for the following reasons:

1. This measure would codify the ill-advised policy that the allocation of TAT revenue to the counties should be based on a statutorily capped amount of money. This contradicts the conceptual and legal bases for the TAT, which was established to help the counties fund visitor-related expenses based on a **percentage** of earned revenue.
2. Pursuant to Act 185 (1990), 95 percent of the TAT revenue was returned to the counties. The dramatic reallocation of the TAT in 2009 was to help balance the State budget due to the economic downturn. The State began the process of increasing the TAT, arbitrarily capping the counties' share to help balance its budget, but offered no significant assistance as the counties also experienced economic hardship in the ensuing years.

3. Since 2007, the State’s revenue has increased by \$196.6 million, while counties only received an additional \$2.2 million.

State	Counties
2363%	2.2%
\$ 196,647,193	\$2,230,802

4. During the same period, counties have incurred \$170 million in cost increases in fire, police, and park services. County expenditures for tourism-related services continue to rise at a pace far exceeding the distribution

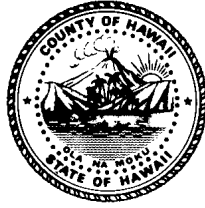
Cost includes operational and salary	FY 2015	Increase
4 Police Departments	\$93.9 M	31.7%
4 Fire Departments	\$60.5 M	41.2%
4 Parks Departments	\$15.9 M	14.4%
Total	\$170.3 M	30.8%

of TAT revenue, and this increased expenses place a growing and unfair burden on local residents. Sound fiscal practices favor a policy that automatically increases the distribution of TAT revenue to the counties at the same rate that the revenue grows.

5. The State-County Functions Working Group created under Act 174 (2014) issued a report that found the counties are responsible for 54 percent of net expenditures directly supporting tourism, while the State provides 46 percent. The State has adequate resources to make the adjustment; General Fund revenues are projected to be more than \$7.1 billion for Fiscal Year 2017.
6. The policy for TAT revenue distribution **should again be based on a formula** that returns a set **percentage** of revenue to the counties where it is earned, rather than a capped amount of money. A formula-based policy allows distributions to the counties to increase as visitor numbers grow, without a need to change the statute. A capped-distribution policy gives the wrong impression that returning TAT revenue to the counties is a sort of charitable donation and requires the counties to beg the Legislature for more money as visitor-related expenses grow.

For the foregoing reasons and those outlined in Maui County Council Resolution 16-15, **I oppose** this measure.

Margaret Wille
Council Member
District 9 - North and South Kohala



Phone No. Hilo: (808) 961-8027
Phone No. Waimea: (808) 887-2043
Fax No.: (808) 887-2072
E-Mail: mwille@co.hawaii.hi.us

HAWAI'I COUNTY COUNCIL

County of Hawai'i

Hawai'i County Building
25 Aupuni Street
Hilo, Hawai'i 96720

Holomua Center
64-1067 Mamalahoa Highway, Suite C-5
Waimea, Hawai'i 96743

West Hawai'i Civic Center Bldg. A
74-5044 Ane Keohokalole Hwy.
Kailua-Kona, Hawai'i, 96740

To: Honorable Kalani English and Members, Comm. on Tourism and International Affairs
Honorable Clarence Nishihara and Members, Comm. Public Safety, Intergovernmental, and
Military Affairs

Re: SB 2987 Relating to the TAT Position: Strong **OPPOSITION**

Date of hearing: February 16, 2016 1:15 pm

I am outraged by SB 2987 – capping the Counties' portion of the TAT revenues at \$103 million. Senator Tokuda claims that rather than the percentage State/County allocation being based on the relative proportion of expenditures of tourism related costs, the percentage allocation should be based on the proportionate share of expenditures for all public services. The Senator also claims a cap is good to promote better budgetary practices by the Counties.

HOGWASH!

Not so long ago when the State's economy was tanking (so too the Counties' economies)' you – our State legislators – said to the Counties, the State would temporarily usurp most of the TAT revenues and place a low cap the Counties' portion BUT that as soon as the economy was on the upswing that 44.8% percentage (no cap) allocation of the TAT revenues would go back to the Counties. However when the TAT revenues did rebounded, you – our State legislators – instead set up the State-County Working Group to determine the proportionate share of tourism related expenditures and accordingly recommend the appropriate allocation of TAT revenue between the State and the Counties. Given the additional appointment of State –slated industry representatives and a State – slanted consultant, the final recommendation of the Working Group was clearly slanted in favor of the State's interest. (Example: by including various state earmarks "above the line", rather than designating those as part of the State's percentage allocation.)

Yet as slanted in favor of the State as is the Working Group's recommendation and report, unbelievably SB2987 challenges that recommendation with lame arguments in favor of retaining the \$103 million cap to be split between the Counties. I am outraged!! Senator Tokuda should be ashamed. **Please replace the contents of this bill with the contents of the State-Counties (TAT) Working Group's bill SB2028.**

Sincerely,

Margaret Wille, Councilmember District 9 (North and South Kohala)

*Serving the Interests of the People of Our Island
Hawai'i County Is An Equal Opportunity Provider And Employer*

March 15, 2016
Page 2 of 2

Margaret Wille
Council Member District 9
North & South Kohala

MW/dh

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, Allocations to Counties

BILL NUMBER: SB 2987, SD-2

INTRODUCED BY: Senate Committee on Ways and Means

EXECUTIVE SUMMARY: Makes permanent the annual \$103,000,000 allocation of transient accommodations tax revenues to the counties. Requires the establishment of a state-county functions working group in 2022 to re-evaluate the division of revenue. The counties wanted stable, predictable revenue. They get it in this bill.

BRIEF SUMMARY: Amends HRS section 237D-6.5 to distribute TAT revenues in the following priority order:

- \$1.5 million for the Turtle Bay conservation easement special fund;
- \$26.5 million for the convention center enterprise special fund;
- \$82 million for the tourism special fund;
- \$103 million to be distributed among the counties in specified percentages (subject to sequestration if the counties do not make required contributions to ERS and/or EUTF):
 - Kauai county, 14.5% (of the 45%);
 - Hawaii County, 18.6%;
 - City and County of Honolulu, 44.1%;
 - Maui County, 22.8%; and
- \$3 million to the special land and development fund.
- Any revenues remaining would go to the State general fund.

Establishes a state-county functions working group to be formed on July 1, 2022, similar to that formed by Act 174, SLH 2014. This group shall cease to exist upon the adjournment of the regular legislative session of 2023.

EFFECTIVE DATE: July 1, 2026.

STAFF COMMENTS: In law prior to 2009, the TAT was levied at the rate of 7.25% on most transient accommodations. Once collected, the tax, after satisfying specified earmarks, was distributed 44.8% to the counties. Act 61, SLH 2009, increased the TAT rate to 8.25% between 7/1/09 and 6/30/10 and to 9.25% between 7/1/10 to 6/30/15. Act 161, SLH 2013, made permanent the TAT rate of 9.25% and changed the allocations of TAT from a percentage basis to a specific dollar amount of \$93 million to be shared among the counties.

After the counties complained about their allocations, Act 174, SLH 2014, required a state-county functions working group to be convened to evaluate the division of duties and responsibilities between the State and counties relating to the provision of public services and to recommend an appropriate allocation of the transient accommodations tax revenues between the State and counties that properly reflects the division of duties and responsibilities relating to the provision of public services. In the meantime, the fixed amount to the counties was increased to \$103 million for fiscal years 2015 and 2016, with the amount to drop back down to \$93 million on July 1, 2016.

The working group submitted a report and recommendation, the latter of which was introduced as HB 1554 and SB 2028 in the current session. This bill rejects that recommendation and keeps the \$103 million cap on the county allocations until 2022.

In several of the hearings in previous years, the counties insisted on having a stable, predictable source of funding. This bill will give them a fixed number for five years or so. Wouldn't that be stable and predictable? Perhaps the moral of the story is to be careful what you wish for.

Digested 3/11/16



Maui Hotel & Lodging

ASSOCIATION

Testimony of

Lisa H. Paulson

Executive Director

Maui Hotel & Lodging Association

on

SB 2987 SD2

Relating To The Transient Accommodations Tax

COMMITTEE ON TOURISM

Wednesday, March 16, 2016, 10:00am

Conference Room 312

Dear Chair Brower, Vice Chair Ohno and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 150 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 20,000 local residents and represents over 19,000 rooms. The visitor industry is the economic driver for Maui County. We are the largest employer of residents on the Island - directly employing approximately 40% of all residents (indirectly, the percentage increases to 75%).

MHLA would like to submit comments only for SB 2987 SD2, which makes permanent the annual \$103,000,000 allocation of transient accommodations tax revenues to the counties. Requires the establishment of 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.

Our comments are as follows: 1) We appreciate the consideration of making permanent the annual allocation of \$103,000,000 of TAT to the counties however, we ask that both the State and the county allocations should increase or decrease proportionately with increasing or decreasing transient accommodations tax revenues; 2) We would like to see the next Working Group get started sooner than July 1, 2022. The future allocation of the TAT to the counties is too important a discussion to be put off for so long.

Thank you for the opportunity to testify.

Hawai`i State Association of Counties (HSAC)

Counties of Kaua`i, Maui, Hawai`i and City & County of Honolulu

200 S. High Street, Wailuku, Hawaii 96793 (808) 270-7665

www.hicounties.com



March 14, 2016

TO: The Honorable Tom Brower, Chair
House Committee on Tourism

FROM: Michael P. Victorino
HSAC President

SUBJECT: **HEARING OF FEBRUARY 16, 2016; TESTIMONY IN OPPOSITION TO SB 2987 SD 2, RELATING TO TRANSIENT ACCOMMODATIONS TAX**

Thank you for the opportunity to testify on behalf of the Hawaii State Association of Counties in **opposition** to this measure. The purposes of this measure are to establish an annual allocation of Transient Accommodations Tax revenue to the counties in the amount of \$103 million and to create a State-County Functions Working Group in 2022 to recommend the appropriation allocation of TAT revenue between the State and counties.

HSAC opposes this measure for the following reasons:

1. It is in the best interest of Hawaii residents for the counties to receive a formula-based percentage of the TAT rather than a fixed or capped amount. The proposed capped amount is not adequate to provide services in response to growing visitor demands. HSAC supports increasing the counties' share of the TAT.
2. The State-County Functions Working Group created under Act 174 (2014) has conducted a thorough study of the history and purpose of the TAT. The Working Group has concluded it would be fair for the counties to get 45 percent of available TAT revenue, with the State getting 55 percent. Creating another Working Group at taxpayers' expense is unnecessary.

Mahalo for your consideration.

HSAC:FY2016:16Testimony:SB2987b_mkz

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 15, 2016 9:41 AM
To: TOUtestimony
Cc: keauea@hawaii.rr.com
Subject: *Submitted testimony for SB2987 on Mar 16, 2016 10:00AM*

SB2987

Submitted on: 3/15/2016

Testimony for TOU on Mar 16, 2016 10:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Ana Kahoopii	Individual	Oppose	No

Comments:

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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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 15, 2016 9:39 AM
To: TOUtestimony
Cc: slwsurfing@yahoo.com
Subject: *Submitted testimony for SB2987 on Mar 16, 2016 10:00AM*

SB2987

Submitted on: 3/15/2016

Testimony for TOU on Mar 16, 2016 10:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
sharon willefotd	Individual	Oppose	No

Comments:

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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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 15, 2016 8:44 AM
To: TOUtestimony
Cc: robert.carroll@mauicounty.us
Subject: Submitted testimony for SB2987 on Mar 16, 2016 10:00AM

SB2987

Submitted on: 3/15/2016

Testimony for TOU on Mar 16, 2016 10:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
robert carroll	Individual	Oppose	No

Comments: I oppose SB 2987 for the reasons cited in testimony submitted by the Maui County Council Chair, and urge you to oppose this measure.

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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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 13, 2016 6:02 PM
To: TOUtestimony
Cc: mendy@fair-wind.com
Subject: Submitted testimony for SB2987 on Mar 16, 2016 10:00AM

SB2987

Submitted on: 3/13/2016

Testimony for TOU on Mar 16, 2016 10:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Melynda Dant	Individual	Support	No

Comments: The Counties should receive these dollars permanently. This will enable Counties to plan and budget with these funds in mind. The Counties use the funds well, they are pro-active and manage it's assets well. Sincerely, Melynda Dant

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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

COUNTY COUNCIL

Mel Rapozo, Chair
Ross Kagawa, Vice Chair
Mason K. Chock
Gary L. Hooser
Arryl Kaneshiro
KipuKai Kualii
JoAnn A. Yukimura

LATE



OFFICE OF THE COUNTY CLERK

Jade K. Fountain-Tanigawa, County Clerk
Scott K. Sato, Deputy County Clerk

Telephone (808) 241-4188
Fax (808) 241-6349
Email cokcouncil@kauai.gov

Council Services Division
4396 Rice Street, Suite 209
Lihu'e, Kauai, Hawaii 96766
March 14, 2016

**TESTIMONY OF KIPUKAI KUALII
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON**

SB 2987, SD2, RELATING TO THE TRANSIENT ACCOMMODATIONS TAX
House Committee on Tourism
Wednesday, March 16, 2016
10:00 a.m.
Conference Room 312

Dear Chair Brower and Members of the Committee:

Thank you for this opportunity to provide testimony in opposition to SB 2987, SD2, Relating to the Transient Accommodations Tax. My testimony is submitted as an individual member of the Kauai County Council, Committee Chair of the Kauai County Council's Economic Development & Intergovernmental Relations Committee, and Board Member of the National Association of Counties.

The State-County Functions Working Group ("Working Group") issued its final report and recommendations to the Legislature in December 2015, after two years of intensive research and hard work. The Working Group recommended an allocation to the counties of 45 percent of the remaining transient accommodations tax (TAT) revenues after adjustments to the Tourism Special Fund. As partners in Hawaii's governance, it is critical that the State provide a greater share of TAT revenues to the counties, who are responsible for providing essential services to residents and visitors. The collective cost of county services for police, fire, and parks have increased by \$170.3 million since 2007, a 30 percent increase. In comparison, the counties have received only a 2.2 percent increase in TAT revenues over that same period. By unfairly denying TAT revenue to the counties, the State has been effectively requiring residents to pay for the visitors' share of expenses.

For the reasons stated above, I urge the House Committee on Tourism to oppose this measure, and to support the Working Group's recommendation of a 45/55 (County/State) split. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188.

Sincerely,

KIPUKAI KUALII
Councilmember, Kauai County Council

COUNTY COUNCIL

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March 14, 2016

**TESTIMONY OF MEL RAPOZO
COUNCIL CHAIR, KAUAI COUNTY COUNCIL
ON**

**SB 2987, SD2, RELATING TO THE TRANSIENT ACCOMMODATIONS TAX
House Committee on Tourism
Wednesday, March 16, 2016
10:00 a.m.
Conference Room 312**

Dear Chair Brower and Members of the Committee:

Thank you for this opportunity to provide testimony in opposition to SB 2987, SD2, Relating to the Transient Accommodations Tax. My testimony is submitted in my capacity as Chair of the Kaua'i County Council.

The State-County Functions Working Group ("Working Group") issued its final report and recommendations to the Legislature in December 2015, after two years of intensive research and hard work. The Working Group recommended an allocation to the counties of 45 percent of the remaining transient accommodations tax (TAT) revenues after adjustments to the Tourism Special Fund. As partners in Hawai'i's governance, it is critical that the State provide a greater share of TAT revenues to the counties, who are responsible for providing essential services to residents and visitors. The collective cost of county services for police, fire, and parks have increased by \$170.3 million since 2007, a 30 percent increase. In comparison, the counties have received only a 2.2 percent increase in TAT revenues over that same period. By unfairly denying TAT revenue to the counties, the State has been effectively requiring residents to pay for the visitors' share of expenses.

For the reasons stated above, I urge the House Committee on Tourism to oppose this measure, and to support the Working Group's recommendation of a 45/55 (County/State) split. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188.

Sincerely,

MEL RAPOZO
Council Chair, Kaua'i County Council



HAWAI'I LODGING & TOURISM
ASSOCIATION

Testimony of

Mufi Hannemann
President and CEO
Hawai'i Lodging & Tourism Association

Committee on
Tourism

Senate Bill 2987 SD2: Relating to the Transient Accommodations Tax

Chair Brower, Vice Chair Ohno, and members of the Committee on Tourism:

Thank you for the opportunity to offer comments on Senate Bill 2987 SD 2, which makes permanent the annual \$103,000,000 allocation of transient accommodations tax revenues to the counties. The bill requires the establishment of 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.

The Hawai'i Lodging & Tourism Association believes the county governments should receive more from the transient accommodations tax because of the services that they provide to ensure a healthy tourism industry.

Shared TAT revenues are vital because the counties must absorb much of the costs created by community growth and provide the public services enjoyed by resident and visitor alike. These include all forms of public safety, roads, parks and public facilities, water and sewage infrastructure, and public transportation, among them. Oftentimes, the counties are not reimbursed for services that they provide at the request or on behalf of the federal and state governments, particularly in the area of public safety.

The Hawai'i Lodging & Tourism Association recognizes and appreciates the efforts of the county governments in sustaining the visitor industry and we, in turn, continue to support the county governments in their efforts to secure an equitable share of tourism-generated revenue from the Legislature.

Mahalo!

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 15, 2016 6:30 PM
To: TOUtestimony
Cc: trinidadwilliams@yahoo.com
Subject: Submitted testimony for SB2987 on Mar 16, 2016 10:00AM

SB2987

Submitted on: 3/15/2016

Testimony for TOU on Mar 16, 2016 10:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Trinidad A. Williams	Individual	Comments Only	No

Comments: I visit my son regularly on Maui; I usually stay on Oahu with family to visit the beach parks of my childhood. It is a convenience provided by the county I greatly appreciate a clean restroom, see a lifeguard present, walk the seashore without having to sidestep all kinds of beach paraphernalia. Please do not take that funding away from the people who see to our safety. Its worse on Maui, there do not seem to have enough personnel on the beach. The restrooms and trash bins are an eyesore. This is county I've been told or is this the State's responsibility?

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

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 16, 2016 7:26 AM
To: TOUtestimony
Cc: katc31999@gmail.com
Subject: *Submitted testimony for SB2987 on Mar 16, 2016 10:00AM*

SB2987

Submitted on: 3/16/2016

Testimony for TOU on Mar 16, 2016 10:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Katarina Culina	Individual	Oppose	No

Comments:

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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