



HAWAI'I LODGING & TOURISM
A S S O C I A T I O N

LATE

Testimony of George Szigeti
President & CEO
HAWAI'I LODGING & TOURISM ASSOCIATION
Senate Committees **TSI/WTL/PSM**
Hearing on February 18, 2015, 2:15 p.m.
SB 534 Relating to Transient Accommodations Tax

Dear Chairs, Vice Chairs, and Members of the Committees. My name is George Szigeti and I am the President and CEO of the Hawai'i Lodging & Tourism Association.

The Hawai'i Lodging & Tourism Association (HLTA) is a statewide association of hotels, condominiums, timeshare companies, management firms, suppliers, and other related firms that benefit from and strengthen Hawai'i's visitor industry. Our membership includes over 150 lodging properties, representing over 50,000 rooms, and over 400 other Allied members. The visitor industry was responsible for generating \$14.9 billion in visitor spending in 2014 and supported 170,000 jobs statewide – we represent one of Hawai'i's largest industries and a critical sector of the economy.

On behalf of HLTA, permit me to offer this testimony regarding Senate Bill 534 Relating to transient accommodations tax, which asks to amend the rate of the transient accommodations tax (TAT), change the allocation of TAT revenues to each county and 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.

The Hawai'i Lodging & Tourism Association **opposes** Senate Bill 534, which asks to amend the rate of the transient accommodations tax beginning July 1, 2016. In 2009 Act 61 was enacted stating that the 9.25% TAT rate would have a sunset date of June 30, 2015, whereas the TAT rate would be reenacted at 7.25%. In 2013 the State repealed the sunset date making the 9.25% permanent and the lodging industry conceded with the promise that the rate would remain permanent, and for this reason our association **strongly opposes** any further increase in the transient accommodations tax.

The Hawai'i Lodging & Tourism Association would also like to comment on the allocations of TAT to the counties as well as what the counties are required to do with the monies allocated. There is currently a State-County Functions Working Group created by Act 174 (SLH 2014) that is tasked with submitting a recommendation to the Legislature on the 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. A final report with its findings and recommendations will be due to the Legislature, Governor, and county Mayors prior to the convening of the 2016 Regular Session. We support having the counties expend TAT funds towards tourism and tourism-related activities and events within the respective county, but request that the Legislature revisit changing the allocations to the counties once the Working Group submits its findings.

Thank you for the opportunity to testify.