

**DAVID Y. IGE**  
GOVERNOR

**SHAN TSUTSUI**  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

**MARIA E. ZIELINSKI**  
DIRECTOR OF TAXATION

**DAMIEN A. ELEFANTE**  
DEPUTY DIRECTOR

To: The Honorable Richard H.K. Onishi, Chair  
and Members of the House Committee on Tourism

Date: Tuesday, February 7, 2017

Time: 9:00 A.M.

Place: Conference Room 429, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: H.B. 830, Relating to Local Government

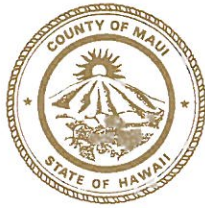
The Department of Taxation (Department) provides the following comments on H.B. 830 for your consideration.

H.B. 830, which is effective on July 1, 2017, amends the allocation of revenues collected from the transient accommodations tax by deleting the provision allocating 44.1 percent of \$93,000,000 for each fiscal year after 2016-2017 to the City and County of Honolulu.

The Department notes that this bill does not reallocate the 44.1 percent that is currently allocated to the City and County of Honolulu to any other county. Accordingly, only 55.9 percent of the funds allocated to the counties are accounted for. Otherwise, the Department will be able to administer the changes proposed by this bill.

Thank you for the opportunity to provide comments.

ALAN M. ARAKAWA  
MAYOR



KEITH A. REGAN  
MANAGING DIRECTOR

**OFFICE OF THE MAYOR**

Ke'ena O Ka Meia  
COUNTY OF MAUI – Kalana O Maui

Testimony of  
**ALAN M. ARAKAWA**, Mayor

Before the  
**HOUSE COMMITTEE ON TOURISM**  
Tuesday, February 7, 2015  
9:00 A.M.  
State Capitol, Conference Room 429

in consideration of  
**HOUSE BILL 830**  
**RELATING TO LOCAL GOVERNMENT**

Chair Onishi, Vice Chair Tokioka, and Member of the House Committee on Tourism:

Thank you for this opportunity to convey my concerns regarding HB 830. I submit this testimony to express my opposition to HB 830 which proposes to amend HRS §237D-6.5 by eliminating the City and County of Honolulu's 44.1 percent share of the Transient Accommodations Tax (TAT).

Each of the counties rely heavily on their respective shares of the TAT and each county prepares their budgets with the expectation that they will receive their share. It is alarming to hear that one of our sister counties may lose its proportionate share of the TAT if this bill passes.

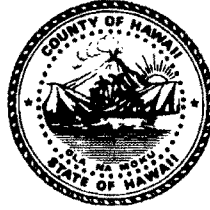
I respectfully request that this committee hold this bill. Thank you again for your consideration on this matter.

Sincerely,

A handwritten signature in black ink that reads "Alan Arakawa". The signature is written in a cursive, flowing style.

ALAN M. ARAKAWA  
Mayor

Harry Kim  
Mayor



Wil Okabe  
Managing Director

Barbara J. Kossow  
Deputy Managing Director

County of Hawai'i  
Office of the Mayor

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February 3, 2017

Representative Richard H.K. Onishi, Chair  
Committee on Tourism  
Hawai'i State Capitol  
Honolulu, HI 96813

Dear Chair Onishi and members:


RE: **HB 830**

Thank you for this opportunity to testify against HB 830. If I am reading HB830 correctly, it would simply eliminate TAT funding for the City and County of Honolulu.

Although the four counties are not in entire agreement as to what is the "right" amount of TAT that should be apportioned to the counties, I think we all agree that the TAT is critical to every county's ability to balance its budget. With that in mind, we stand united in urging the Legislature not to reduce the funding for any county.

Please help us as we work together, counties and State, in serving our mutual constituents.

Respectfully submitted,

  
Harry Kim  
Mayor

**Bernard P. Carvalho, Jr.**  
Mayor



**Wallace Rezentes**  
Managing Director

**LATE**

**OFFICE OF THE MAYOR**  
**County of Kaua'i, State of Hawai'i**  
4444 Rice Street, Suite 235, Līhu'e, Hawai'i 96766  
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Testimony of Mayor Bernard P. Carvalho Jr.

Before the House Committee on Tourism

Tuesday, February 7, 2017  
9:00 A.M.  
Conference Room 429  
State Capitol

**House Bill 830 Relating to Local Government**

Honorable Chair Onishi and Members,

I am writing in opposition of House Bill 830, Relating to Local Government, where the City and County of Honolulu is removed from receiving TAT funding. Each county relies on the Transient Accommodations Tax (TAT) as it is an important part of our tax base and general fund revenues.

I would like to ask that you consider keeping the cap at \$103 million for the counties' share of the TAT and the present allocation among the four individual counties. In addition, I would also like to request that the Legislature adopts an annual inflation adjustment to the capped amount that is tied to the Honolulu Consumer Price Index (CPI-U). While Kauai County seeks to diversify its revenue sources, including the potential inclusion of a general excise tax (GET) surcharge, the TAT is still an important part in balancing our budget.

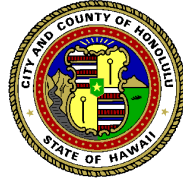
Thank you for giving me the opportunity to testify on this measure.

Sincerely,

Bernard P. Carvalho Jr.  
Mayor

OFFICE OF THE MAYOR  
CITY AND COUNTY OF HONOLULU

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KIRK CALDWELL  
MAYOR

ROY K. AMEMIYA, JR.  
MANAGING DIRECTOR

GEORGETTE T. DEEMER  
DEPUTY MANAGING DIRECTOR

**LATE**

CITY AND COUNTY OF HONOLULU  
BEFORE THE HOUSE COMMITTEE ON TOURISM

TUESDAY, FEBRUARY 7, 2017; 9:00 AM

TO: THE HONORABLE RICHARD H.K. ONISHI, CHAIR  
THE HONORABLE JAMES K. TOKIOKA, VICE CHAIR  
AND MEMBERS OF THE HOUSE COMMITTEE ON TOURISM

FROM: KIRK CALDWELL, MAYOR  
CITY AND COUNTY OF HONOLULU

SUBJECT: OPPOSITION TO HB830 RELATING TO LOCAL GOVERNMENT

The City and County of Honolulu opposes HB830, which removes the Transient Accommodations Tax (TAT) allocation to the City and County of Honolulu (City). Oahu generates the highest total in tourism-related revenues. Over 60 percent of tourists to our State visit Oahu.

According to the Auditor's State-County Functions Working Group December 2015 Report, the City spends approximately \$116 million on visitor-related expenses, which is almost as much as the other counties combined. Currently, the City receives about \$44 million, which means that Oahu taxpayers fund the remaining \$72 million. This measure takes away all of the revenue from the TAT, which means that the residents of Oahu would continue to spend \$116 million and receive nothing in return.

This measure unfairly discriminates against the people of Oahu-approximately 80 percent of the State's population. On behalf of the 1 million residents of Oahu, I oppose this measure and hope that you defer this measure indefinitely.

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Will Page	Page Marketing, Inc.	Oppose	Yes

Comments: Aloha Representative Onishi, Representative Tokioka, members of the committee, Thank you for giving me an opportunity to testify. My name is Will Page. I am the President of Page Marketing, Inc. of Kailua. I don't understand this bill. It looks like any other bill "Relating to Local Government." But it amends the distribution of the transient accommodations taxes to exclude the City & County of Honolulu. In year's past, Honolulu received 44.1% of the distribution of cash to the counties. Maui, Hawaii and Kauai get their same percentages. Why has Honolulu been excluded from the distribution of Transient Accommodations Taxes? Nothing in the bill explains the exclusion of Honolulu from the distribution of revenues from this tax. This is the only thing that this bill does? Should not the title of the measure be "Excluding Honolulu County from the Distribution of Transient Accommodations Taxes." I am opposed to this measure. Mahalo, Will Page