

Honolulu, Hawaii

MAR 23 2018

RE: H.B. No. 2010
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Economic Development, Tourism, and
Technology, to which was referred H.B. No. 2010, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TOURISM,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Forgive the debt owed to the State by the Hawaii Tourism Authority for the Hawaii Convention Center construction costs and related interest;
- (2) Establish the convention center repair and maintenance special fund and convention center emergency special fund and establishes the authorized uses and requirements of the special funds;
- (3) Amend the transient accommodations tax revenue allocation by:
 - (A) Inserting an unspecified amount of tax revenue to be allocated to the convention center enterprise special fund;



- (B) Changing the minimum fund balance of the tourism emergency special fund to different amounts annually; and
- (C) Allocating a portion of the transient accommodations tax revenues to the convention center repair and maintenance special fund and convention center emergency special fund.

Prior to the hearing on this measure, your Committee posted and made available for public review a proposed S.D. 1, which deletes the contents of the measure and inserts language that:

- (1) Renames the convention center enterprise special fund as the convention center operations and maintenance special fund;
- (2) Inserts a cap of \$6,000,000 on the convention center operations and maintenance special fund;
- (3) Authorizes the use of the convention center operations and maintenance special fund for salaries for convention center personnel;
- (4) Amends the authorized uses of the tourism special fund and caps expenditures from the fund at:
 - (A) \$2,800,000 for administrative expenses and defines "administrative expenses" to mean office equipment, salaries, and supplies;
 - (B) \$49,200,000 for marketing expenses;
 - (C) \$2,500,000 for research expenses; and
 - (D) \$5,800,000 for sports marketing expenses;
- (5) Amends the allocation of transient accommodations tax revenue by:
 - (A) Deleting the allocation of transient accommodations tax revenue to the convention center enterprise special fund;



- (B) Reducing the allocation of transient accommodations tax revenue to the tourism special fund from \$82,000,000 to \$60,300,000 and amending allocations of that \$60,300,000;
 - (C) Allocating \$16,500,000 to the Department of Business, Economic Development, and Tourism for other economic development initiatives and programs;
 - (D) Allocating \$3,500,000 to the Department of Education for a grant program for initiatives and programs related to hospitality and tourism industry careers;
 - (E) Allocating \$7,891,000 to the University of Hawaii System for academic programs relating to hospitality and tourism industry career pathways;
 - (F) Allocating \$3,000,000 to University of Hawaii athletics for student athletic travel;
 - (G) Allocating \$9,608,554 to the Department of Land and Natural Resources for support efforts to manage, improve, and protect the State's environment and address the impact of tourism on the State's natural resources;
 - (H) Allocating \$8,000,000 to the counties to be used to ensure the safety of visitors to county parks and beaches; and
 - (I) Allocating \$8,000,000 to be expended on grants pursuant to chapter 42F, Hawaii Revised Statutes, for Hawaiian cultural initiatives, community programs, product development, and tourism related grants;
- (6) Makes conforming amendments; and
- (7) Authorizes the Department of Budget and Finance to cancel the reimbursable general obligation bond debt



relating to the Convention Center that is owed by the Hawaii Tourism Authority.

Your Committee received testimony in support of the proposed S.D. 1 from the Department of Land and Natural Resources and Hawaii Advocates for Consumer Rights. Your Committee received testimony in opposition to the proposed S.D. 1 from the Hawai'i Tourism Authority, Japan Hawaii Travel Association, 'Ohina Short Film Showcase, Hawaii Forest Industry Association, Hawaii Forest and Trail, and one individual. Your Committee received comments on the proposed S.D. 1 from the Department of Business, Economic Development, and Tourism; University of Hawai'i System, and Tax Foundation of Hawaii.

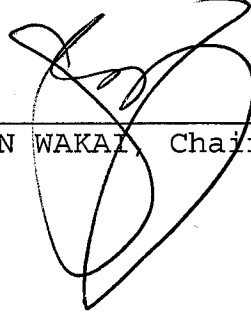
Your Committee finds that the existing allocation of revenue from the transient accommodations tax should be amended to address the specific needs of agencies that work with, or are impacted by, the tourism industry, which will better ensure that those specific needs are properly addressed in a timely manner. Your Committee finds that rather than requiring one agency to address the impacts of tourism on state infrastructure and natural resources, allocating the funds directly to those with proper expertise will allow for a more efficient and effective remedy to specific issues that have arisen due to the large number of visitors to the State.

Your Committee has amended this measure by adopting the proposed S.D. 1 and further amending it by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Economic Development, Tourism, and Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2010, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2010, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Economic
Development, Tourism, and
Technology,

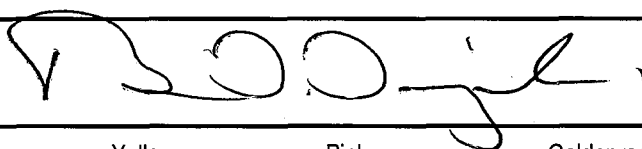


GLENN WAKAI, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Economic Development, Tourism, and Technology
ETT

Bill / Resolution No.:* HB 2010 HD1	Committee Referral: ETT, WAM	Date: 3/21/18		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
BAKER, Rosalyn H.	✓			
GALUTERIA, Brickwood				✓
THIELEN, Laura H.		✓		
TOTAL	3	1	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes