

Honolulu, Hawaii

FEB 17 2017

RE: S.B. No. 1290
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committees on Economic Development, Tourism, and Technology and Public Safety, Intergovernmental, and Military Affairs, to which was referred S.B. No. 1290 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) Provide a fair, consistent, and predictable priority allocation of transient accommodations tax revenues to the tourism special fund;
- (2) Maintain the allocation of transient accommodations tax revenues to existing obligations at present levels;
- (3) Provide a fair, consistent, and predictable allocation of the balance of the transient accommodations tax revenues between the State and the counties; and
- (4) Provide flexibility to the tourism special fund, State, and counties in the utilization of their respective allocations.

Your Committees received testimony in support of this measure from the Office of the Managing Director, City and County of



Honolulu; County of Hawaii; Hawai'i County Council; County Council, County of Maui; Hawaii State Association of Counties; and four individuals. Your Committees received testimony in opposition to this measure from the Hawaii Tourism Authority. Your Committees received comments on this measure from the Department of Budget and Finance and Tax Foundation of Hawaii.

Your Committees find that the transient accommodations tax has evolved, and its structure and frequent amendment, combined with the cyclical nature of the visitor industry and the tax revenues it generates, has resulted in ongoing discussion among various stakeholders as to simplifying and clarifying the tax. Your Committees find that the application of the transient accommodations tax and the allocation of its revenues should be clear, consistent, and predictable over time. Your Committees further find that the transient accommodations tax is a vital revenue source for the counties and that allocating forty-five percent of the remaining revenues to the counties will create a fair, consistent, and predictable allocation between the State and counties.

Your Committees have amended this measure by:

- (1) Removing language that would have adjusted the Hawaii Tourism Authority budget based on inflation;
- (2) Removing the \$500,000 allocation for structural improvements to parks and public facilities to be determined with community input;
- (3) Increasing the allocation for the operation of a Hawaiian center and the museum of Hawaiian music and dance at the Hawaii convention center to \$1,000,000; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Economic Development, Tourism, and Technology 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. 1290, as amended herein, and recommend that it pass Second Reading in the form attached hereto

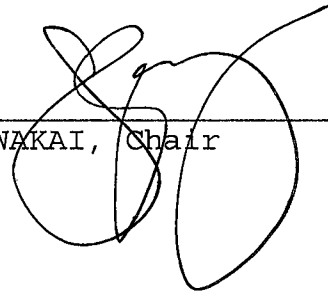


as S.B. No. 1290, S.D. 1, and be referred to your Committee on Ways and Means.

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



CLARENCE K. NISHIHARA, Chair

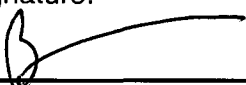


GLENN WAKAI, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

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

Bill / Resolution No.:* SB 1290	Committee Referral: ETT/RM, NAM	Date: 2/15/17		
<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			2
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

The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Public Safety, Intergovernmental, and Military Affairs
PSM

Bill / Resolution No.:*	Committee Referral:	Date:
SB 1290	ETT/PSM, WAM	2/15/17

The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312 Pass, with amendments 2311 Hold 2310 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
NISHIHARA, Clarence K. (C)	/			
WAKAI, Glenn (VC)	/			
BAKER, Rosalyn H.	/			
IHARA, Jr., Les				/
THIELEN, Laura H.				/
TOTAL	3			2

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:
Clarence K. Nishihara

Distribution: Original Yellow Pink Goldenrod
 File with Committee Report Clerk's Office Drafting Agency Committee File Copy

*Only one measure per Record of Votes