



EXECUTIVE CHAMBERS
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DAVID Y. IGE
GOVERNOR

January 30, 2018

TO: The Honorable Representative Richard H.K. Onishi, Chair
House Committee on Tourism

FROM: Scott Morishige, MSW, Governor's Coordinator on Homelessness

SUBJECT: HB 2012 – RELATING TO THE TRANSIENT ACCOMODATIONS TAX

Hearing: Tuesday, January 30, 2018, 9:00 A.M.
Conference Room 429, State Capitol

POSITION: The Governor's Coordinator on Homelessness appreciates the intent of this measure, and offers comments. The Governor's Coordinator encourages the Hawaii Tourism Authority to work with the Hawaii Interagency Council on Homelessness and the Governor's Coordinator on Homelessness; however, defers to the Authority with regard to receipt of the tax revenue and the Authority's initiatives.

PURPOSE: The purpose of the bill is to allocate \$2,000,000 from transient accommodations tax revenues to the Hawaii Tourism Authority to implement initiatives, in conjunction with the Hawaii Lodging and Tourism Association, to address homelessness in tourist and resort areas. The bill also provides that no funds shall be released unless matched dollar-for-dollar by the private sector.

Homelessness remains one of the most pressing challenges facing Hawaii, and the State has adopted a comprehensive framework to address homelessness that focuses on three primary leverage points – affordable housing, health and human services, and public safety. Over the past three years, the State has made progress in addressing homelessness through this approach. In particular, the 2017 statewide Point in Time (PIT) count found that the number of homeless people in Hawaii decreased for the first time in eight years – a decrease of 701 people between 2016 and 2017.

To continue this positive momentum, the Governor's Executive Budget request includes over \$15 million for homeless services, such as Housing First, Rapid Rehousing, and homeless outreach. The goal of the State's framework is to establish a system to address homelessness that quickly connects homeless individuals to a range of services that provide long-term, stable housing.

The State approach to addressing homelessness also includes a focus on oversight and accountability for public funds used for this purpose. This focus not only emphasizes reporting and transparency, but ties payment for homeless services to provider performance. In 2017, DHS executed a series of contracts for housing placement, emergency grant, homeless outreach, and shelter that establish specific performance benchmarks and condition payment in part upon meeting these benchmarks. The State's intent is to apply similar benchmarks and conditions to all new contracts for homeless services.

Thank you for the opportunity to testify on this bill.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, Earmark funds to address homelessness

BILL NUMBER: HB 2012; SB 2700 (Identical)

INTRODUCED BY: HB by ONISHI, AQUINO, BROWER, CACHOLA, FUKUMOTO, ITO, QUINLAN, SAN BUENAVENTURA, WARD; SB by WAKAI

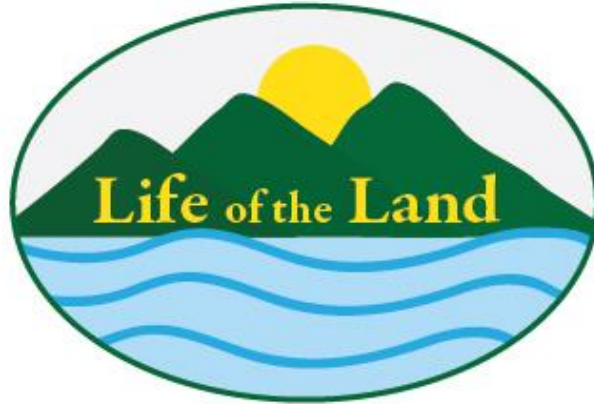
SYNOPSIS: Amends section 237D-6.5, Hawaii Revised Statutes, to provide that \$2 million per year shall be allocated to the Hawaii tourism authority to implement initiatives, in conjunction with the Hawaii lodging and tourism association, to address homelessness in tourist and resort areas; provided that no funds shall be released unless matched dollar-for-dollar by the private sector.

EFFECTIVE DATE: July 1, 2018

STAFF COMMENTS: As with any earmarking of revenues, the legislature will be preapproving each of the initiatives fed by the tax earmark, so expenses from the funds largely avoid legislative scrutiny, and the effectiveness of the programs funded becomes harder to ascertain. It is also difficult to determine whether too little or too much revenue has been diverted from other priorities in the state budget.

If the legislature deems the programs and purposes funded by this special fund to be a high priority, then it should maintain the accountability for these funds by appropriating the funds as it does with other programs. Earmarking revenues merely absolves elected officials from setting priorities. If the money were appropriated, lawmakers would have to evaluate the real or actual needs of each program.

Digested 1/26/2018



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Phone: 927-0709 henry.lifeoftheland@gmail.com

COMMITTEE ON TOURISM
Rep. Richard H.K. Onishi, Chair
Rep. Beth Fukumoto, Vice Chair

HB 2012 Relating to the Transient Accommodations Tax **Comments**

Aloha Chair Onishi, Rhoads, Vice Chair Fukumoto and Members of the Committee,

Life of the Land is Hawai'i's own energy, environmental and community action group advocating for the people and `aina for 47 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

The bill has two quirks:

First, the bill is limited to "tourist and resort areas".

Do tourist and resort areas include all land, water, and sky in the State?

Second, the bill does nothing if the private sector doesn't donate matching funds.

The bill needs definitions and teeth if it is to advance

Mahalo
Henry Curtis
Executive Director

HB-2012

Submitted on: 1/28/2018 9:11:26 PM

Testimony for TOU on 1/30/2018 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
De MONT R. D. CONNER	Ho'omanapono Political Action Committee (HPAC)	Support	Yes

Comments:



46-063 Emepela Pl. #U101 Kaneohe, HI 96744 · (808) 679-7454 · Kris Coffield · Co-founder/Executive Director

**TESTIMONY FOR HOUSE BILL 2012, RELATING TO THE TRANSIENT
ACCOMMODATIONS TAX**

**House Committee on Tourism
Hon. Richard H.K. Onishi, Chair
Hon. Beth Fukumoto, Vice Chair**

**Tuesday, January 30, 2018, 9:00 AM
State Capitol, Conference Room 429**

Honorable Chair Onishi and committee members:

I am Kris Coffield, representing IMUAlliance, a nonpartisan political advocacy organization that currently boasts over 400 members. On behalf of our members, we offer this testimony in support of House Bill 2012, relating to the transient accommodations tax.

According to the 2017 statewide *Point In Time Count* (PITC) report, 7,220 houseless persons were counted on a single night in January last year, down 9 percent overall from 2016. Yet, O’ahu experienced a 0.4 percent *increase* from the previous year, with 4,959 people counted, up from 4,940 the year before. Hawai’i island saw the largest decrease in its homeless population, which fell 32 percent, or 441 people. Maui County had a 22 percent drop, or 249 people, while Kaua’i saw a 7 percent drop, or 30 fewer homeless people. Notably, the size of the houseless population on O’ahu is up more than 25 percent from 2009, when 3,638 homeless people were counted. Additionally, Department of Education officials have estimated that between 3,500-4,000 public school students experience homelessness at some point during the school year—last year’s PITC captured just over half of them—and over 91,000 students are economically disadvantaged. We know, then, that our state’s homeless population is consistently larger than the statistics show. It remains the highest per-capita homeless population in the country, according to the U.S. Department of Housing and Urban Development.

Over 30 percent of juvenile arrests in Hawai’i are for running away from home, the highest proportion in the nation. Nationally, one in seven young people between the ages of 10 and 18 will run away. Approximately 75 percent of runaways are female, while 46 percent of runaway and homeless youth report being physically abused, 38 percent report being emotionally abused, and 17 percent report being forced into unwanted sexual activity by a family or household member, according to the National Conference of State Legislatures. Roughly 30 percent of runaway

children will be approached for sexual exploitation within 48 hours of being on the run, with over 80 percent being approached for the commercial sex trade during the course of their time on streets. A federal study found that an estimated 38,600 runaway youth have been sexually assaulted, in the company of someone known to be sexually abusive, or engaged in sexual activity in exchange for money, food, or shelter. Runaways are perceived as easy targets for sex traffickers because they lack stable shelter, a supportive environment, and financial resources, placing them at greater risk of forced prostitution and sexual servitude.

Traffickers exploit our limited number of available shelter beds to lure young people into exploitation. As the homeless childcare provider Covenant House observes, traffickers tell homeless youth that shelters are full and ask, “Where are you going to go? Why don’t you come with me? I’ll take care of you.” Coupled with threats of and actual physical and sexual violence against the victims or their families, these coercive techniques compel runaway youth to remain enslaved. LGBTQ youth, who comprise an estimated 40 percent of the runaway and homeless youth population in the United States, are exponentially more likely to fall prey to human traffickers because of discrimination, family and community trauma, and a longing for comfort and acceptance (an estimated 26 percent of LGBTQ adolescents are rejected by their families and put out of their homes simply for being open and honest about who they are). In providing care for victims of human trafficking, IMUAlliance has heard their stories hundreds of times.

We must find innovative ways to fund homeless services, especially human services, health care, outreach, and rapid rehousing to our state’s unsheltered and at-risk population, many of whom are gainfully employed and contributing our economy. Moreover, we must find a balance between rampant real estate speculation and meeting the needs of our state’s most economically vulnerable residents. Just as our homeless population has soared over the past few years, so, too, has our state’s cost of housing. The median price of condominiums on O’ahu increased 6 percent in the summer of 2017 to a record \$425,000, while the median price for single-family homes increased by 3 percent to \$795,000, according to the Honolulu Board of Realtors, a number that they expect to increase by at least another 5 percent in 2018. Average fair market rent for two-bedroom apartments in *outlying* communities in the City and County of Honolulu now exceeds \$2,000, with the cost of a four-bedroom home in urban Honolulu now exceeding \$1.1 million. At least 46 percent of residences in Hawai’i are owner unoccupied, according to the National Low-Income Housing Coalition, meaning that nearly 50 percent—and by some estimates over half—of Hawai’i’s homes are likely investment properties.

Many of those properties, in turn, are owned by mainland and foreign buyers, whose real estate market speculation is a prime driver of Hawai’i’s highest-in-the-nation cost of housing. According to a study released in May of 2016 by the Hawai’i Department of Business, Economic Development, and Tourism, there are “clear distinctions” between the average price of homes bought by local residents, mainlanders, and foreigners. Analyzing purchases made between 2008 and 2015, DBEDT found: “The average sale price was highest among foreign buyers. The average

sale price of the total of 5,775 homes sold to foreign buyers from 2008 to 2015 was \$786,186, 28.3 percent higher than the average sale price to the mainlanders (\$612,770) and 64.7 percent higher than the average sale price to local buyers (\$477,460).”

Researchers who authored the National Low Income Housing Coalition’s *Out of Reach 2017* report found that a full-time worker would need to earn \$35.20/hour to afford a two-bedroom apartment at fair market value in our state, with Honolulu experiencing a 67 percent increase in fair market rent between 2005 and 2015. Average rent for a two-bedroom unit surpassed \$2,000 in recent years, with minimum wage workers needed to log 116 hours per week at their jobs to afford a modest one-bedroom apartment at fair market value and 139 hours per week to afford a two-bedroom—a number that is equivalent to working 20 hours a day with no days off year-round. In the past three years alone, Honolulu rent has increased by more than 25 percent. While 46 percent of Hawai’i residents are renters (a number that does not include individuals and families renting outside of the regulated rental market), they earn an average wage of \$16.53/hour, scarcely enough to meet their basic needs. One out of every four households in Hawai’i report that they are “doubling up” or are three paychecks or less away from being homeless, per the Hawai’i Appleseed Center for Law and Economic Justice. Additionally, 54 percent of households are cost-burdened, meaning that they pay more than 30 percent of their income for housing costs, a number that rises to 83 percent of extremely low-income households. Put simply, homelessness is directly tied to our state’s exorbitant cost of living and penchant for catering to people who use the islands as their own private Monopoly board. We beseech you to seek innovative ways of making Hawai’i more affordable, while funding services that show aloha for our economically disadvantaged neighbors.

Finally, we applaud Waikiki’s hospitality industry, such as the Hawai’i Lodging and Tourism Association and the Hilton Hawaiian Village, for donating to organizations that help the homeless, including by providing more than \$2,000,000 to the Institute for Human Services, other O’ahu-based social service providers, and charitable organizations on Maui, Kaua’i, and Hawai’i island. We urge lawmakers to recognize these efforts and, in turn, use a portion of the transient accommodations tax—our tax on visitor rentals—to assist our tourism industry in finding shelter for economically disadvantaged members of the Waikiki community, some of whom already are or are at risk of becoming victims of human trafficking.

When you fund housing, outreach, and human services for the homeless, you are helping to end slavery in Hawai’i. Mahalo for the opportunity to testify in support of this bill.

Sincerely,
Kris Coffield
Executive Director
IMUAlliance

LATE

Testimony of
Denise Wardlow
General Manager

The Westin Princeville Ocean Resort Villas

House Committee on Tourism

House Bill 2012, Relating to the Transient Accommodations Tax

Chair Onishi and members of the committee:

Mahalo for the opportunity to testify. I strongly support House Bill 2012 which allocates up to \$2,000,000, from TAT revenues if it is matched by the private sector for homelessness solutions. Specifically, we strongly support that the bill requires that HTA working in conjunction with HLTA seek to implement initiatives to address homelessness in tourist and resort impacted areas throughout the state.

Homelessness is particularly acute in Waikiki but is prevalent throughout popular public parks, beaches and facilities used by residents and visitors alike in Hawai'i. It has a direct impact on the visitor experience, is a source of frustration for local residents, and poses a very difficult and often dangerous existence for the homeless.

The hospitality industry, through our association and member hotels and businesses, has donated well over \$2 million during the last four years to the Institute for Human Services (IHS) and other social service agencies on our largest islands, specifically for homelessness outreach and service. These funds have come from a collaborative effort put forth by the hospitality industry which include monies from our charity walks on Oahu, Hawai'i Island, Kaua'i, and Maui as well as funds raised from the Hilton Hawaiian Village's Hawai'i for Hawai'i Benefit Concert. Agencies and charitable non-profits that have had direct impact from these donations include Helping Hands Hawai'i, Honolulu Community Action Program, Waikiki Health, Catholic Charities Hawai'i, and Mental Health Kokua. Specifically speaking, we have developed a very productive partnership with the IHS, which helps the homeless in Waikiki, including outreach efforts, repatriation and van transportation so they can access vital services. As a result of our firm belief that homelessness is not just a Honolulu-centric challenge, we also gave grants to non-profits on each of the neighbor island counties. Last year we contributed \$10,000 to HOPE Services Hawai'i Inc. and \$15,000 to Hawai'i Rise Foundation to help fund homelessness programs on Hawai'i Island. In 2016 we awarded Kaua'i Economic Opportunity \$25,000, and Maui Family Life Center \$25,000 the year before to help make repatriating homeless back to their families or caregivers on the mainland an objective.

LATE



Maui Hotel & Lodging

ASSOCIATION

Testimony of

Lisa H. Paulson

Executive Director

Maui Hotel & Lodging Association

on

HB 2012

Relating To The Transient Accommodations Tax

COMMITTEE ON TOURISM

Tuesday, January 30, 2018, 9:00 am

Conference Room 429

Dear Chair Onishi, Vice Chair Fukumoto and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes 185 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 25,000 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 is **in support** of HB 2012, which allocates funds from transient accommodations tax revenues to the Hawaii Tourism Authority to implement initiatives, in conjunction with the Hawaii Lodging and Tourism Association, to address homelessness in tourist and resort areas.

MHLA supports funding for services for the homeless and believe it is one of our biggest challenges in our community. Every year through our Maui County Charity Walks we donate funds to organizations that assist with our homeless and houseless residents in Maui County: Maui Family Life Center, Feed My Sheep, Habitat for Humanity, Hale Kau Kau, Keiki Cupboard, Salvation Army, and Women Helping Women to name a few. But despite our best efforts to fund the many organizations that need support, the needs of this growing population continue to outweigh the resources.

The members of the Maui Hotel & Lodging Association will continue to fund-raise and donate money through our Visitor Industry Charity Walk and other endeavors to help the homeless. We look forward to having the state government, through this legislation, augment our efforts as a direct participant in what should be an important public-private partnership.

Thank you for the opportunity to testify.



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

LATE

Testimony of

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

House Committee on Tourism

House Bill 2012, Relating to the Transient Accommodations Tax

Chair Onishi and members of the committee:

Mahalo for the opportunity to testify. On behalf of the nearly 700 members of the Hawai'i Lodging & Tourism Association, we strongly support House Bill 2012 which allocates up to \$2,000,000, from TAT revenues if it is matched by the private sector for homelessness solutions. Specifically, we strongly support that the bill requires that HTA working in conjunction with HLTA seek to implement initiatives to address homelessness in tourist and resort impacted areas throughout the state.

Homelessness is particularly acute in Waikiki but is prevalent throughout popular public parks, beaches and facilities used by residents and visitors alike in Hawai'i. It has a direct impact on the visitor experience, is a source of frustration for local residents, and poses a very difficult and often dangerous existence for the homeless.

The hospitality industry, through our association and member hotels and businesses, has donated well over \$2 million during the last four years to the Institute for Human Services (IHS) and other social service agencies on our largest islands, specifically for homelessness outreach and service. These funds have come from a collaborative effort put forth by the hospitality industry which include monies from our charity walks on Oahu, Hawai'i Island, Kaua'i, and Maui as well as funds raised from the Hilton Hawaiian Village's Hawai'i for Hawai'i Benefit Concert. Agencies and charitable non-profits that have had direct impact from these donations include Helping Hands Hawai'i, Honolulu Community Action Program, Waikiki Health, Catholic Charities Hawai'i, and Mental Health Kokua. Specifically speaking, we have developed a very productive partnership with the IHS, which helps the homeless in Waikiki, including outreach efforts, repatriation and van transportation so they can access vital services. As a result of our firm belief that homelessness is not just a Honolulu-centric challenge, we also gave grants to non-profits on each of the neighbor island counties. Last year we contributed \$10,000 to HOPE Services Hawai'i Inc. and \$15,000 to Hawai'i Rise Foundation to help fund homelessness programs on Hawai'i Island. In 2016 we awarded Kaua'i Economic Opportunity \$25,000, and Maui Family Life Center \$25,000 the year before to help make repatriating homeless back to their families or caregivers on the mainland an objective.



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

But despite the best efforts of the hospitality industry and the tremendous fund-raising success of the Charity Walk, the needs of this growing population continue to outweigh the resources. And we believe it is only reasonable and fair for state government, through the TAT, to allocate funds for this tourism related purpose.

The members of the Hawai'i Lodging & Tourism Association will continue to fund-raise and donate money through our Visitor Industry Charity Walk and other endeavors to help the homeless population. We are hopeful that other businesses and organizations will also step forward and take advantage of the match that the state government will provide as a direct participant in what would be an emerging and important public-private partnership.

For these reasons we respectfully ask the committee to push through HB2012 and we are grateful for House Tourism Chair Onishi for his leadership on this issue.

Mahalo.

LATE

HB-2012

Submitted on: 1/30/2018 5:34:11 AM
Testimony for TOU on 1/30/2018 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Teresa Parsons		Oppose	No

Comments:

I do not approve of targeting more TAT to HTA. This organization receives TOO much money each year with little to no accountability for their spending.

I do support directing a portion of TAT to address homelessness, but those funds should be directed to HHS. They are the subject matter experts, not HTA.