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Date & Time
Feb 05, 2018, 10:09 am

STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

WRITTEN
TESTIMONY ONLY

**Testimony in SUPPORT of HB2266
RELATING TO TRANSIENT ACCOMODATIONS TAX**

REPRESENTATIVE RICHARD H.K. ONISHI, CHAIR
HOUSE COMMITTEE ON TOURISM

Hearing Date: February 6, 2018
Time: 8:30 a.m.

Room Number: 429

- 1 **Fiscal Implications:** We appreciate and support the intent of this initiative, but defer to the
- 2 Governor's Executive Supplemental Budget Request for the Department of Health's (Department)
- 3 appropriations and personnel priorities.

- 4 **Department Testimony:** The Department supports the intent of this measure of finding revenue to
- 5 finance a grant program that supports cesspool conversions. Cesspools are a major source of
- 6 pollution to Hawaii's waters. There are approximately 88,000 cesspools in the State, discharging
- 7 approximately 53 million gallons of untreated sewage into the groundwater every day.
- 8 Groundwater flows into drinking water sources; since ninety-five percent of all drinking water in
- 9 Hawaii comes from ground water sources, this cesspool pollution can potentially harm human
- 10 health. Groundwater also flows into streams and the ocean, harming public health and the
- 11 environment, including beaches, recreational waters, and coral reefs. Hawaii needs to upgrade
- 12 cesspools statewide as soon as feasible in order to protect the public health and environment,
- 13 drinking water and recreational waters. These upgrades can be to sewer, septic systems or any other
- 14 individual wastewater systems that comply with the Department's Chapter 11-62, Hawaii
- 15 Administrative Rules.

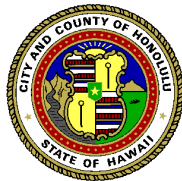
- 16 The cost of upgrades will be high, averaging \$20,000 to \$30,000. Expanded tax credits and grants
- 17 are two possible options that would help homeowners afford the phasing out of cesspools. The
- 18 Department is open to various forms of financial support for homeowners who upgrade, including
- 19 possibly utilizing the transient accommodations tax revenues to finance a grant program.

- 20 Thank you for the opportunity to testify on this measure.

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OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAII 96813
PHONE: (808) 768-4141 • FAX: (808) 768-4242 • INTERNET: www.honolulu.gov



KIRK CALDWELL
MAYOR

ROY K. AMEMIYA, JR.
MANAGING DIRECTOR

GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR

CITY AND COUNTY OF HONOLULU
BEFORE THE COMMITTEE ON
TOURISM
TUESDAY, FEBRUARY 6, 2018; 8:30 AM

TO: THE HONORABLE RICHARD H.K. ONISHI, CHAIR
THE HONORABLE BETH FUKUMOTO, VICE CHAIR
AND MEMBERS OF THE COMMITTEE ON TOURISM

FROM: KIRK CALDWELL, MAYOR
CITY AND COUNTY OF HONOLULU

SUBJECT: OPPOSITION TO HB2266

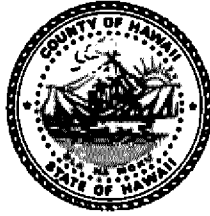
The City and County of Honolulu respectfully opposes HB2266, which deletes the amount of transient accommodations tax (TAT) to the counties and requires the counties to use their portion of the TAT for the enforcement of county ordinances relating to transient accommodations, public mass transportation, efforts to control invasive species, participation in the National Flood Insurance Program's community rating system, establishment of a building code effectiveness grading schedule, identification of important agriculture lands, and grants for cesspool conversions.

The TAT was originally implemented to offset costs associated with the visitor industry. This measure goes against the TAT's original intent and would require the City to use its TAT funds to cover costs not associated with the visitor industry. The counties already do not receive an appropriate share of the TAT to cover the counties' costs associated with the many tourists who visit our islands. This measure would require the taxpayers of each county to subsidize tourism costs even more.

Thank you for your consideration of this testimony in opposition.

LATE

Harry Kim
Mayor



Wil Okabe
Managing Director

Barbara J. Kossow
Deputy Managing Director

County of Hawai'i

Office of the Mayor

25 Aupuni Street, Suite 2603 • Hilo, Hawai'i 96720 • (808) 961-8211 • Fax (808) 961-6
KONA: 74-5044 Ane Keohokālole Hwy., Bldg C • Kailua-Kona, Hawai'i 96740
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RECEIVED
Date & Time

Feb 06, 2018, 7:41 am

February 5, 2018

Representative Richard H.K. Onishi, Chair
Committee on Tourism
Hawai'i State Capitol, Room 429
Honolulu, HI 96813

Dear Chair Onishi and Committee Members:

Re: HB 2266 Relating to Adjusting and Earmarking Counties' TAT Revenue
Hearing Date: 02/06/18 – 8:30 am; Conference Room 429

Please accept this testimony in opposition to HB 2266.

The proposal to dictate specific uses of the TAT would seriously undermine home rule. Both State and county officials are pledged to serve our constituents to the best of our abilities, and the counties can best do their parts if they are allowed to exercise reasonable discretion in how to spend the limited resources available to them.

One additional specific objection to HB 2266 is that it allows for a re-allotment of TAT funds, by putting in play the percentage allocation to be received by each county. This could serve to pit one county against another and would be unfortunate, to say the least. Up to this point, the counties have been united in their belief that the total allocation to the counties should be changed (i.e., increased) but that the percentage of the allocation for each county should not be tampered with. That remains the position of Hawai'i County and, as far as I know, the position of the other counties as well.

Please do not act favorably on HB 2266.

Respectfully submitted,

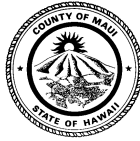
Harry Kim
Mayor, County of Hawai'i

Council Chair
Mike White

Vice-Chair
Robert Carroll

Presiding Officer Pro Tempore
Stacy Crivello

Councilmembers
Alika Atay
Elle Cochran
Don S. Guzman
Riki Hokama
Kelly T. King
Yuki Lei K. Sugimura



COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

February 5, 2018

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

FROM: Mike White
Council Chair

SUBJECT: **HEARING OF FEBRUARY 6, 2018; OFFERING COMMENTS ON HB 2266, RELATING TO THE TRANSIENT ACCOMMODATIONS TAX**

Thank you for the opportunity to offer **comments** on this important measure. The purpose of this bill is to amend the amount of transient accommodations tax revenues remitted to the counties and to restrict its use.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I support the counties receiving additional TAT, but oppose restricting its use for the following reasons:

1. From Fiscal Year 2007 to 2017, the four counties collectively received a mere \$2.2 million increase in TAT, while expenses for fire, police, and park services alone have increased by more than \$260 million.
2. During the same period, the State's annual share of TAT revenue has increased by more than \$220 million. This is because of the arbitrary cap placed on the counties' share to help balance the State's budget during an economic downturn was never removed.
3. The cost of visitor industry related expenditures are rising at a pace far exceeding what the counties' are allocated. This includes collective bargaining increases and the growing burdens of a booming visitor economy.
4. Now more than ever, with counties receiving less than their fair share of TAT revenues, flexibility is needed to spend TAT revenues on priorities as deemed by each county. Similarly, the State has no restrictions on how the TAT allocated to the general fund is spent.

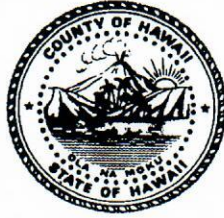
Please consider my comments in your deliberation on this bill.

Mahalo.

ocs:proj:legis:18legis:18testimony:hb2266_paf18-040_ajw:ajw

Eileen O'Hara
Council Member
Council District 4

Chair: Environmental
Management Committee



Phone: (808) 965-2712
Fax: (808) 961-8912
Email: eileen.ohara@hawaiicounty.gov

Vice Chair: Planning Committee and
Agriculture, Water & Energy
Sustainability Committee

County of Hawaii
Hawaii County Council

25 Aupuni Street, Suite 1402 • Hilo, Hawai'i 96720

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Representative Richard H.K. Onishi
Chair, House Committee on Tourism
Hawai'i State House of Representatives

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Date & Time
Feb 05, 2018, 4:22 pm

February 5, 2018

Re: In Support of House Bill 2266, from Hawai'i County Council District 4
To be heard by TOU on 02-06-18 8:30AM in conference room 429

Aloha Chair Onishi and Committee Members:

I'm writing to express my support for House Bill 2266, which amends the amount of transient accommodations tax revenues to be remitted to the Counties. It also requires that the Counties use TAT revenues to enforce ordinances regulating transient accommodations and other short term rentals and for other specific programs. Please contact me if you have any questions about my support.

Sincerely,

Eileen O'Hara
Council Member
Council District 4

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Feb 05, 2018, 10:08 am

HB-2266

Submitted on: 2/3/2018 4:32:32 PM
Testimony for TOU on 2/6/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Benton Kealii Pang, Ph.D.	Hawaiian Civic Club of Honolulu	Support	No

Comments:

LATE

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, Reallocate to Counties and Require Spending on Specified Programs

BILL NUMBER: HB 2266

INTRODUCED BY: LOWEN, CULLEN, LOPRESTI, LUKE, NAKAMURA, OHNO, SAIKI, SAN BUENAVENTURA, Brower, Creagan

EXECUTIVE SUMMARY: Amends the amount of transient accommodations tax revenues to be remitted to the counties. Requires the counties to use transient accommodations tax revenues to enforce ordinances regulating transient accommodations and other short-term rentals and for other specific programs.

SYNOPSIS: Amends section 237D-4.5, HRS, to repeal the existing county allocation of TAT monies and replace it with an unspecified allocation. Requires counties to use the money for the enforcement of county ordinances relating to transient accommodations and then for any of the following programs:

- (i) Public mass transportation;
- (ii) Efforts to control invasive species;
- (iii) Participation in the national flood insurance program's community rating system;
- (iv) Establishment of a building code effectiveness grading schedule, according to the international organization for standardization;
- (v) Identification of important agricultural lands; and
- (vi) Grants for cesspool conversion.

EFFECTIVE DATE: July 1, 2018.

STAFF COMMENTS: Under the Hawaii Constitution, the counties are created by the legislature but are then given a degree of autonomy. Haw. Const. art. VIII, sec. 2. Our constitution also explicitly provides that the legislature has the power to apportion state revenues among the political subdivisions, Haw. Const. art. VIII, sec. 3, but also says that if the legislature mandates any new program or increase in the level of service under an existing program, then the state shall share in the cost. Haw. Const. art. VIII, sec. 5.

The open issue is whether the legislature can attach strings to the state revenues it apportions to the counties. The bill as drafted identifies several programs to which the counties (in the bill proponent's eyes) have not given sufficient attention and resources. The bill does not seem to cross the line, but those drafting future versions of the bill should be mindful that a line exists.

Re: HB 1548
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Digested 2/5/2018

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HB-2266

Submitted on: 2/3/2018 3:17:31 PM
Testimony for TOU on 2/6/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Elen Stoops		Oppose	No

Comments:

This bill appears to dictate HOW counties may use the TAT they have generated. How can the state legislators determine the counties' best use of TAT? This is over-regulation and a bad bill. State legislation overstepping its role if you pass language exactly as written in 4. A.

Counties know best how to:

- attract visitors which improve their economy and generate TAT and other sources of needed income.

- doing their best to balance the impact of tourism to the overall quality of life needs of their residents.

- make the most appropriate allocation of their TAT funds between enforcement efforts and other safety, environmental impact or infrastructure needs.