

DAVID Y. IGE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

Testimony of
SUZANNE D. CASE
Chairperson

Before the Senate Committee on
WAYS AND MEANS

Wednesday, February 28, 2018
11:00 AM
State Capitol, Conference Room 211

In consideration of
SENATE BILL 3038, SENATE DRAFT 1
RELATING TO THE TRANSIENT ACCOMMODATION TAX

Senate Bill 3038, Senate Draft 1 proposes to redistribute Transient Accommodations Tax (TAT) revenue by allocating more funds to the Special Land and Development Fund and less funds to the Tourism Special Fund, to improve certain state resources and services. **The Department of Land and Natural Resources (Department) supports this measure provided that its passage does not replace or adversely impact priorities indicated in the Executive Supplemental Budget request.**

Hawaii's state parks, beaches and trails currently experience record numbers of visitors and a portion of this additional funding could be deployed immediately to improve the quality and management of the park visitor's experience.

The Department remains in strong support of this and any measure that allocates revenue derived from the tourism industry to the Department to offset the increasing and pervasive impacts of the tourism industry on specific Department programs, divisions, resources and infrastructure.

The Department looks forward to continued discussion on the critical issue of marketing resource's vs investing in them.

Thank you for the opportunity to comment on this measure.

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

JEFFREY T. PEARSON P.E.
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, Change Earmarks

BILL NUMBER: SB 3038, SD-1

INTRODUCED BY: Senate Committee on Economic Development, Tourism, & Technology;
Senate Committee on Water & Land

EXECUTIVE SUMMARY: Redistributes transient accommodations tax revenue, by allocating more funds to the special land and development fund and less funds to the tourism special fund, to improve certain state facilities.

SYNOPSIS: Amends section 237D-6.5, HRS, to allocate \$2 million less to the tourism special fund and \$2 million more to the special land and development fund. Amends the allowable use revenues in the special land and development fund to include the protection, preservation, maintenance and enhancement of state parks and trails important to the visitor industry and to include enforcement costs of public lands, which include state parks, beaches, and trails connected with enhancing the visitor experience

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 2/22/2018



February 22, 2018

Senator Donovan Dela Cruz, Chair
Senator Gilbert S.C. Keith-Aragan, Vice Chair
Senate Ways and Means Committee
Hawaii State Capitol

Dear Senator Dela Cruz, Senator Keith-Aragan and Members of the Ways and Means Committee:

Testimony in Opposition to SB3038 SD1

The Kohala Coast Resort Association (KCRA) opposes SB3038 SD1 which redistributes transient accommodations tax revenues from the tourism special fund to the special land fund. We believe that marketing the islands is key, if we want to continue to maintain strong visitor counts, visitor spending, and visitor tax collections. While we support substantially more investment to maintain and improve our public parks, beaches and trails, we believe that the Legislature should allocate transient accommodations taxes from the general fund for those purposes, not removing those resources from the Hawaii Tourism Authority.

KCRA is a collection of master-planned resorts and hotels situated north of the airport which represents more than 3,500 hotel accommodations and an equal number of resort residential units. This is approximately 35 percent of the accommodations available on the Island of Hawai`i. KCRA member properties annually pay more than \$20 million in TAT and \$20 million in GET.

We encourage your opposition to this measure.

Sincerely,

A handwritten signature in black ink that reads "Stephanie P. Donoho". The signature is written in a cursive, flowing style.

Stephanie Donoho
Administrative Director

SB-3038-SD-1

Submitted on: 2/26/2018 9:47:09 AM

Testimony for WAM on 2/28/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

**PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES
DEMOCRATIC PARTY OF HAWAI'I
TO THE COMMITTEE ON WAYS AND MEANS
THE SENATE
TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2018
Wednesday, February 28, 2018
11:00 A.M.**

Hawaii State Capitol, Conference Room 211

RE: Testimony in Support of **SB3038 SD1**, RELATING TO THE
TRANSIENT ACCOMMODATIONS TAX

To the Honorable Donovan M. Dela Cruz, Chair; the Honorable Gilbert S.C. Keith-Agaran, Vice-Chair, and Members of the Committee on Finance:

Good morning, my name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on Senate Bill No. **3038 SD1** regarding the Transient Accommodations Tax Revenue; Department of Land and Natural Resources; Special Land and Development Fund; and Redistribution of Funds.

The OCC Legislative Priorities Committee is in favor of Senate Bill No. **3038 SD1** and support its passage.

Senate Bill No. **3038 SD1** is in accord with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it redistributes transient accommodations tax revenue by allocating more funds to the special land and development fund and less funds to the tourism special fund, to improve certain state resources and services for: (A) the protection, preservation, maintenance, and enhancement of natural resources, including state parks, beaches, and trails important to the visitor industry; (B) Planning, construction, and repair of facilities; and (C) Operation, maintenance, and enforcement costs of public lands, including state parks, beaches, and trails connected with enhancing the visitor experience.

Specifically, the DPH Platform provides that the "[t]he Democratic Party of Hawai'i believes that the preservation and restoration of our natural environment is essential. We support a sustainable society that utilizes the earth in such a way that future generations will benefit from the practices of our generation. We support the restoration, preservation, and protection of our native ecosystems on each island." (Platform of the DPH, P. 8, Lines 407-410 (2016)).

We support the protection of our 'aina against destruction by corporate, government, or military usage and expect full restoration and reparation of environmental damage. (Platform of the DPH, P. 8, Lines 422-423 (2016)).

We believe in the vigorous enforcement of our environmental laws and increased public-private stewardships and citizen involvement in protecting our resources. (Platform of the DPH, P. 8, Lines 432-433 (2016)).

Given that Senate Bill No. **3038 SD1** redistributes transient accommodations tax revenue by allocating more funds to the special land and development fund and less funds to the tourism special fund, to improve certain state resources and services, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: legislativepriorities@gmail.com, Text/Tel.: (808) 258-8889