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David Y. Ige
Governor

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President and Chief Executive Officer

Statement of
George D. Szigeti
Chief Executive Officer
Hawai'i Tourism Authority

LATE

on
SB3038 SD1
Relating to the Transient Accommodations Tax
Senate Committee on Ways and Means
Wednesday, February 28, 2018
11:00am
Conference Room 211

Chair Dela Cruz, Vice-Chair Keith-Agaran and Committee Members:

The Hawai'i Tourism Authority (HTA) **opposes SB3038 SD1**, which would reduce the Transient Accommodations Tax (TAT) revenue allocated to the Tourism Special Fund (TSF) by \$2 million and increase the TAT revenue allocated to the Special Land and Development Fund (SLDF) by \$2 million. HTA supports the intent of the bill, but proposes allocating additional funds to the SLDF from TAT revenues, rather than the TSF.

All stakeholders agree that the increased number of visitors to Hawai'i is a key reason for the State's economic health and that visitors contribute to the strain on the State's infrastructure and natural resources. HTA has been actively working with State and county agencies to address the visitor impacts. These efforts include a meeting with a lawmaker and a vehicle rental agency to work out a solution for the problem facing Hawai'i County with visitors entering Waipio Valley without the capability or training to drive four-wheel vehicles.

The TSF supports HTA's work with community organizations to address visitor impacts, as well as programs dedicated to supporting the community and critical efforts to position Hawai'i as a premier visitor destination. There is constant competition for visitor market share from destinations around the world. Last year, Hawai'i's visitor industry supported 204,000 jobs and brought \$1.96 billion in tax revenue. These gains were made in large part because Hawai'i has invested in its brand. Diverting funds from the TSF would impede those efforts and ultimately harm our visitor market.

Additional funds should be allocated to address visitor impacts on our infrastructure and natural resources. HTA proposes that the bill be amended to transfer additional monies to the SLDF from TAT revenues, rather than the TSF. For the fifth straight year, HTA's annual funding has remained flat. In the same period, collections of the TAT grew from \$395.2 million in FY2014 to \$508.38 million in FY2017, resulting in a rate of return of six to one on the State's investment in the TSF. Using a fraction of the increased TAT revenues to address visitor impacts ensures that visitors contribute to the maintenance and improvement of our infrastructure and natural resources without negatively affecting the primary economic driver in the State.

Mahalo for the opportunity to offer this testimony.



LATE

SB3038 SD1
RELATING TO THE TRANSIENT ACCOMODATIONS TAX
Senate Committee on Ways and Means

February 28, 2018

11:00 a.m.

Room 325

The Office of Hawaiian Affairs (OHA) **SUPPORTS** SB3038 SD1, which seeks to offset and mitigate the substantial environmental and cultural impacts of the approximately 9 million individuals who annually visit our islands.¹

OHA appreciates the importance of Hawai'i's tourism industry to our islands' monetary economy. **However, OHA also notes that the unprecedented numbers of visitors to our islands have and will continue to substantially impact the very lands, waters, and natural and cultural resources and sites that draw them to our shores, and, more importantly, that serve as the foundation of our communities' identity, well-being, and ways of life.** The recent popularity of guidebooks, social media, and online websites have also increased exponentially the number of people who now seek to visit sensitive, naturally and culturally significant areas, previously known only to a few -- impacting native and endangered species; contributing to erosion, invasive species, and trash problems; and degrading the natural and spiritual character of such areas. Meanwhile, even parks and harbors infrastructure, designed to provide a more controlled and less-impactful outdoor experience for visitors and residents, are being placed under ever-increasing strain.

This measure's contemplated reallocation of transient accommodation tax revenues to the Department of Land and Natural Resources (DLNR), via the special land and development fund, will help the DLNR offset the significant and growing impacts of the visitor industry on our natural and cultural resources, sites, and traditional and customary practices protected under the public trust. Notably, the taxes that would be reallocated to the DLNR are largely collected from visitors themselves, who, while collectively impacting our natural and cultural environment, do not otherwise contribute to state conservation funding via income taxes.

Accordingly, OHA supports the funding reallocation proposed in this measure, as one potential means of mitigating the substantial and growing impact of visitors on our islands' environmental and cultural integrity.

Mahalo nui for the opportunity to testify on this measure.

¹ HAWAI'I TOURISM AUTHORITY, 2016 ANNUAL VISITOR RESEARCH REPORT 2..