

DAVID Y. IGE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

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Testimony of
SUZANNE D. CASE
Chairperson

**Before the Senate Committees on
ECONOMIC DEVELOPMENT, TOURISM, AND TECHNOLOGY
and
WATER AND LAND**

**Monday, February 5, 2018
3:15 PM
State Capitol, Conference Room 224**

**In consideration of
SENATE BILL 3038
RELATING TO THE TRANSIENT ACCOMODATION TAX**

Senate Bill 3038 proposes to redistribute Transient Accommodations Tax (TAT) revenue by allocating more funds to the Special Land and Development Fund and allocates fewer funds to the Tourism Special Fund, to improve certain state facilities. **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 and offers the following amendment:**

- (5) [~~\$3,000,000~~] \$5,000,000 shall be allocated to the special land and development fund established under section 171-19; provided that the allocation shall be expended in accordance with the Hawaii tourism authority strategic plan 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, [~~and~~] maintenance and enforcement costs of public lands, including state parks,

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

beaches, and trails, connected with enhancing the visitor experience.

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.

Thank you for the opportunity to comment on this measure and the Department looks forward to continued discussion on the critical issue of marketing resource's vs investing in them.

TAX FOUNDATION OF HAWAII

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SUBJECT: TRANSIENT ACCOMMODATIONS, Change Earmarks

BILL NUMBER: SB 3038

INTRODUCED BY: KEITH-AGARAN

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.

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 2/2/2018

SB-3038

Submitted on: 2/3/2018 6:45:09 AM

Testimony for ETT on 2/5/2018 3:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
John R. Gordines	Hawaii Floriculture & Nursery Ass.	Support	No

Comments:

SB-3038

Submitted on: 2/3/2018 3:57:29 PM

Testimony for ETT on 2/5/2018 3:15:00 PM

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

Comments:

While I am not satisfied special funding for specific projects mentioned in this bill (eg., turtle bay), I am in support of the \$5,000,000 being allocated for land and development fund to assist with protecting, maintaining natural resources.