



Statement of
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on
SB3038

LATE

Relating to the Transient Accommodations Tax
Senate Committee on Economic Development, Tourism, and Technology
Senate Committee on Water and Land
Monday, February 5, 2018
3:15pm
Conference Room 224

Chairs Wakai and Rhoads, Vice-Chairs Taniguchi and Gabbard and Committee Members:

The Hawai'i Tourism Authority (HTA) **opposes SB3038**, 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.

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.