



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

LATE

Testimony of **Ford Fuchigami**
Administrative Director, Office of the Governor

Before the
House Committee on Tourism & International Affairs
House Committee on Water, Land, & Hawaiian Affairs
February 12, 2019
9:30 a.m., Auditorium

In consideration of
House Bill No. 548
RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

Chair Onishi, Chair Yamane, Vice Chair Holt, Vice Chair Todd and committee members:

The Office of the Governor Supports the Intent of **House Bill 548** which would increase the allocation of funds from transient accommodations tax revenue to the special land and development fund (SLDF).

The Office of the Governor prefers the language from Administration Bill SB1209 which would increase the allocation to the SLDF to \$10 million. It would also convert the Transient Accommodations Tax revenues allocated to the country to a percentage instead of the fixed \$103 million allocation.

We defer specific comments to testimony submitted separately by the Department of Budget & Finance and the Department of Land and Natural Resources.

Thank you for the opportunity to provide testimony.

DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

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DEPARTMENT OF BUDGET AND FINANCE
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BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEES ON TOURISM AND INTERNATIONAL AFFAIRS
AND WATER, LAND, AND HAWAIIAN AFFAIRS
ON
HOUSE BILL NO. 548

February 12, 2019
9:30 a.m.
Conference Room Auditorium

LATE

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

House Bill (H.B.) No. 548 increases the allocation from Transient Accommodations Tax (TAT) revenues to the Special Land and Development Fund (SLDF) from \$3,000,000 to \$5,000,000, in conjunction with the Hawaii Tourism Authority Strategic Plan, to protect and enforce public lands and natural resources, including State parks, beaches, and trails important to the visitor industry.

The Department of Budget and Finance appreciates the intent of this measure, but prefers that Administration Bill, H.B. No. 983, be considered instead. The Administration's proposal amends distribution of the TAT revenues, and increases the allocation to the SLDF to \$10,000,000 to manage Hawaii's natural resources. Additionally, the Administration Bill converts the fixed amount of TAT revenues allocated to the counties to a percentage.

Thank you for your consideration of our comments.

DAVID Y. IGE
GOVERNOR OF
HAWAII



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

ROBERT K. MASUDA
FIRST DEPUTY

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FORESTRY AND WILDLIFE
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Testimony of
SUZANNE D. CASE
Chairperson

Before the House Committees on
TOURISM & INTERNATIONAL AFFAIRS
and
WATER, LAND & HAWAIIAN AFFAIRS

LATE

Tuesday, February 12, 2019
9:30 AM
State Capitol, Conference Room Auditorium

In consideration of
HOUSE BILL 548
RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

House Bill 548 proposes to increase the allocation of funds from Transient Accommodations Tax (TAT) revenue to the Department of Land and Natural Resources' (Department) Special Land and Development Fund to improve certain state resources and services. **The Department strongly supports this measure provided that its passage does not replace or adversely impact priorities indicated in the Executive Budget request.**

The Department manages lands that contain the state's most unique natural and cultural resources and the nexus for diverting and allocating a greater portion of the TAT for enhancing the management of these resources is clear and crucial. Recent data indicates that Hawaii was visited by approximately 9.9 million visitors over the past year. This is record setting patronage that is impacting sensitive natural, cultural and historic State Park resources and the ancillary trails, roads, parking features, comfort stations and associated infrastructure and at select park units, beaches. The impact is exacerbated by a dire lack of operating funds to fulfill statutory mandates for resource protection and to improve upon recreation access and public safety.

The public experience is now becoming compromised in increasingly more crowded park units that were not envisioned to host this current level of visitation. In addition to the impact of increased pressure, there are growing incidents of property crimes associated with car brake ins, illegal commercial activity, unauthorized events, illegal camping and homelessness.

Due to social media, there are rampant increases in visitors going out of bounds to natural and cultural attractions that have never been managed nor promoted by State Parks for public

recreation. This increases the impact to the county Fires Rescue agencies that must respond to injuries and lost hikers.

The branding of Hawaii as a scenic and attractive resource destination has resulted in this unparalleled patronage - so it stands to reason that reinvestment in the natural and cultural assets is both the right thing to do for the litany of impacts and makes sound economic sense to preserve and improve upon the features that are part of the basis of Hawaii's tourist economy.

Thank you for the opportunity to comment on this measure.



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David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
HOUSE COMMITTEE ON TOURISM & INTERNATIONAL AFFAIRS

AND

HOUSE COMMITTEE ON WATER, LAND, & HAWAIIAN AFFAIRS

Tuesday, February 12, 2019
9:30AM
State Capitol, Conference Room #312

In consideration of
HOUSE BILL NO 548
RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

Chair Onishi, Vice Chair Holt, members of the House Committee on Tourism & International Affairs, and Chair Yamane, Vice Chair Todd, and members of the House Committee on Water, Land, & Hawaiian Affairs: The Hawai'i Tourism Authority (HTA) **supports** House Bill 548, which increases the allocation of funds from the transient accommodations tax (TAT) revenue to the special land and development fund from \$3,000,000 to \$5,000,000, in order to protect, preserve, maintain, and enhance our natural resources including state parks, beaches, and trails.

HTA believes that safe, secure and well-maintained community infrastructure is essential to the quality of life for our residents and visitors who use state parks, trails, and beaches. Providing additional funding for this purpose, through the special land and development fund, will allow the further development and support of programs that will have a direct positive impact on these facilities that play such an important role throughout our state.

The HTA has been very supportive of programs that are in alignment with the purpose of these additional funds. In FY18 \$541,390 was provided to the Department of Land and Natural Resources (DLNR) to support several initiatives in the areas of communications, parks, and forestry and wildlife. In FY19 \$550,000, is being provided to support a pilot program to assign park ambassadors at their busiest parks and trails statewide. We also set aside funds for a comprehensive state parks survey (\$400,000) which will provide greater insight into the condition, usage and management of our state parks.

HTA supports House Bill 548. We appreciate this opportunity to provide testimony.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS TAX

BILL NUMBER: SB 836; HB 548 (Identical)

INTRODUCED BY: SB by KEITH-AGARAN, GABBARD, J.KEOHOKALOPE, K. RHOADS, Dela Cruz, K. Kahele, Nishihara, Wakai; HB by YAMASHITA, HOLT, TODD, YAMANE

EXECUTIVE SUMMARY: Increases the allocation of funds from transient accommodations tax revenue to the special land and development fund to improve certain state resources and services.

SYNOPSIS: Amends section 237D-6.5, HRS, to increase the earmark on the TAT for the special land and development fund from \$3 million to \$5 million. Clarifies that the money in the fund may be used for state parks, trails, and enforcement activities.

EFFECTIVE DATE: This Act shall take effect on July 1, 2019.

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 2/4/2019

Testimony of The Nature Conservancy of Hawai'i
Supporting HB 548 Relating to the Transient Accommodations
House Committee on Tourism and International Affairs
House Committee on Water, Land, and Hawaiian Affairs
Tuesday, February 12, 2019, 9:30AM, Conference Room Auditorium

The Nature Conservancy of Hawai'i is a non-profit conservation organization dedicated to the preservation of the lands and waters upon which all life depends. The Conservancy has helped protect more than 200,000 acres of natural lands in Hawai'i and Palmyra Atoll. We manage 40,000 acres in 13 preserves and work in over 30 coastal communities to help protect the near-shore reefs, waters and fisheries of the main Hawaiian Islands. We forge partnership with government, private parties and communities to protect forests and coral reefs for their ecological values and the many benefits they provide to people.

The Nature Conservancy supports HB 548 to increase the amount and clarify the allowable uses of the Transient Accommodations Tax (TAT) revenue allocated to the Department of Land and Natural Resources.

Hawai'i's globally unique environment is amongst the top reasons visitors from all over the world come to these islands. There is also widespread agreement that Hawai'i's fragile environment is in need of improved management and protection. In addition, climate change is an unprecedented threat to natural systems (forests, coastlines, coral reefs) and to every resident and visitor that—whether they know it or not—depends on services from a healthy and functioning natural environment.

Presently, **the DLNR receives 0.8% of the State general fund budget and 1.1% of the State budget from all sources** to oversee and care for millions of acres of natural lands and waters. Obviously, not all of the cost of protecting these natural resources should be laid at the feet of the visitor industry; it's everyone's responsibility because we all benefit and are at risk. And, while litter and graffiti clean ups and park restroom repairs are important, long term, larger investments are needed in:

- **Forest** management to ensure that they are as healthy as possible to capture as much rain (drinking water) and hold as much soil as possible as climate change brings more severe individual storm events, but overall less rainfall and more long-term drought events;
- **Coral reef** and near shore management to ensure that they are as healthy as possible to withstand the warming and acidification effects of climate change and still provide storm protection, seafood, and a continuing visitor attraction;
- **Invasive pest** prevention and control so that at the same time we are inviting the world to our shores, we are not also granting easy access to the world's pests and diseases; and
- **Compliance** and enforcement for those who choose not to respect these natural resources.

We all have a stake--including the visitor industry--in the general health and function of Hawaii's finite natural environment and resources as a:

- **Raw material** that supports the lifestyle and livelihood of every resident, visitor and business;
- **Service** that if not healthy and functioning will not deliver basic elements like fresh water needed for any person or business to thrive in the middle of the Pacific ocean; and
- **Product** that we market to the world to get them to vacation, do business and invest here.

Thank you for this opportunity to offer our support for this measure.