

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, Earmark Funds to Address Homelessness

BILL NUMBER: HB 908

INTRODUCED BY: ONISHI, CACHOLA, DECOITE, HAR, MORIKAWA, NAKASHIMA, OKIMOTO

EXECUTIVE SUMMARY: Adds yet another earmark to the TAT to address homelessness. Earmarks in general decrease transparency and accountability, and should be avoided.

SYNOPSIS: Amends section 237D-6.5, Hawaii Revised Statutes, to provide that \$1 million per year shall be allocated to the Hawaii tourism authority to implement initiatives, in conjunction with the Hawaii Lodging and Tourism Association, to address homelessness in tourist and resort areas; provided that no funds shall be released unless matched dollar-for-dollar by the private sector. The funds are to be used for the provision of social services.

Requires Hawaii Tourism Authority to submit a report to the legislature at least twenty days prior to the convening of the regular session of 2019, which shall include: (1) the current status of any initiative implemented during the three-year period prior to the date of the report, in conjunction with the Hawaii Lodging and Tourism Association, to address homelessness in tourist and resort areas, including the costs thereof, source of funding, and participating entities; and (2) the current status of any plans to implement future initiatives, in conjunction with the Hawaii Lodging and Tourism Association, to address homelessness in tourist and resort areas, including the estimated costs thereof, potential sources of funding, other than legislative appropriations, and anticipated participating entities.

EFFECTIVE DATE: 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



HAWAI'I LODGING & TOURISM
A S S O C I A T I O N

Testimony of

Mufi Hannemann
President & CEO
Hawai'i Lodging & Tourism Association

House Committees on:
Tourism and International Affairs
Human Services and Homelessness

February 7, 2019

House Bill 908, Relating to the Transient Accommodations Tax

Chair Onishi, Chair San Buenaventura, and members of the committees, mahalo for the opportunity to submit testimony on behalf of the Hawai'i Lodging & Tourism Association, the state's largest private sector visitor industry organization.

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, representing more than 50,000 hotel rooms and nearly 40,000 lodging workers — **supports** House Bill 908 which allocates funds, from TAT revenues if it is matched by the private sector for homelessness solutions. Specifically, we support that the bill recognizes the partnership between HTA and HLTA in seeking to implement initiatives to address homelessness in tourism impacted areas throughout the state.

Homelessness is particularly acute in Waikiki but is prevalent throughout popular public parks, beaches and facilities used by residents and visitors alike in Hawai'i. It has a direct impact on the visitor experience, is a source of frustration for local residents, and poses a very difficult and often dangerous existence for the homeless.

The hospitality industry, through our association and member hotels and businesses, has contributed over \$2.5 million during the last five years to social service agencies on our largest islands, specifically for homelessness outreach and services. These funds have come from a collaborative effort put forth by the hospitality industry which include monies from our charity walks on Oahu, Hawai'i Island, Kaua'i, and Maui as well as funds raised from the Hilton Hawaiian Village's Hawai'i for Hawai'i Benefit Concert. In 2018, our Charity Walk raised and distributed over \$364,000 to 44 non-profit programs, throughout the state, dealing with homelessness. Agencies and charitable non-profits that have had direct impact from these donations include Hale Kipa, Corvette Center Ministries, Surfing the Nations, Catholic Charities Hawai'i, the Salvation Army, and Mental Health Kokua.

As an industry, we have additionally developed a very productive partnership with the IHS, which helps the homeless in Waikiki, including outreach efforts, repatriation and van transportation so they can access vital services. As a result of our firm belief that homelessness is not just a Honolulu-



HAWAI'I LODGING & TOURISM
A S S O C I A T I O N

centric challenge, we also gave grants to non-profits on each of the neighbor island counties. In 2017 we contributed \$10,000 to HOPE Services Hawai'i Inc. and \$15,000 to Hawai'i Rise Foundation to help fund homelessness programs on Hawai'i Island. In 2016 we awarded Kaua'i Economic Opportunity \$25,000, and Maui Family Life Center \$25,000 the year before to help make repatriating homeless back to their families or caregivers on the mainland an objective.

We are grateful to the State Legislature for passage of a similar measure in 2018, as we have since worked with the Hawaii Tourism Authority to establish a Memorandum of Agreement to distribute a large portion of the allotted funds to the 44 non-profits who have received funding from our 2018 Visitor Industry Charity Walk. The monies still need to be released from the Department of Budget and Finance, but once accomplished, we will be able to match the funds given by the private sector from August and September of 2018.

Moving forward, the members of the Hawai'i Lodging & Tourism Association will continue to fund-raise and donate money through our Visitor Industry Charity Walk and other endeavors to help the homeless population. We appreciate the support from the State Legislature in helping us make this an emerging and important public-private partnership.

Mahalo.

HB-908

Submitted on: 2/6/2019 8:21:52 AM

Testimony for TIA on 2/7/2019 8:45:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments:

LATE

HB-908

Submitted on: 2/6/2019 10:30:22 AM

Testimony for TIA on 2/7/2019 8:45:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Stephanie Donoho	Kohala Coast Resort Association	Support	No

Comments:



LATE

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

February 7, 2019

TO: The Honorable Representative Richard H.K. Onishi, Chair
House Committee on Tourism & International Affairs

The Honorable Representative Joy A. San Buenaventura, Chair
House Committee on Human Services & Homelessness

FROM: Scott Morishige, MSW, Governor's Coordinator on Homelessness

SUBJECT: **HB908 – RELATING TO THE TRANSIENT ACCOMODATIONS TAX**

Hearing: Thursday, February 7, 2019, 8:45 a.m.
Conference Room 312, State Capitol

POSITION: The Governor's Coordinator supports this measure, as it encourages partnership with the private sector to address homelessness in tourism and resort areas statewide.

PURPOSE: The purpose of the bill is to allocate and appropriate funds from transient accommodations tax revenues to the Hawaii Tourism Authority to implement initiatives, in conjunction with the Hawaii Lodging and Tourism Association, to address homelessness in tourist and resort areas. The bill requires a dollar-for-dollar match by the private sector, and requires the Hawaii Tourism Authority to submit a report to the legislature.

The Coordinator notes that efforts to address homelessness require the efforts of multiple stakeholders and should not be limited solely to government agencies. A recent example of cross-sector efforts to address homelessness is the development of the Kahauiki Village, which provides low-income housing for 20 families transitioning from homelessness. In addition, the Hawaii Lodging and Tourism Association has raised funding to support homeless initiatives through the Visitor Industry Charity Walk and other events, which includes funding

for grassroots efforts and innovative programs not currently supported by either the Department of Human Services or Department of Health.

Homelessness remains one of the most pressing challenges facing Hawaii, and the State has adopted a comprehensive framework to address homelessness that focuses on three primary leverage points – affordable housing, health and human services, and public safety. The Coordinator works closely with multiple state agencies to implement this framework by working with State agencies and law enforcement to connect trespass and other enforcement efforts together with the offer of services and housing-focused programs, such as Housing First and Rapid Rehousing. The coordinated efforts to implement the State’s framework to address homelessness have made progress in reducing the number of homeless individuals statewide. Between 2017 and 2018, the number of homeless individuals in Hawaii decreased by 690 individuals (9.6%). The decrease was one of the largest numeric decreases in homelessness in the country, only exceeded by decreases in California, Florida and Michigan. This recent decrease is the second consecutive decrease in homelessness in Hawaii – representing an overall 18% reduction since 2016.

If this measure proceeds, the Coordinator will work with the Hawaii Tourism Authority and other stakeholders to establish performance metrics to monitor the impact of programs funded as part of this initiative.

Thank you for the opportunity to testify on this bill.



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiauthority.org

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 HUMAN SERVICES & HOMELESSNESS

Thursday, February 7, 2019
8:45 AM
State Capitol, Conference Room #312

In consideration of
HOUSE BILL NO 908
RELATING TO TRANSIENT ACCOMMODATIONS TAX.

Chairs Onishi and San Buenaventura, Vice Chairs Holt and Nakamura, and members of the House Committees on Tourism & International Affairs and Human Services & Homelessness: The Hawai'i Tourism Authority (HTA) **supports** House Bill 908, which proposes to allocate additional funds from transient accommodations tax (TAT) revenues to HTA to implement initiatives, in conjunction with the Hawaii Lodging and Tourism Association, to address homelessness in tourist and resort areas, provided no funds are released without dollar-for-dollar matching by the private sector.

As the State agency tasked with strategically managing, marketing and developing Hawai'i's visitor industry, HTA agrees that it is important to address homelessness in the State. A substantial homeless population affects the tourism industry. Our residents, visitors and homeless population deserve a coordinated effort on these issues. HTA supports the intent of the bill to address homelessness, strengthen our communities and maintain a positive experience for Hawai'i's visitors.

Last year, the Legislature passed House Bill 2010, which established the same funding to HTA for the fiscal year 2018-19. Since then, HTA has worked with the Hawaii Lodging and Tourism Association to implement such initiatives. This bill would allow HTA to continue working with the private sector to address homelessness in resort and tourist areas.

It is for these reasons that HTA **supports** House Bill 908. We appreciate this opportunity to provide testimony.



Maui Hotel & Lodging

ASSOCIATION

Testimony of

Lisa H. Paulson

Executive Director

Maui Hotel & Lodging Association

on

HB 908

Relating To The Transient Accommodation Tax

LATE

COMMITTEE ON TOURISM & INTERNATIONAL AFFAIRS

COMMITTEE ON HUMAN SERVICES & HOMELESSNESS

Thursday, February 7, 2019, 8:45 am

Conference Room 312

Dear Chairs Onishi and San Buenaventura; Vice Chairs Holt and Nakamura; and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes 195 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 25,000 residents and represents over 19,000 rooms. The visitor industry is the economic driver for Maui County. We are the largest employer of residents on the Island - directly employing approximately 40% of all residents (indirectly, the percentage increases to 75%).

MHLA is **in support of HB 908**, which allocates and appropriates funds from transient accommodations tax revenues to the Hawaii Tourism Authority to implement initiatives, in conjunction with the Hawaii Lodging and Tourism Association, to address homelessness in tourist and resort areas. Requires the Hawaii Tourism Authority to report to the Legislature.

MHLA supports funding for services for the homeless and believe it is one of our biggest challenges in our community. Every year through our Maui County Charity Walks we donate funds to organizations that assist with our homeless and houseless residents in Maui County: Maui Family Life Center, Feed My Sheep, Habitat for Humanity, Hale Kau Kau, Keiki Cupboard, Salvation Army, and Women Helping Women to name a few. But despite our best efforts to fund the many organizations that need support, the needs of this growing population continue to outweigh the resources.

The members of the Maui Hotel & Lodging Association will continue to fund-raise and donate money through our Visitor Industry Charity Walk and other endeavors to help the homeless. We look forward to having the state government, through this legislation, augment our efforts as a direct participant in what should be an important public-private partnership.

Thank you for the opportunity to testify.