

JAN 23 2020

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# A BILL FOR AN ACT

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that Hawaii continues to  
2 be one of the top destinations for vacationers. In 2017, the  
3 State of Hawaii saw 9,404,346 visitors. That number is  
4 projected to increase to approximately 10,720,000 in 2020. As  
5 the number of visitors continues to grow, more strain is put on  
6 the State's facilities, such as state parks, trails, small boat  
7 harbor facilities, and other natural areas that are operated and  
8 maintained by state agencies. The legislature believes that  
9 given the continued growth of visitors, more investment is  
10 needed in Hawaii's natural resources and environment.

11           The purpose of this Act is to allocate funds from transient  
12 accommodations tax revenues to the Hawaii tourism authority, in  
13 order to improve certain state facilities in accordance with the  
14 authority's strategic plan.

15           SECTION 2. Section 171-19, Hawaii Revised Statutes, is  
16 amended by amending subsection (a) to read as follows:



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1           "(a) There is created in the department a special fund to  
2 be designated as the "special land and development fund".  
3 Subject to the Hawaiian Homes Commission Act of 1920, as  
4 amended, and section 5(f) of the Admission Act of 1959, all  
5 proceeds of sale of public lands, including interest on deferred  
6 payments; all moneys collected under section 171-58 for mineral  
7 and water rights; all rents from leases, licenses, and permits  
8 derived from public lands; all moneys collected from lessees of  
9 public lands within industrial parks; all fees, fines, and other  
10 administrative charges collected under this chapter and chapter  
11 183C; a portion of the highway fuel tax collected under chapter  
12 243; all moneys collected by the department for the commercial  
13 use of public trails and trail accesses under the jurisdiction  
14 of the department; [~~transient accommodations tax revenues~~  
15 ~~collected pursuant to section 237D-6.5(b)(5);~~] and private  
16 contributions for the management, maintenance, and development  
17 of trails and accesses shall be set apart in the fund and shall  
18 be used only as authorized by the legislature for the following  
19 purposes:  
20           (1) To reimburse the general fund of the State for  
21           advances made that are required to be reimbursed from



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- 1 the proceeds derived from sales, leases, licenses, or  
2 permits of public lands;
- 3 (2) For the planning, development, management, operations,  
4 or maintenance of all lands and improvements under the  
5 control and management of the board pursuant to title  
6 12, including but not limited to permanent or  
7 temporary staff positions who may be appointed without  
8 regard to chapter 76; [~~provided that transient~~  
9 ~~accommodations tax revenues allocated to the fund~~  
10 ~~shall be expended as provided in section 237D-~~  
11 ~~6.5(b)(5),]~~
- 12 (3) To repurchase any land, including improvements, in the  
13 exercise by the board of any right of repurchase  
14 specifically reserved in any patent, deed, lease, or  
15 other documents or as provided by law;
- 16 (4) For the payment of all appraisal fees; provided that  
17 all fees reimbursed to the board shall be deposited in  
18 the fund;
- 19 (5) For the payment of publication notices as required  
20 under this chapter; provided that all or a portion of  
21 the expenditures may be charged to the purchaser or



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- 1           lessee of public lands or any interest therein under  
2           rules adopted by the board;
- 3           (6) For the management, maintenance, and development of  
4           trails and trail accesses under the jurisdiction of  
5           the department;
- 6           (7) For the payment to private land developers who have  
7           contracted with the board for development of public  
8           lands under section 171-60;
- 9           (8) For the payment of debt service on revenue bonds  
10          issued by the department, and the establishment of  
11          debt service and other reserves deemed necessary by  
12          the board;
- 13          (9) To reimburse the general fund for debt service on  
14          general obligation bonds issued to finance  
15          departmental projects, where the bonds are designated  
16          to be reimbursed from the special land and development  
17          fund;
- 18          (10) For the protection, planning, management, and  
19          regulation of water resources under chapter 174C; and  
20          (11) For other purposes of this chapter."



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1 SECTION 3. Section 201B-13, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3 "(a) Beginning on July 1, 2021, and each year thereafter,  
4 the department of land and natural resources shall submit to the  
5 authority on July 1 of each year a list of proposed projects  
6 that relate to the strategic plan and are eligible for funding  
7 as provided in section 237D-6.5(b)(5). The authority shall  
8 consider these proposed projects.

9 Any state or county agency may render services upon request  
10 of the authority."

11 SECTION 4. Section 201B-16, Hawaii Revised Statutes, is  
12 amended to read as follows:

13 "**§201B-16 Annual report.** The authority shall submit a  
14 complete and detailed report of its activities, expenditures,  
15 and results, including the progress of the tourism marketing  
16 plan developed pursuant to section 201B-6, toward achieving the  
17 authority's strategic plan goals, to the governor and the  
18 legislature at least twenty days prior to the convening of each  
19 regular session of the legislature. The annual report shall  
20 include [~~the descriptions~~]:



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- 1        (1) Descriptions and evaluations of programs funded,  
2                    together with any recommendations the authority may  
3                    make [-]; and
- 4        (2) Commencing with the regular session of 2022, all of  
5                    the authority's projects undertaken for the purposes  
6                    enumerated in section 237D-6.5(b) (5) (A) through (D),  
7                    regardless of whether the projects were funded in any  
8                    part by the allocation of transient accommodations tax  
9                    revenues pursuant to section 237D-6.5(b) (5), along  
10                   with a description of each project and its status,  
11                   public and private funding sources, and relation to  
12                   the strategic plan."

13        SECTION 5. Section 237D-6.5, Hawaii Revised Statutes, is  
14 amended by amending subsection (b) to read as follows:

15        "(b) Except for the revenues collected pursuant to section  
16 237D-2(e), revenues collected under this chapter shall be  
17 distributed in the following priority, with the excess revenues  
18 to be deposited into the general fund:

- 19        (1) \$1,500,000 shall be allocated to the Turtle Bay  
20                    conservation easement special fund beginning July 1,  
21                    2015, for the reimbursement to the state general fund

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1 of debt service on reimbursable general obligation  
2 bonds, including ongoing expenses related to the  
3 issuance of the bonds, the proceeds of which were used  
4 to acquire the conservation easement and other real  
5 property interests in Turtle Bay, Oahu, for the  
6 protection, preservation, and enhancement of natural  
7 resources important to the State, until the bonds are  
8 fully amortized;

9 (2) \$16,500,000 shall be allocated to the convention  
10 center enterprise special fund established under  
11 section 201B-8;

12 (3) \$79,000,000 shall be allocated to the tourism special  
13 fund established under section 201B-11; provided that:

14 (A) Beginning on July 1, 2012, and ending on June 30,  
15 2015, \$2,000,000 shall be expended from the  
16 tourism special fund for development and  
17 implementation of initiatives to take advantage  
18 of expanded visa programs and increased travel  
19 opportunities for international visitors to  
20 Hawaii;

21 (B) Of the \$79,000,000 allocated:



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- 1           (i) \$1,000,000 shall be allocated for the  
2           operation of a Hawaiian center and the  
3           museum of Hawaiian music and dance; and  
4           (ii) 0.5 per cent of the \$79,000,000 shall be  
5           transferred to a sub-account in the tourism  
6           special fund to provide funding for a safety  
7           and security budget, in accordance with the  
8           Hawaii tourism strategic plan 2005-2015; and  
9           (C) Of the revenues remaining in the tourism special  
10          fund after revenues have been deposited as  
11          provided in this paragraph and except for any sum  
12          authorized by the legislature for expenditure  
13          from revenues subject to this paragraph,  
14          beginning July 1, 2007, funds shall be deposited  
15          into the tourism emergency special fund,  
16          established in section 201B-10, in a manner  
17          sufficient to maintain a fund balance of  
18          \$5,000,000 in the tourism emergency special fund;  
19          (4) \$103,000,000 shall be allocated as follows: Kauai  
20          county shall receive 14.5 per cent, Hawaii county  
21          shall receive 18.6 per cent, city and county of





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1 Honolulu shall receive 44.1 per cent, and Maui county  
2 shall receive 22.8 per cent; provided that commencing  
3 with fiscal year 2018-2019, a sum that represents the  
4 difference between a county public employer's annual  
5 required contribution for the separate trust fund  
6 established under section 87A-42 and the amount of the  
7 county public employer's contributions into that trust  
8 fund shall be retained by the state director of  
9 finance and deposited to the credit of the county  
10 public employer's annual required contribution into  
11 that trust fund in each fiscal year, as provided in  
12 section 87A-42, if the respective county fails to  
13 remit the total amount of the county's required annual  
14 contributions, as required under section 87A-43; and  
15 (5) [~~\$3,000,000~~] \$5,000,000 shall be allocated to the  
16 [~~special land and development fund established under~~  
17 ~~section 171-19;~~] Hawaii tourism authority; provided  
18 that the allocation shall be expended in accordance  
19 with the Hawaii tourism authority strategic plan for:  
20 (A) The protection, preservation, maintenance, and  
21 enhancement of natural resources, including state



- 1            parks, beaches, and trails important to the
- 2            visitor industry;
- 3            (B) Planning, construction, and repair of facilities;
- 4            [~~and~~]
- 5            (C) Operation [~~and~~], maintenance, and enforcement
- 6            costs of public lands, including state parks,
- 7            beaches, and trails connected with enhancing the
- 8            visitor experience [~~-~~]; and
- 9            (D) Any costs and expenses incurred in the
- 10           development, implementation, or support of the
- 11           strategic plan pursuant to this paragraph,
- 12           including operational costs and costs for
- 13           necessary staffing.

14           All transient accommodations taxes shall be paid into the  
15 state treasury each month within ten days after collection and  
16 shall be kept by the state director of finance in special  
17 accounts for distribution as provided in this subsection.

18           As used in this subsection, "fiscal year" means the twelve-  
19 month period beginning on July 1 of a calendar year and ending  
20 on June 30 of the following calendar year."



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1 SECTION 6. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 7. This Act shall take effect on July 1, 2020.  
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INTRODUCED BY: *James E. Moore*  
*[Signature]*  
*DC. Faith Adams*  
*Rosely H. Baker*



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**Report Title:**

Transient Accommodations Tax Revenue; Hawaii Tourism Authority;  
Special Land and Development Fund

**Description:**

Allocates funds from TAT revenue to the Hawaii Tourism Authority, rather than the Special Land and Development Fund, to improve certain state resources and services. Requires DLNR to submit an annual list to HTA of proposed projects for the HTA Strategic Plan.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

