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Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Friday, March 13, 2020
2:45 PM
State Capitol, Conference Room #414

In consideration of
HOUSE BILL NO. 1622 HD1
RELATING TO TOURISM

Chair Wakai, Vice Chair Taniguchi, and members of the Committee on Energy, Economic Development, and Tourism: the Hawai'i Tourism Authority (HTA) **supports** House Bill 1622 HD1, which amends the allocation of the Transient Accommodations Tax (TAT) for operation of a Hawaiian center and a museum of Hawaiian music and dance to also include development of the center and museum.

HB1622 HD1 is needed as we move forward to create the new Museum of Hawaiian Music and Dance. This measure will allow the funds to be utilized both for operations and development of the center. Currently, the law does not provide clear guidance as to how the funds may be utilized. The term "operations," as found in the current statute, appears to restrict the use of the funds to the day-to-day activities of a center. Since this will be a new endeavor, we believe allowing for the funds to be used for development, as well as operations, will encourage more interest as we move forward in the Request for Proposal (RFP) process.

It is for these reasons that HTA **supports** HB1622 HD1. We appreciate this opportunity to provide testimony.

TAX FOUNDATION OF HAWAII

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SUBJECT: TRANSIENT ACCOMMODATIONS, Amend Earmark on Tax for Hawaiian Center

BILL NUMBER: HB 1622, HD-1

INTRODUCED BY: House Committee on Tourism & International Affairs

EXECUTIVE SUMMARY: Amends the allocation of TAT for operation of a Hawaiian center and a museum of Hawaiian music and dance to also include development of the center and museum.

SYNOPSIS: Amends section 237D-6.5, HRS, to state that \$1,000,000 per year shall be allocated for the operation and development of a Hawaiian center and the museum of Hawaiian music and dance.

Previously, “development” was not a permitted use of the earmarked moneys.

STAFF COMMENTS: Section 237D-6.5, HRS, which distributes the transient accommodations tax revenues, recently has been amended almost every year to add earmarks of all shapes and sizes, such that some bills threatened to make this section of the HRS nearly as complex as our general State appropriation bill.

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 2/9/2020