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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

Tuesday, February 11, 2020
9:30 AM
State Capitol, Conference Room #312

In consideration of
HOUSE BILL NO. 1944
RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

Chair Onishi, Vice Chair Holt, and members of the Committee on Tourism & International Affairs: the Hawai'i Tourism Authority (HTA) **supports** House Bill 1944, which allocates funds from the Transient Accommodations Tax (TAT) revenue to HTA, rather than the Special Land and Development Fund, to improve certain state resources and services. It requires the Department of Land and Natural Resources (DLNR) to submit an annual list to HTA of proposed projects for the HTA Strategic Plan.

HTA supports additional investment into our natural resources and protecting the environment because this is vital to our home and the future of our way of life. We believe 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 projects that relate to our Strategic Plan will allow further development and support of programs that will have a positive impact on these facilities.

HTA has been very supportive of programs that are in alignment with the purpose of these additional funds. DLNR is currently allocated \$3 million from the TAT, and HTA allocates an additional \$1.8M to collaborative projects with DLNR. If this bill is approved, we will work closely with DLNR to ensure these funds are expended in an efficient and effective manner.

It is for these reasons that HTA **supports** HB1944. We appreciate this opportunity to provide testimony.

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

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
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KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

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Testimony of
SUZANNE D. CASE
Chairperson

Before the House Committee on
TOURISM & INTERNATIONAL AFFAIRS

Tuesday, February 11, 2020
9:30 AM

State Capitol, Conference Room 312

In consideration of
HOUSE BILL 1944
RELATING THE TRANSIENT ACCOMMODATIONS TAX

House Bill 1944 proposes to allocate funds from Transient Accommodations Tax (TAT) revenue to the Hawai'i Tourism Authority (HTA), rather than the Special Land and Development Fund of the Department of Land and Natural Resources (Department), to improve certain state resources and services. This bill also proposes to require the Department to submit an annual list to HTA of proposed projects for the HTA Strategic Plan. **The Department of opposes this measure.**

The Department's current allocation of \$3,000,000 pursuant to Section 237D-6.5, Hawai'i Revised Statutes, is apportioned among the Divisions of State Parks (State Parks), Conservation and Resources Enforcement (DOCARE) and the Office of Conservation and Coastal Lands (OCCL).

State Parks uses the TAT for lifeguard services at state park beaches – Hāpuna Beach at Hāpuna Beach State Recreation Area on the island of Hawai'i, Keawa'ula Beach at Ka'ena Point State Park on the island of O'ahu, Makena Beach at Makena Beach State Recreation Area on the island of Maui and Kē'ē Beach at Hā'ena State Park on the island of Kaua'i which are high visitor use areas.

DOCARE primarily uses TAT funds for the funding of extended law enforcement patrols on overtime in areas that are high tourism or high visitor use areas, such as the marine patrols conducted to enhance public safety during the large unpermitted Waikīkī Flotilla events. These areas include and are not limited to state parks, the Na Ala Hele trail system, state managed waysides and forest reserves, state managed beaches, shorelines and state waters.

OCCL uses TAT funds for beach protection and beach restoration projects, and just completed the Kūhio Beach Sand Bag Groin and Sand Back Passing project at Waikīkī.

The Legislature's desire to allocate funds to the HTA for improving certain state facilities in accordance with the authority's strategic plan would greatly impact the Department as the current uses of these funds support public health and safety, enforcement and protection of shoreline and state waters heavily used by both residents and visitors to our Islands. These projects invariably comport with the authority's strategic plan in that the focus is on high visitor use areas.

The counties collectively are allocated \$103 million dollars in TAT revenue to offset the tourism impacts on county infrastructure and there is no requirement of them to submit the expenditure of these funds to HTA for approval based on the authority's strategic plan.

The Department is the largest landowner in the state and while not responsible for the high percentage of infrastructure that the counties manage, the impacts of the visitor industry are mounting on the natural and cultural resources and recreational infrastructure.

Given the huge reliance of the visitor industry of the Department's natural and cultural resources in marketing and advertising and given the increase in tourism visitation and the sensitivity of the natural and cultural resources, the Department believes it best knows where to deploy the funds to maintain these attractive sights and locations and continues to consult the HTA strategic plan for guidance.

These impacts and the associated need for management are not project specific but simply require greater management capacity. The Department prefers the flexibility to utilize tourism related funding in areas frequented by visitors on an as needed basis for various forms of management instead of project specific, and free of an additional bureaucratic layer.

Thank you for the opportunity to comment on this measure.



February 7, 2020

Representative Richard Onishi, Chair
Representative Daniel Holt, Vice Chair
House Committee on Tourism and International Affairs
Hawaii State Legislature

Testimony in Support of HB1944

Dear Representative Onishi, Representative Holt and Members of the House Committee on Tourism and International Affairs,

Thank you for the opportunity to provide testimony in support of HB1944.

The Kohala Coast Resort Association (KCRA) is in support of appropriating \$5,000,000 in funds to the Hawaii Tourism Authority (HTA) to help support natural resources protection, preservation and maintenance. This partnership between HTA and the Department of Land and Natural Resources will help expand HTA's Aloha Aina efforts.

KCRA is a collection of master-planned resorts and hotels situated north of the airport which represents more than 3,500 hotel and timeshare accommodations and an equal number of resort residential units. This is approximately 35 percent of the accommodations available on the Island of Hawai'i. KCRA member properties annually pay more than \$20 million in TAT, \$20 million in GET and \$11 million in property taxes.

We encourage your support of this measure.

Sincerely,

A handwritten signature in black ink that reads "Stephanie P. Donoho". The signature is written in a cursive style.

Stephanie Donoho
Administrative Director

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMODATIONS, Reallocates TAT Earmarks

BILL NUMBER: HB 1944; SB 3112

INTRODUCED BY: HB by ONISHI, CACHOLA, CREAGAN, HOLT, LOWEN, LUKE, MORIKAWA, NAKASHIMA, PERRUSO, TODD, YAMANE, YAMASHITA, Wildberger; SB by INOUYE, BAKER, KEITH-AGARAN, Moriwaki

EXECUTIVE SUMMARY: 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. Earmarks in general decrease transparency and accountability, and should be avoided.

SYNOPSIS: Amends section 201B-13, HRS, to require DLNR to submit to HTA a list of proposed projects that relate to the strategic plan by July 1 annually.

Amends section 237D-6.5, HRS, to change the earmark from the special land and development fund to HTA, and to change the amount from \$3 million to \$5 million.

EFFECTIVE DATE: July 1, 2020.

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 2/6/2020