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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  
**SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM**  
**AND**  
**SENATE COMMITTEE ON WATER AND LAND**

Monday, March 18, 2019  
3:20PM  
State Capitol, Conference Room #414

In consideration of  
**HOUSE BILL NO 548 HD2**  
**RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.**

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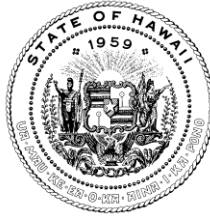
Chair Wakai, Chair Kahele, Vice Chair Taniguchi, Vice Chair Keith-Agaran, members of the Senate Committee on Energy, Economic Development, and Tourism, and member of the Senate Committee on Water and Land: The Hawai'i Tourism Authority (HTA) **supports** House Bill 548 HD2, which allocates funds from the transient accommodations tax (TAT) which would be used 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 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 FY19, we provided the Department of Land and Natural Resources (DLNR) with \$550,000 to support their park programs and we funded a state parks survey (\$400,000) which will provide greater insight into the condition and usage of our state parks. If approved, the HTA will work closely with the DLNR to ensure these funds are expended in an efficient and effective manner.

HTA supports House Bill 548 HD2. 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

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BOATING AND OCEAN RECREATION  
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STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES

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Testimony of  
SUZANNE D. CASE  
Chairperson

Before the Senate Committees on  
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM  
and  
WATER AND LAND

Monday, March 18, 2019  
3:20 PM  
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In consideration of  
HOUSE BILL 548 HOUSE DRAFT 2  
RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

House Bill 548, House Draft 2 proposes to allocate funds from Transient Accommodations Tax revenue to the Hawaii Tourism Authority (HTA), rather than the Special Land and Development Fund to improve certain state resources and services and requires the Department of Land and Natural Resources (Department) to submit an annual list to HTA of proposed projects in relation to the HTA Strategic Plan. **The Department supports this measure with comments, and provided that its passage does not replace or adversely impact priorities indicated in the Executive Budget request.**

The Department strongly supports the increase in the allocation of TAT for managing our natural and cultural resources and mitigating the increasing impacts of the visitor industry. However, the department does not support the provision in the measure that places the funds under the purview of HTA and prefers that these funds are directly allocated to the departmental divisions and programs as a component of their base budget for operations.

The Department, over the past decade, has been increasing its collaboration and communication with HTA in matters relating to how the tourism industry promotes Hawaii's State Parks, hiking trails, and beaches and the various and sundry impacts associated with tourism. There is mutual concurrence that the emphasis should be directed to quality of experience in a manner that reduces impacts. This goal not only supports the Department's mission, but is also crucial in maintaining Hawaii's status as a premier visitor destination.

State parks, trails, beaches, and the public that access these features with increasing regularity are critical elements of the tourism portfolio. Accordingly, the Department suggests that the proposed language in Section 237D-6.5(b)(5), Hawaii Revised Statutes, be amended by replacing the allocation to the HTA with the following with regard to the distribution and reporting on the use of TAT:

55% allocated to the State Parks Special Fund,  
30 % allocated to the Na Ala Hele Trails and Access Program,  
15 % allocated to the Beach Restoration Special Fund

To support the continued collaboration with HTA and to inform the Legislature on the application of these funds, the Department will submit an annual expenditure report on the use of the TAT.

The Department appreciates and strongly supports the measure with these amendments.

Thank you for the opportunity to comment on this measure.

# TAX FOUNDATION OF HAWAII

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SUBJECT: TRANSIENT ACCOMMODATIONS, Increase Earmark

BILL NUMBER: HB 548, HD-2

INTRODUCED BY: House Committee on Finance

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 change the earmark on the TAT for the special land and development fund from \$3 million to an earmark in favor of the Hawaii Tourism Authority for \$\_\_\_\_\_. Clarifies that the money in the fund may be used for state parks, trails, and enforcement activities.

EFFECTIVE DATE: Upon approval.

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 3/14/2019