



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

April 5, 2019

TO: The Honorable Senator Donovan M. Dela Cruz, Chair
Senate Committee on Ways and Means

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

SUBJECT: HB908 HD2 SD1 – RELATING TO THE TRANSIENT ACCOMODATIONS TAX

Hearing: Friday, April 5, 2019, 4:00 p.m.
Conference Room 211, 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. The Coordinator appreciates the amendment of the Senate Committee on Energy, Economic Development, and Tourism to require the Hawaii Tourism Authority to work in conjunction with the Coordinator, in addition to the Hawaii Lodging and Tourism Association, to address homelessness in tourist and resort areas.

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 addressing homelessness requires the efforts of multiple stakeholders and is not limited to government. One example is the cross-sector efforts to develop the Kahauiki Village which provides low-income housing for 20 families transitioning from homelessness. In addition, the Hawaii Lodging and Tourism Association raised funding to support homeless initiatives through the Visitor Industry Charity Walk and other events.

Charitable funding has been directed to grassroots efforts and innovative programs not currently supported by 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. To implement this framework, the Coordinator works closely with multiple state and county agencies, and community based service providers, to connect law enforcement efforts with outreach and housing-focused services, such as Housing First and Rapid Rehousing.

The coordinated approach has been effective to reduce 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.



Maui Hotel & Lodging

ASSOCIATION

Testimony of

Lisa H. Paulson

Executive Director

Maui Hotel & Lodging Association

on

HB908 HD2 SD1

Relating To The Transient Accommodation Tax

COMMITTEE ON WAYS AND MEANS

Friday, April 5, 2019, 4:00 pm

Conference Room 211

Dear Chair Dela Cruz, Vice Chair Keith-Agaran 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 HB908 HD2 SD1**, 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 and the governor's coordinator on homelessness, 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.

This past Tuesday HLTA and HTA distributed matching funds to nine Maui non-profits. We look forward to the continuation of the state government, through this legislation, to augment our efforts as a direct participant in what should be an important public-private partnership.

Thank you for the opportunity to testify.



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

Committee on Ways and Means

April 5, 2019

House Bill 908, Relating to the Transient Accommodations Tax

Chair Dela Cruz and members of the Committee, 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-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. This week marked the culmination of our efforts as we (HTA and HLTA) traveled to each of the 4 major counties to award these matching funds to well-deserving nonprofit organizations.

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.



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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 WAYS AND MEANS

Friday, April 5, 2019
4:00PM
State Capitol, Conference Room #211

In consideration of
HOUSE BILL NO 908 HD2 SD1
RELATING TO TRANSIENT ACCOMMODATIONS TAX.

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means: The Hawai'i Tourism Authority (HTA) is in **support of** House Bill 908 HD2 SD2, which proposes to allocate funds from transient accommodations tax (TAT) revenues to HTA to implement initiatives, in conjunction with the Hawaii Lodging and Tourism Association (HLTA), and the governor's coordinator on homelessness, to address homelessness in tourist and resort areas.

As the State agency tasked with strategically managing, marketing and developing Hawai'i's visitor industry, we agree that it is important to address homelessness throughout the State. Homelessness is a social issue that impacts both the visitor industry and our residents. We believe that a coordinated and focused effort which provides resources and support to address homelessness is a proven approach. Working collaboratively with the HLTA, we will be able to leverage funding that will help to address homelessness, strengthen our communities and maintain a positive experience for Hawai'i's visitors.

Last year, the Legislature, through House Bill 2010 HD1 SD2 CD1, provided a one-to-one match for funds directed towards supporting homelessness programs in tourist areas. Since then, we have worked collaboratively with the Hawaii Lodging and Tourism Association to implement and support homelessness initiatives in all four counties. This measure would allow us to further solidify the partnership with the HLTA and continue to build on the positive momentum we've experienced.

We appreciate this opportunity to provide testimony in support of HB908 HD2 SD1.

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, SD-1

INTRODUCED BY: Senate Committee on Energy, Economic Development, & Tourism

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 \$_____ per year shall be allocated to the tourism special fund, which shall be used by the Hawaii tourism authority to implement initiatives, in conjunction with the Hawaii Lodging and Tourism Association and the Governor's coordinator on homelessness, to address homelessness in tourist and resort areas; provided that no funds shall be released unless matched dollar-for-dollar by the private sector.

Requires Hawaii Tourism Authority to submit a report to the legislature at least twenty days prior to the convening of the regular session of 2020, which shall include: (1) the current status of any initiative implemented in conjunction with the Hawaii Lodging and Tourism Association and the governor's coordinator on homelessness during the three-year period prior to the date of the report 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 and the governor's coordinator on homelessness, 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, 2009.

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 4/5/2019

HB-908-SD-1

Submitted on: 4/5/2019 10:52:41 AM

Testimony for WAM on 4/5/2019 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Stephanie Donoho	Testifying for Kohala Coast Resort Association	Support	Yes

Comments:



LATE

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April 5, 2019

Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Senate Committee on Ways and Means

Support of HB 908, HD2, SD1 Relating to the Transient Accommodations Tax. (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 and the governor's coordinator on homelessness, to address homelessness in tourist and resort areas. Requires the Hawaii Tourism Authority to report to the Legislature. Effective 7/1/2099.)

WAM Hrg: Friday, April 5, 2019, 4:00 p.m., in Conf. Rm. 211

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers, resort operators and major utility companies. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF **supports HB 908, HD2, SD1**, which would allocate and appropriate funds from transient accommodations tax revenues to the Hawaii Tourism Authority (HTA) to implement initiatives, in conjunction with the Hawaii Lodging and Tourism Association and the Governor's Coordinator on Homelessness, to address homelessness in tourist and resort areas. This measure also provides that no funds shall be released unless matched dollar-for-dollar by the private sector, and requires the HTA to submit a report to the Legislature prior to the convening of the 2020 regular legislative session.

LURF respectfully urges your Committee to **favorably consider HB 908, HD2, SD1**.

Thank you for the opportunity to present testimony regarding this measure.