

JAN 27 2021

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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1       SECTION 1. Section 87A-42, Hawaii Revised Statutes, is  
2 amended by amending subsection (d) to read as follows:  
3       "(d) In any fiscal year subsequent to the 2017-2018 fiscal  
4 year in which a county public employer's contributions into the  
5 fund are less than the amount of the annual required  
6 contribution, the amount that represents the excess of the  
7 annual required contribution over the county public employer's  
8 contributions shall be deposited into the fund from a portion of  
9 all transient accommodations tax revenues collected by the  
10 department of taxation under section [~~237D-6.5(b)(4)~~].  
11 237D-6.5(b)(6). The director of finance shall deduct the amount  
12 necessary to meet the county public employer's annual required  
13 contribution from the revenues derived under section  
14 [~~237D-6.5(b)(4)~~] 237D-6.5(b)(6) and transfer the amount to the  
15 board for deposit into the appropriate account of the separate  
16 trust fund."



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

"(a) There is created in the department a special fund to be designated as the "special land and development fund".

Subject to the Hawaiian Homes Commission Act of 1920, as amended, and section 5(f) of the Admission Act of 1959, all proceeds of sale of public lands, including interest on deferred payments; all moneys collected under section 171-58 for mineral and water rights; all rents from leases, licenses, and permits derived from public lands; all moneys collected from lessees of public lands within industrial parks; all fees, fines, and other administrative charges collected under this chapter and chapter 183C; a portion of the highway fuel tax collected under chapter 243; all moneys collected by the department for the commercial use of public trails and trail accesses under the jurisdiction of the department; transient accommodations tax revenues collected pursuant to section [~~237D-6.5(b)(5);~~] 237D-6.5(b)(7); and private contributions for the management, maintenance, and development of trails and accesses shall be set apart in the fund and shall be used only as authorized by the legislature for the following purposes:



- (1) To reimburse the general fund of the State for advances made that are required to be reimbursed from the proceeds derived from sales, leases, licenses, or permits of public lands;
- (2) For the planning, development, management, operations, or maintenance of all lands and improvements under the control and management of the board pursuant to title 12, including but not limited to permanent or temporary staff positions who may be appointed without regard to chapter 76; provided that transient accommodations tax revenues allocated to the fund shall be expended as provided in section ~~[237D-6.5(b)-(5);]~~ 237D6.5(b)(7);
- (3) To repurchase any land, including improvements, in the exercise by the board of any right of repurchase specifically reserved in any patent, deed, lease, or other documents or as provided by law;
- (4) For the payment of all appraisal fees; provided that all fees reimbursed to the board shall be deposited in the fund;



- 1           (5) For the payment of publication notices as required  
2           under this chapter; provided that all or a portion of  
3           the expenditures may be charged to the purchaser or  
4           lessee of public lands or any interest therein under  
5           rules adopted by the board;
- 6           (6) For the management, maintenance, and development of  
7           trails and trail accesses under the jurisdiction of  
8           the department;
- 9           (7) For the payment to private land developers who have  
10          contracted with the board for development of public  
11          lands under section 171-60;
- 12          (8) For the payment of debt service on revenue bonds  
13          issued by the department, and the establishment of  
14          debt service and other reserves deemed necessary by  
15          the board;
- 16          (9) To reimburse the general fund for debt service on  
17          general obligation bonds issued to finance  
18          departmental projects, where the bonds are designated  
19          to be reimbursed from the special land and development  
20          fund;



- 1       (10) For the protection, planning, management, and  
2               regulation of water resources under chapter 174C; and  
3       (11) For other purposes of this chapter."

4       SECTION 3. Section 237D-6.5, Hawaii Revised Statutes, is  
5 amended by amending subsection (b) to read as follows:

6       "(b) Except for the revenues collected pursuant to section  
7 237D-2(e), revenues collected under this chapter shall be  
8 distributed in the following priority, with the excess revenues  
9 to be deposited into the general fund:

10       (1)       per cent shall be allocated to provide funding  
11               for Iolani Palace;

12       (2)       per cent shall be allocated to provide funding  
13               for the State of Hawaii Museum of Natural and Cultural  
14               History;

15       ~~[(1)]~~ (3) \$1,500,000 shall be allocated to the Turtle Bay  
16 conservation easement special fund beginning July 1,  
17 2015, for the reimbursement to the state general fund  
18 of debt service on reimbursable general obligation  
19 bonds, including ongoing expenses related to the  
20 issuance of the bonds, the proceeds of which were used  
21 to acquire the conservation easement and other real



1 property interests in Turtle Bay, Oahu, for the  
2 protection, preservation, and enhancement of natural  
3 resources important to the State, until the bonds are  
4 fully amortized;

5 ~~[(2)]~~ (4) \$16,500,000 shall be allocated to the convention  
6 center enterprise special fund established under  
7 section 201B-8;

8 ~~[(3)]~~ (5) \$79,000,000 shall be allocated to the tourism  
9 special fund established under section 201B-11;  
10 provided that:

11 (A) Beginning on July 1, 2012, and ending on June 30,  
12 2015, \$2,000,000 shall be expended from the  
13 tourism special fund for development and  
14 implementation of initiatives to take advantage  
15 of expanded visa programs and increased travel  
16 opportunities for international visitors to  
17 Hawaii;

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

19 (i) \$1,000,000 shall be allocated for the  
20 operation of a Hawaiian center and the  
21 museum of Hawaiian music and dance; and



(ii) 0.5 per cent of the \$79,000,000 shall be transferred to a sub-account in the tourism special fund to provide funding for a safety and security budget, in accordance with the Hawaii tourism strategic plan 2005-2015; and

(C) Of the revenues remaining in the tourism special fund after revenues have been deposited as provided in this paragraph and except for any sum authorized by the legislature for expenditure from revenues subject to this paragraph, beginning July 1, 2007, funds shall be deposited into the tourism emergency special fund, established in section 201B-10, in a manner sufficient to maintain a fund balance of \$5,000,000 in the tourism emergency special fund;

~~[(4)]~~ (6) \$103,000,000 shall be allocated as follows:

Kauai county shall receive 14.5 per cent, Hawaii county shall receive 18.6 per cent, city and county of Honolulu shall receive 44.1 per cent, and Maui county shall receive 22.8 per cent; provided that commencing with fiscal year 2018-2019, a sum that represents the



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





1 (C) Operation and maintenance costs of public lands,  
2 including beaches, connected with enhancing the  
3 visitor experience.

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

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

11 SECTION 4. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13 SECTION 5. This Act shall take effect on July 1, 2021.

14  
INTRODUCED BY:

*Anna Mercado K.*



# S.B. NO. 1023

**Report Title:**

Bishop Museum; Iolani Palace; Transient Accommodations Tax;  
Funding

**Description:**

Requires a certain percentage of the transient accommodations tax to be allocated to provide funding for the Bishop Museum and Iolani Palace.

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