

ACT 171

S.B. NO. 490

A Bill for an Act Relating to the Hawaii Tourism Authority.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. On January 19, 2012, President Obama signed an executive order and announced new initiatives to significantly increase travel and tourism in the United States. According to the United States Department of Commerce, international travel resulted in \$134,000,000,000 in United States exports in 2010 and is the nation's largest service export industry, constituting seven per cent of total exports and twenty-four per cent of service exports. The federal Bureau of Economic Analysis estimates that every additional sixty-five international visitors to the United States can generate enough exports to support one additional travel and tourism-related job. According to the travel industry and Bureau of Economic Analysis, international travel is particularly important because overseas travelers spend on average \$4,000 on each visit.

The legislature finds that these initiatives to increase travel and tourism in the United States will be highly beneficial to Hawaii's tourism economy and advance efforts to help provide up to an estimated 154,000 jobs in Hawaii. With 2.4 million international visitors arriving in Hawaii each year, Honolulu is the fifth busiest United States point-of-entry. The executive order will ease access for international travelers – a boon for Hawaii with its proximity to the growing Asia market. China in particular is an emerging market for Hawaii's tourism industry, with unprecedented growth potential. Visitor arrivals from China to Hawaii are expected to reach 125,394 in 2012, up twenty-eight per cent over 2011, with each visitor expected to spend \$380 per day while in the State, higher than any other market. The initiatives to increase the number of Chinese visas processed and

ensure that visa applicants are interviewed within three weeks are significant milestones for Chinese tourism to the United States and Hawaii.

In addition, visa waiver status for Taiwan has tremendous potential for the State's tourism industry. Following the visa waiver program with Korea in 2008, arrivals from Korea increased thirty-five per cent, and similar growth is anticipated with Taiwanese visitors.

SECTION 2. Section 237D-6.5, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) Revenues collected under this chapter, except for revenues collected under section 237D-2(b), shall be distributed as follows, with the excess revenues to be deposited into the general fund:

- (1) 17.3 per cent of the revenues collected under this chapter shall be deposited into the convention center enterprise special fund established under section 201B-8; provided that beginning January 1, 2002, if the amount of the revenue collected under this paragraph exceeds \$33,000,000 in any calendar year, revenues collected in excess of \$33,000,000 shall be deposited into the general fund;
- (2) 34.2 per cent of the revenues collected under this chapter shall be deposited into the tourism special fund established under section 201B-11 for tourism promotion and visitor industry research; provided that for any period beginning on July 1, ~~[2011,]~~ 2012, and ending on June 30, 2015, no more than ~~[\$69,000,000]~~ \$71,000,000 per fiscal year shall be deposited into the tourism special fund established under section 201B-11; provided further that beginning on July 1, 2012, and ending on June 30, 2015, \$2,000,000 shall be expended from the tourism special fund for development and implementation of initiatives to take advantage of expanded visa programs and increased travel opportunities for international visitors to Hawaii; and provided further that beginning on July 1, 2002, of the first \$1,000,000 in revenues deposited:
 - (A) Ninety per cent shall be deposited into the state parks special fund established in section 184-3.4; and
 - (B) Ten per cent shall be deposited into the special land and development fund established in section 171-19 for the Hawaii statewide trail and access program;

provided that of the 34.2 per cent, 0.5 per cent 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; provided further that 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 trust fund, established in section 201B-10, in a manner sufficient to maintain a fund balance of \$5,000,000 in the tourism emergency trust fund; and
- (3) 44.8 per cent of the revenues collected under this chapter shall be transferred 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 for any period beginning on July 1, 2011, and ending on June 30, 2015, the total amount transferred to the counties shall not exceed \$93,000,000 per fiscal year.

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Revenues collected under section 237D-2(b) shall be deposited into the general fund. All transient accommodations taxes shall be paid into the state treasury each month within ten days after collection and shall be kept by the state director of finance in special accounts for distribution as provided in this subsection.”

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect on July 1, 2012.

(Approved June 27, 2012.)