

EXECUTIVE CHAMBERS

HONOLULU

May 6, 2004

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 2061

Honorable Members
Twenty-Second Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 2061, entitled "A Bill for an Act Relating to Transient Accommodations Tax."

The purpose of this bill is to establish an "Aloha Aina Patrol" under the jurisdiction of the respective police departments in each county. The patrol would help curtail crime in high tourist traffic areas.

This bill proposes to fund the operating expenses of the Aloha Aina Patrol by diverting over \$1.1 million out of the counties' portion of the transient accommodations tax (TAT) revenues. Currently, section 237D-6.5(b)(3), Hawaii Revised Statutes, provides that 44.8 percent of TAT revenue is distributed to the respective counties. Under this bill, 1.3 percent of that 44.8 percent of TAT revenue is to be transferred to a sub-account in the tourism special fund for the Aloha Aina Patrol.

While I support measures to ensure Hawaii is safe for visitors and residents, including the concept of the Aloha Aina Patrol, this bill is objectionable for the following reasons:

1. This bill reduces the amount of TAT revenues currently distributed to the counties that can be designated

for other county programs. If the counties so desired, the counties could use their TAT revenue allocations for additional security at beaches and parks without this bill. Moreover, this bill establishes a precedent for funding additional programs from the limited TAT revenues that could result in the eventual reduction of the TAT revenues distributed to the convention center enterprise special fund, the tourism special fund, and the respective counties.

2. Three of the four counties objected to this bill because it constitutes a violation of the principle of "Home Rule." It would place the Hawaii Tourism Authority in the position of telling the county police departments where they should deploy their officers. As stated by Mayor Jeremy Harris of Honolulu, "staffing and patrol determinations must fully remain with our police department and should not be dictated by the Hawaii Tourism Authority."

3. As pointed out by the Hawaii Tourism Authority, the cost of the Aloha Aina Patrol is unknown. The bill resulted from the Senate Tourism Committee gutting a House-passed measure and substituting the Aloha Aina Patrol language without giving adequate time for all parties to cost out and analyze the operational implications of this mandate. Further, the program duplicates similar efforts already underway on the islands of Kauai, Maui, and Oahu.

4. This bill requires that TAT revenues be distributed to the appropriate parties in four quarterly allotments, as opposed to semiannual allotments as is currently the practice. The Financial Administration Division

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of the Department of Budget and Finance has indicated that the State Treasury may be deprived of interest income due to the more frequent distributions. Further, there are no provisions to restore the TAT allocation to the counties to the former levels should the program not be continued.

For the foregoing reasons, I am returning House Bill No. 2061 without my approval.

Respectfully,

A handwritten signature in black ink, appearing to read "L. Lingle", written in a cursive style.

LINDA LINGLE
Governor of Hawaii