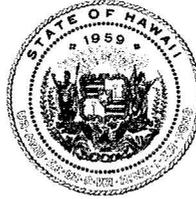


LINDA LINGLE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
LAURA H. THIELEN
Chairperson**

**Before the House Committees on
TOURISM, CULTURE, & INTERNATIONAL AFFAIRS
and
AGRICULTURE**

**Monday, March 16, 2009
9:00 AM
State Capitol, Conference Room 312**

**In consideration of
SENATE BILL 1272, SENATE DRAFT 1
RELATING TO TAXATION**

Senate Bill 1272, Senate Draft would amend the Transient Accommodations Tax (TAT) to require that an unspecified amount of tax revenues be deposited in the Tourism Special Fund and subsequently allotted to other specific funds. The Department of Land and Natural Resources (Department) is concerned with removing current percentage amounts deposited into the State Parks Special Fund and Special Land and Development Fund. The Department defers to the Hawaii Tourism Authority on impacts this bill will have on their program, and the Department of Budget and Finance on impacts this bill will have on the State Financial Plan.

Presently, an amount of \$1,000,000 from the TAT is allotted to the Department. Of this amount, 90% is allotted to the State Parks Special Fund and 10% is allotted to the special fund for Statewide Trail and Access Program (Na Ala Hele). These funds have been received by the Department since 2005 and have allowed the Department to make significant improvements to the parks and trails for the benefit of both residents and visitors. As noted, the Department has concerns with removing the current percentage amounts deposited into the State Parks Special Fund and the Special Land and Development Fund that may lead to reducing the current level of funding for parks (\$900,000) and trails (\$100,000). Maintaining this level of funding is critical for ongoing maintenance, management, and repair.

To better manage and maintain the facilities and resources in the State Park System, the Department respectfully asks for your continued support of House Bill 980, House Draft 2, RELATING TO RECREATIONAL RENAISSANCE that would provide funding and the policy tools which enable the Department to upgrade and maintain the state parks, trails and ocean recreational facilities at world class levels and to protect the precious natural resources of the State.

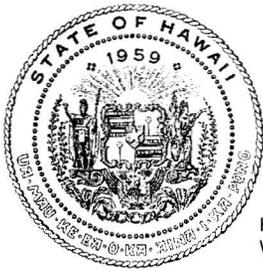
LAURA H. THIELEN
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

RUSSELL Y. TSUJI
FIRST DEPUTY

KEN C. KAWAHARA
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORY PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

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LINDA LINGLE
Governor

LLOYD I. UNEBASAMI
Interim President and
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Testimony of
Lloyd I. Unebasami
Interim President and Chief Executive Officer
Hawai'i Tourism Authority

on
S.B. 1272, S.D. 1
Relating to Taxation

House Committee on Tourism, Culture and International Affairs
House Committee on Agriculture
Monday, March 16, 2009
9:00 a.m.
Conference Room 312

The Hawai'i Tourism Authority (HTA) strongly opposes S.B. 1272, S.D. 1, which proposes to allocate a percentage of transient accommodations tax revenues to the Pest Inspection, Quarantine, and Eradication Fund, and change the allocation to the State Parks Special Fund and the deposit of funds for the statewide trail and access program.

There is a nexus between the impact of the visitor industry and the state parks system and the statewide trail and access program.

In its Kahului Risk Assessment, however, the Department of Agriculture found that "aircraft, passenger carry-on, and checked baggage were low risk for the importation of alien species," and that the "highest risk was with agricultural commodities imported as cargo."

In 2008, the Legislature passed H.B. 2843, which became Act 3, Special Session of 2008, which imposed a "fee for the inspection, quarantine, and eradication of invasive species." The fees collected by the Department of Agriculture are to be deposited into the Pest Inspection, Quarantine, and Eradication Fund, for the operation of pest inspection, quarantine, eradication, biosecurity, and monitoring programs. Act 3, imposes a fee of 50 cents for every one thousand pounds of freight brought into the state.

If the purpose of S.B. 1272 S.D. 1 is to increase the funding of the Pest Inspection, Quarantine, and Eradication Fund, the HTA suggests that Act 3, Section 150A-5.3 be amended to increase the fee on the commodities with the highest risk for importation of alien species.

For the Pest Inspection, Quarantine, and Eradication Fund, the TAT does not meet the test for special funds that requires a "clear nexus between the benefits sought and charges made upon the users." Thank you for the opportunity to offer these comments.

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LINDA LINGLE
GOVERNOR
MARSHA WIENERT
TOURISM LIAISON

Statement of
MARSHA WIENERT
Tourism Liaison
Department of Business, Economic Development & Tourism
before the
HOUSE COMMITTEE ON TOURISM, CULTURE & INTERNATIONAL AFFAIRS
and the
HOUSE COMMITTEE ON AGRICULTURE
Monday, March 16, 2009
9:00 a.m.
State Capitol, Conference Room 312

in consideration of
SB 1272 SD1
RELATING TO TAXATION.

Chairs Manahan & Tsuji, Vice Chairs Tokioka & Wooley and Members of the House Committees.

The Department of Business, Economic Development and Tourism opposes SB 1272 SD1, which amends the transient accommodations tax to require that the first amount of tax revenues deposited into the tourism special fund be appropriated to the state parks special fund, the Hawai'i statewide trail and access program through the special land and development fund and the pest inspection, quarantine and eradication fund.

Currently, 90% of the first \$1 million of tax revenues deposited into the tourism special fund is appropriated to the state parks special fund and 10% is deposited into the special land and development fund established for the Hawai'i statewide trail and access program and we agree with this appropriation.

While we believe that it is important to protect our environment and that there is a need for further pest inspections, we have concerns with continuing to utilize the tourism special fund for purposes other than marketing, especially now—when the visitor industry is struggling to stay alive, many of our residents are unemployed and our economy is worse than it has been in a very long time.

Diverting tourism special funds away from marketing at this critical period is not in the best interest of the people of Hawai'i and our economy.

Therefore, we respectfully request that this bill be held.

Thank you for the opportunity to comment on SB 1272 SD1.

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**TESTIMONY OF MURRAY TOWILL
PRESIDENT
HAWAI'I HOTEL & LODGING ASSOCIATION**

March 16, 2009

RE: SB 1272 SD 1 Relating to Taxation

Good morning Chairmen Manahan & Tsuji and members of the House Committee on Tourism Culture & International Affairs and the Committee on Agriculture. I am Murray Towill, President of the Hawai'i Hotel & Lodging Association.

The Hawai'i Hotel & Lodging Association is a statewide association of hotels, condominiums, timeshare companies, management firms, suppliers, and other related firms and individuals. Our membership includes over 170 hotels representing over 47,300 rooms. Our hotel members range from the 2,523 rooms of the Hilton Hawaiian Village to the 4 rooms of the Bougainvillea Bed & Breakfast on the Big Island.

The Hawai'i Hotel & Lodging Association does not support SB 1272 SD1 Relating to Taxation. This bill would earmark some of the funds currently going to the Hawaii Tourism Authority ("HTA") to the pest inspection, quarantine and eradication fund. While helping to keep Hawaii free of alien species is a desirable activity, we do not support earmarking funds that are intended for the HTA.

Mahalo again for this opportunity to testify,

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