



GOV. MSG. NO. 1346

EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

July 06, 2012

The Honorable Shan Tsutsui, President  
and Members of the Senate  
Twenty-Sixth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

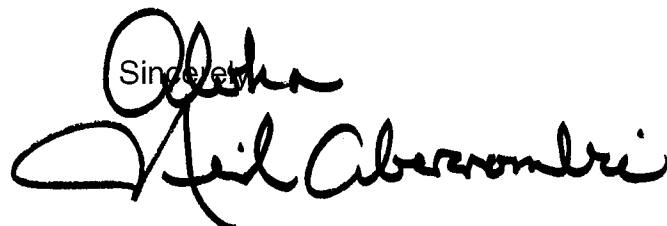
The Honorable Calvin Say, Speaker  
and Members of the House  
Twenty-Sixth State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Tsutsui, Speaker Say and Members of the Legislature:

This is to inform you that on July 06, 2012, the following bill was signed into law:

HB2314 HD1 SD1

RELATING TO THE TRANSIENT  
ACCOMMODATIONS TAX.  
**Act 243 (12)**

Sincerely,  


NEIL ABERCROMBIE  
Governor, State of Hawaii

RECEIVED  
SENATE  
OFFICE OF THE PRESIDENT

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Approved by the Governor

on JUL 6 2012

HOUSE OF REPRESENTATIVES  
TWENTY-SIXTH LEGISLATURE, 2012  
STATE OF HAWAII

ORIGINAL

ACT 243

H.B. NO. 2314  
H.D. 1  
S.D. 1

## A BILL FOR AN ACT

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

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

SECTION 1. In 1984, the department of planning and economic development contracted a study on the potential for developing a convention center in Hawaii. The study recommended that the transient accommodations tax be increased by 1.5 per cent and that one-sixth of the transient accommodations tax revenues be earmarked to cover the revenue bonds to finance the convention center. In 1993, the legislature provided that one-sixth of the transient accommodations tax, subsequently amended to 17.3 per cent, be deposited into the convention center capital and operations special fund.

In 2002, the transient accommodations tax revenues deposited into the convention center enterprise special fund were limited to \$31,000,000, and, in 2006, to \$33,000,000. A problem arises as a result of the limits on the deposits into the special fund, because collections are made on a calendar year basis, but expenditures from the fund are made on a fiscal year basis. In some years, the \$33,000,000 limit is achieved in the third month of the fiscal year, October, and no further



1 revenues are deposited into the fund until the new calendar  
2 year. This results in a shortfall in the fund's ability to pay  
3 the debt service for the convention center.

4 The purpose of this Act is to provide for the allocation of  
5 transient accommodations tax revenues to the convention center  
6 enterprise special fund on a fiscal year basis.

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

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

13 (1) 17.3 per cent of the revenues collected under this  
14 chapter shall be deposited into the convention center  
15 enterprise special fund established under section  
16 201B-8; provided that beginning January 1, 2002, if  
17 the amount of the revenue collected under this  
18 paragraph exceeds \$33,000,000 in any [~~calendar~~] fiscal  
19 year, revenues collected in excess of \$33,000,000  
20 shall be deposited into the general fund;

21 (2) 34.2 per cent of the revenues collected under this  
22 chapter shall be deposited into the tourism special



1 fund established under section 201B-11 for tourism  
2 promotion and visitor industry research; provided that  
3 for any period beginning on July 1, 2011, and ending  
4 on June 30, 2015, no more than \$69,000,000 per fiscal  
5 year shall be deposited into the tourism special fund  
6 established under section 201B-11; and provided  
7 further that beginning on July 1, 2002, of the first  
8 \$1,000,000 in revenues deposited:

9 (A) Ninety per cent shall be deposited into the state  
10 parks special fund established in section  
11 184-3.4; and

12 (B) Ten per cent shall be deposited into the special  
13 land and development fund established in section  
14 171-19 for the Hawaii statewide trail and access  
15 program;

16 provided that of the 34.2 per cent, 0.5 per cent shall  
17 be transferred to a sub-account in the tourism special  
18 fund to provide funding for a safety and security  
19 budget, in accordance with the Hawaii tourism  
20 strategic plan 2005-2015; provided further that of the  
21 revenues remaining in the tourism special fund after  
22 revenues have been deposited as provided in this



1 paragraph and except for any sum authorized by the  
2 legislature for expenditure from revenues subject to  
3 this paragraph, beginning July 1, 2007, funds shall be  
4 deposited into the tourism emergency trust fund,  
5 established in section 201B-10, in a manner sufficient  
6 to maintain a fund balance of \$5,000,000 in the  
7 tourism emergency trust fund; and

8 (3) 44.8 per cent of the revenues collected under this  
9 chapter shall be transferred as follows: Kauai county  
10 shall receive 14.5 per cent, Hawaii county shall  
11 receive 18.6 per cent, city and county of Honolulu  
12 shall receive 44.1 per cent, and Maui county shall  
13 receive 22.8 per cent; provided that for any period  
14 beginning on July 1, 2011, and ending on June 30,  
15 2015, the total amount transferred to the counties  
16 shall not exceed \$93,000,000 per fiscal year.

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



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

4       SECTION 3. Unexpended and unencumbered moneys determined  
5       by the Hawaii tourism authority to be in excess of any  
6       unencumbered reserve remaining in the convention center  
7       enterprise special fund at the close of fiscal year 2011-2012  
8       may be expended by the authority for repair and maintenance  
9       projects of the Hawaii convention center.

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

12       SECTION 5. This Act shall take effect on July 1, 2012;  
13       provided that the amendments made to section 237D-6.5(b), Hawaii  
14       Revised Statutes, by section 2 of this Act shall not be repealed  
15       on June 30, 2015, when section 237D-6.5, Hawaii Revised  
16       Statutes, is reenacted pursuant to Act 61, Session Laws of  
17       Hawaii 2009, and Act 103, Session Laws of Hawaii 2011.

APPROVED this 6 day of JUL , 2012



GOVERNOR OF THE STATE OF HAWAII

