

**TESTIMONY OF SIMEON R. ACOPA. CHAIR, STATE-COUNTY FUNCTIONS
WORKING GROUP, ON HOUSE BILL NO. 1554
RELATING TO TRANSIENT ACCOMMODATIONS TAX**

House Committee on Tourism

February 3, 2016

Chair Brower and Members of the Committee:

I am Simeon R. Acoba, Chair of the State-County Functions Working Group. On behalf of the Working Group, thank you for the opportunity to testify in strong support of House Bill No. 1554, relating to the Transient Accommodations Tax. A draft of this bill was included in the Working Group's final report to the Legislature dated December 2015 and would effectuate the Working Group's recommendation.

The State-County Functions Working Group was established by Act 174, Session Laws of Hawai'i 2014, to consider the distribution of duties and responsibilities for public services between the State and the counties, and to recommend to the Legislature a model for allocation of transient accommodation tax (TAT) revenues in future years that properly reflects the division of those duties and responsibilities. (Those revenues include both TAT and transient occupancy tax collections for time share properties.)

A 13-person Working Group was established, with members chosen by the President of the Senate, the Speaker of the House of Representatives, the four county mayors and the governor, and with a Chair selected by the Chief Justice of the Hawai'i Supreme Court. The Working Group's initial meeting was on October 22, 2014. The Working Group met regularly in the following year, and reached a unanimous decision to recommend an allocation model at its meeting of October 21, 2015. The group subsequently reviewed and refined its report.

In arriving at an allocation model, the Working Group considered models under both a growth forecast scenario and a “what if” recessionary scenario. Key principles for the allocation approach included fairness, predictability, simplicity and flexibility or resilience in changing circumstances. Based on its study, the Working Group determined that an appropriate allocation of TAT revenues between the State and the counties, after considering the existing obligations of the State and the current and future appropriations for the Tourism Special Fund, should be based on a ratio of 55 percent for the state general fund and 45 percent for the counties.

Recommendation

The Working Group recommends:

- A. The Tourism Special Fund receive \$82 million from the TAT in fiscal years 2015 and 2016, as per Act 174, and would receive this amount, adjusted in line with the Consumer Price Index for Urban Consumers (Honolulu), in subsequent years;
- B. Existing appropriations for the Convention Center, Turtle Bay, and the Special Land Development Fund, totaling \$31 million, would continue at the same level in future years; and
- C. The remainder of the TAT revenues would be allocated to the State and counties, with the State receiving 55 percent of the remainder, and the counties receiving 45 percent.

The Working Group members brought to their work, experience in the visitor industry, the State administration, and the counties. Each member had distinct interests and perspectives, but the Working Group was able to come to agreement on our recommendation. We hope that the Legislature will find our work helpful in resolving the important public issue of maintaining the vitality of tourism and of how best to share its benefits among all the people of Hawai‘i.

Thank you for the opportunity to testify in strong support of House Bill No. 1554. I am available for your questions.

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON TOURISM
ON
HOUSE BILL NO. 1554

February 3, 2016

RELATING TO TRANSIENT ACCOMMODATIONS TAX

House Bill No. 1554 amends Section 237D-6.5, Hawaii Revised Statutes (HRS), to adjust the distribution of transient accommodations tax (TAT) revenues between the State and the counties based on recommendations produced by the State-County Functions Working Group.

The Department of Budget and Finance has serious concerns regarding the proposed changes to the TAT distribution and therefore cannot support this bill.

Our major concern is that the State-County Functions Working Group did not properly follow the mandate of Act 174, SLH 2014, which was to evaluate the division of duties and responsibilities between the State and counties relating to the provision of public services and submit a recommendation on the appropriate allocation of the TAT revenues accordingly. Instead, the working group focused on tourism-related expenses when generating its allocation model.

The working group report shows a number of ratios provided by the consultant team (see attached Exhibit 2-12) which do take into account more than just expenditures on tourism. The report further notes that the consultant team did not find any single analysis that could provide a definitive account of the public service expenditures of the State and counties. The recommended 55/45 split between the State and the counties was not based on any factual analysis but derived through a “judgement-based evaluation.”

Due to the aforementioned reasons, the department questions the validity of the working group's recommendations on the distribution of the TAT revenues between the State and counties, and believes that the amendments should not be implemented as proposed.

Attachment

The visitor industry group's report also recognized that government contributes in other ways—both direct and indirect—to fulfillment of visitor-related needs for services. Finally, the group did not address general tourism marketing and promotion of Hawai'i, although the visitor industry continues to view this as a high priority, visitor-related need for State and county services. The group's full report, Visitor Industry Views on Visitor-Related Needs for State and County Services, is included as Appendix E.¹⁹

In effect, the visitor industry group found that the TAT revenues could provide a stable mechanism for continuing investment in Hawai'i's tourism product, keeping Hawai'i competitive on a global basis.

Further Analysis of Public Service Expenditures

The consultant team conducted follow-up analyses of FY2014 CAFR data. The aim was to use information and categories in standard financial reports to provide additional insight into the ratio of expenditures by the State and counties. The analyses were presented to the Working Group for discussion at its meetings of September 16, October 7 and October 21, 2015. Exhibit 2-12 shows the results presented by the consultant.

Exhibit 2-12: State's and Counties' Expenditures

Relation of State's Expenditures to Counties' Expenditures	State's Share	Counties' Share
1. Total expenditures, FY2014	77%	23%
2. Direct expenditures on tourism, FY2014 (State IG)	52%	48%
3. Weighted direct and indirect expenditures on tourism, FY2014 (based on County IG)	57%	43%
4. Average of total expenditures, FY2002–FY2012	78%	22%
5. Net Expenditures, all government functions, FY2014	83%	17%
6. Net Expenditures, direct expenditures related to tourism, FY2014	46%	54%
7. Gross Expenditures, "Primary Government Activities" only, FY2014	81%	19%
8. Net Expenditures, "Primary Government Activities" only, FY2014	81%	19%
9. Net Expenditures, "Primary Government Activities" only, direct expenditures related to tourism, FY2014	52%	48%

Note: The ratios shown in rows 1 through 3 are restatements and extensions of the findings of the investigative groups. Row 4 presents data from earlier CAFR reports, extend the Row 1 analysis over time. Rows 5 through 9 present new analyses of the CAFR reports.
IG = Investigative Group

Source: Belt Collins Hawaii Team presentation to Working Group

¹⁹ Additional information and Working Group discussion can be found in the April 1, May 6, and June 3, 2015 meeting minutes. Available at <http://auditor.hawaii.gov/task-forceworking-group/>.



Testimony
House Committee on Tourism
February 3, 2016
Conference Room 312
10:00 a.m.

HB 1554, Relating to Transient Accommodations Tax

Dear Chair Brower, Vice Chair Ohno and Members of the Committee,

On behalf of the Hawai'i Council of Mayors, we unanimously support the State-County Functions Working Group (Working Group) Report reflected in HB 1554.

Over the past two years, this working group, established through Act 174 (SLH 2014), considered several models for the allocation of TAT revenues on an ongoing basis. The Working Group recommended that:

- The Tourism Special Fund (TSF) receive \$82 million in fiscal year FY 2015 and FY 2016, and amounts changing in line with the Consumer Price Index for Urban Consumers (Honolulu) in subsequent years;
- Existing appropriations for the Convention Center, Turtle Bay, and the Special Land Development Fund, totaling \$31 million, continue at the same level in future years; and
- The remainder of the TAT revenues be allocated to the State and counties, with the State receiving 55 percent of the remainder, and the counties receiving 45 percent.

The County Councils from Kauai, Honolulu and the island of Hawaii also support the working groups' recommendation to the Legislature.

Today, State revenues have rebounded, county property tax revenues have grown but property values remain lower than in 2010. The impact of the TAT cap, plus the 2 percent rate increase of 7.25 percent to 9.25 percent has resulted in an increase in the State net TAT revenue from \$8.3 million in 2007 to nearly \$205 million in 2015.

Testimony from HCOM
February 3, 2016
Page Two



Mayor Billy Kenoi
County of Hawaii
25 Aupuni Street
Hilo, Hawai'i 96720



Mayor Kirk Caldwell
City and County of Honolulu
530 South King Street, Rm. 306
Honolulu, Hawai'i 96813



Mayor Bernard Carvalho, Jr.
County of Kauai
4444 Rice Street
Lihue, Hawai'i 96766



Mayor Alan Arakawa
County of Maui
200 South High Street, 9th Floor
Wailuku, Hawaii 96793

If you compare the TAT share increase since 2007 between the State and the counties, the State has collected an increase of 2363 percent while the counties have collected a mere 2.2 percent.

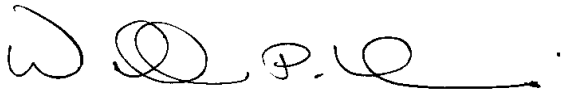
The legislature recognizes that much of the cost associated with tourism is carried by the counties, including the ever-increasing costs of providing county services to visitors (i.e., maintenance of roads, parks, police and fire protection and other basic services). While the counties don't receive a fair share of the TAT, costs related to public safety services have gone up.

Another statistic that was published on February 1, 2016, by the Hawaii Tourism Authority states that Hawaii's tourism industry set new records with the totals of arrivals and expenditures generated in the State for 2015. Preliminary reports state a 4.1 percent increase over 2014, producing a record total of \$15.2 billion in visitor expenditures, an increase of 2.3 percent year-over-year.

We urge your Committee to engage in carefully reviewing the Working Group's recommendations, engage in discussions and support HB 1554.

Thank you for your consideration.

Sincerely,



William Kenoi, Mayor
County of Hawai'i



Kirk Caldwell, Mayor
City and County of Honolulu



Bernard Carvalho, Jr., Mayor
County of Kaua'i



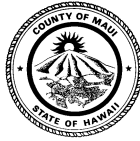
Alan Arakawa, Mayor
County of Maui

Council Chair
Mike White

Vice-Chair
Don S. Guzman

Presiding Officer Pro Tempore
Michael P. Victorino

Councilmembers
Gladys C. Baisa
Robert Carroll
Elle Cochran
Don Couch
Stacy Crivello
Riki Hokama




Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

February 1, 2016

TO: The Honorable Tom Brower, Chair
House Committee on Tourism

FROM: Mike White
Council Chair 

SUBJECT: **HEARING OF FEBRUARY 3, 2016; TESTIMONY OFFERING
COMMENTS ON HB 1554, RELATING TO TRANSIENT
ACCOMMODATIONS TAX**

Thank you for the opportunity to **offer comments** on this important bill. The purpose of this measure is to allocate to the counties 45 percent of the remaining transient accommodations tax revenues after adjustments to the Tourism Special Fund, as recommended by the State-County Functions Working Group.

The Maui County Council has not had the opportunity to take a formal position on this matter. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

In addition to serving as chair of the Maui County Council, my testimony is also informed by my visitor industry experience as general manager of the Ka'anapali Beach Hotel for 30 years, and through my service as a state legislator from 1993 to 1998.

I offer the following comments:

1. I support the Working Group's recommendation to increase the allocation of TAT revenue to the counties. But, **an equal 50-50 split of total TAT collections** between the State and the counties would be more consistent with the TAT's history and purpose. As partners in Hawaii's governance, it is critical that the State provide a greater share of TAT to the counties, which provides essential services to residents and visitors.
2. Act 185 (1990) allocated 95 percent of the total TAT to the counties under a statutory formula. Subsequent artificial caps and substantial diminished reallocations of the TAT revenue to the counties were established to help balance the State budget from 2007 to 2015 because of the economic downturn – but this justification is no longer valid.

February 1, 2016

Page 2

3. During the same period, the State's TAT revenue increased by \$196.6 million (or 2,363 percent), while the counties' TAT revenue increased by a mere \$2.2 million (or 2.2 percent). The reasonable action now is to return a fair share of the TAT to the counties, which bear significant responsibility to provide services and infrastructure to support increased visitor industry demands.
4. The collective cost of county services for police, fire, and parks has increased by \$170.3 million since 2007 (or 30 percent), yet the counties have only been provided a 2.2 percent increase in revenue. By unfairly denying TAT revenue to the counties, the State has been effectively requiring residents to pay for the visitors' share of expenses.

For the foregoing reasons, **I support an equal 50-50 split of total TAT collections** between the State and counties.

Council Chair
Mike White

Vice-Chair
Don S. Guzman

Presiding Officer Pro Tempore
Michael P. Victorino

Councilmembers
Gladys C. Baisa
Robert Carroll
Elle Cochran
Don Couch
Stacy Crivello
Riki Hokama



Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

February 2, 2016

TO: Honorable Tom Bower, Chair
House Committee on Tourism

A handwritten signature in cursive script, reading "Crivello", is written over the name "Stacy Crivello" in the "FROM:" line.

FROM: Stacy Crivello
Councilmember

DATE: February 3, 2016

SUBJECT: **HB 1554, RELATING TO TRANSIENT ACCOMMODATIONS TAX**

I support the intent of HB 1554 for the reasons cited in the testimony submitted by the Maui County Council Chair and urge an equal 50-50 split of total TAT collections between the State and the counties which is consistent with the TAT's history and purpose.

Bernard P. Carvalho, Jr.
Mayor



Nadine K. Nakamura
Managing Director

OFFICE OF THE MAYOR

County of Kaua'i, State of Hawai'i
4444 Rice Street, Suite 235, Līhu'e, Hawai'i 96766
TEL (808) 241-4900 FAX (808) 241-6877

Testimony of
Mayor Bernard P. Carvalho, Jr.
Before the Committee on Tourism
Wednesday, February 3, 2016
10:00 a.m.
Conference Room 312
HB 1554, Relating to Transient Accommodations Tax

Aloha Chair Brower, Vice Chair Ohno, and Members of the Committee,

On behalf of the County of Kaua'i, allow me to express my strong support for HB 1554, Relating to Transient Accommodations Tax. As you are aware, through Act 174 (SLH 2014), the County-State Functions Working Group was convened with representatives appointed from the four counties, the governor, the senate, the house of representatives, and chaired by a retired chief justice.

The working group report to the Governor and the Legislature, dated December 2015, prepared by the State Auditor's Office, considered several models for the allocation of TAT revenues on an ongoing basis but came to a unanimous recommendation. Their deliberate and methodical process over the past two years should be honored by the passage of HB 1554.

The purpose of the working group was to "evaluate the division of duties and responsibilities between the State and counties relating to the provision of public services; and submit a recommendation to the legislature on the appropriate allocation of the transient accommodations tax revenues between the state and counties that properly reflects the division of duties and responsibilities relating to the provision of public services."

Further, the Hawai'i Council of Mayors unanimously support the recommendation of the working group, as do the County Councils of Kaua'i, O'ahu, and Hawai'i Island.

Mahalo for your consideration.

COUNTY COUNCIL

Mel Rapozo, Chair
Ross Kagawa, Vice Chair
Mason K. Chock
Gary L. Hooser
Arryl Kaneshiro
KipuKai Kuali'i
JoAnn A. Yukimura



OFFICE OF THE COUNTY CLERK

Jade K. Fountain-Tanigawa, County Clerk
Scott K. Sato, Deputy County Clerk

Telephone (808) 241-4188
Fax (808) 241-6349
Email cokcouncil@kauai.gov

Council Services Division
4396 Rice Street, Suite 209
Līhu'e, Kaua'i, Hawai'i 96766

February 2, 2016

**TESTIMONY OF KIPUKAI KUALI'I
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON**

HB 1554, RELATING TO TRANSIENT ACCOMMODATIONS TAX

House Committee on Tourism

Wednesday, February 3, 2016

10:00 a.m.

Conference Room 312

Dear Chair Brower and Members of the Committee:

Thank you for this opportunity to offer comments on HB 1554, Relating to Transient Accommodations Tax. My testimony is submitted in my individual capacity as a member of the Kaua'i County Council, Chair of the Kaua'i County Council Economic Development & Intergovernmental Relations Committee, and member of the National Association of Counties Board of Directors.

The purpose of this measure is to allocate to the counties, 45 percent of the remaining transient accommodations tax (TAT) revenues after adjustments to the Tourism Special Fund, as recommended by the State-County Functions Working Group.

I support the Working Group's recommendation to increase the allocation of TAT revenue to the counties, but an equal fifty-fifty (50-50) split of total TAT collections between the State and the counties would be more consistent with the history of the TAT and its purpose. As partners in Hawai'i's governance, it is critical that the State provide a greater share of TAT revenues to the counties, who are responsible for providing essential services to residents and visitors.

Act 185 (1990) allocated 95 percent of the total TAT to the counties under a statutory formula. Due to the economic down turn from 2007 to 2015, artificial caps and reallocation of TAT revenues to the County were utilized to help balance the State budget. This justification is no longer valid.

Chair Brower and Members of the Committee
Re: HB 1554, Relating to Transient Accommodations Tax
February 2, 2016
Page 2

During the same period, the State's TAT revenue increased by \$196.6 million, a 2,363 percent increase, while the counties' TAT revenue increased a mere \$2.2 million, or 2.2 percent. It now makes sense to return a fair share of the TAT to the counties, which bear significant responsibility to provide services and infrastructure to support increased visitor industry demands.

The collective cost of county services for police, fire, and parks have increased by \$170.3 million since 2007, a 30 percent increase. In comparison, the counties have only been provided a 2.2 percent increase in revenue. By unfairly denying TAT revenue to the counties, the State has been effectively requiring residents to pay for the visitors' share of expenses.

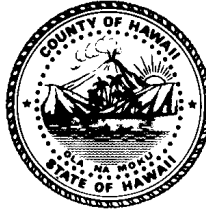
For the reasons stated above, I urge the House Committee on Tourism to support this measure at the minimum level of a 45/55 split. However in fairness, I would like to see the measure be amended to 50/50 split of the total TAT collections between the State and Counties. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kipukai Kualiti".

KIPUKAI KUALI'I
Councilmember, Kaua'i County Council

Karen Eoff
Council Member
Council District 8 - North Kona



Phone: (808) 323-4280
Fax: (808) 329-4786
Email: karen.eoff@hawaiicounty.gov

HAWAI'I COUNTY COUNCIL

County of Hawai'i
West Hawai'i Civic Center, Bldg. A
74-5044 Ane Keohokalole Hwy.
Kailua-Kona, Hawai'i 96740

February 1, 2016

House Committee on Tourism
Representative Tom Brower, Chair
Representative Takashi Ohno, Vice Chair
415 South Beretania Street
State Capitol, Conference Room 312
Honolulu, Hawaii 96813

Email: TOUtestimony@capitol.hawaii.gov
Email: repbrower@capitol.hawaii.gov
Email: repohno@capitol.hawaii.gov

Re: Support for HB1554; Relating to Transient Accommodations Tax
Hearing Date: February 3, 2016 at 10:00 a.m., Conference Room 312

Dear House Committee on Tourism:

On behalf of myself and constituents of Council District 8 in North Kona, support for the above referenced bill is hereby expressed, with brief testimony provided as follows:

This measure will provide a fair, consistent and predictable priority allocation of transient accommodations tax revenues by adjusting allocation of transient accommodations tax revenues to the tourism special fund for inflation, and by adjusting allocation to the counties to equal 45% of the amount of revenues remaining after all other allocations are made.

I strongly urge the passing of this bill.

Sincerely,

A handwritten signature in cursive script that reads "Karen Eoff".

KAREN EOFF, Vice Chair,
Council District 8, North Kona

KE.wpb

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, Allocations to Counties

BILL NUMBER: HB 1554; SB 2028 (Identical)

INTRODUCED BY: HB by Souki by request; SB by Kouchi by request

EXECUTIVE SUMMARY: This bill reprioritizes the earmarks on the transient accommodations tax (TAT) that feed various special funds. Earmarks decrease transparency and accountability of government operations and should be avoided.

BRIEF SUMMARY: Amends HRS section 237D-6.5 to distribute TAT revenues in the following priority order:

- \$82 million for the tourism special fund, with the amount to increase with the consumer price index;
- \$26.5 million for the convention center enterprise special fund;
- \$3 million for the special land and development fund;
- \$1.5 million for the Turtle Bay conservation easement special fund; and
- Of the remaining revenues, 45% will be allocated to the counties (with no dollar cap):
 - Kauai county, 14.5% (of the 45%);
 - Hawaii County, 18.6%;
 - City and County of Honolulu, 44.1%;
 - Maui County, 22.8%.
- The 55% of the revenues remaining after the first four steps would go to the State general fund.

EFFECTIVE DATE: July 1, 2016.

STAFF COMMENTS: The legislature by Act 161, SLH 2013, made permanent the TAT rate of 9.5% and changed the allocations of TAT from a percentage basis to a specific dollar amount.

After the counties complained about their allocations, Act 174, SLH 2014, required a state-county functions working group to be convened to evaluate the division of duties and responsibilities between the State and counties relating to the provision of public services and to recommend an appropriate allocation of the transient accommodations tax revenues between the State and counties that properly reflects the division of duties and responsibilities relating to the provision of public services. The bill reflects that recommendation.

The proposed measure would perpetuate the earmarking of TAT revenues. While proponents of earmarking of the TAT argue that if these projects or programs are not funded, none of the pristine beauty that visitors come to see will be preserved, one could make the argument on the other side. If there are insufficient funds to promote the industry, then visitor counts will drop and so will the income that fuels the state's economy. Lawmakers seem to have lost sight of the

fact that visitors also contribute to state coffers directly through the 4% on everything they purchase in Hawaii including hotel rooms, visitor activities and purchases of food and souvenirs. To that extent, a good part of the general fund tax collections is contributed by visitors. If the argument is that visitors should pay for other “visitor related” programs, then paying for those programs out of general funds would be more appropriate than stealing the money from what is identified as a tax paid specifically by the visitor.

Rather than the continual earmarking of TAT revenues, a direct appropriation of general funds would be preferable. Earmarking the TAT revenues for these programs that not only benefit the visitors but the community at large, decreases transparency and accountability.

Finally, it should be remembered that revenues earmarked into a special fund, in this case the special land and development fund, will not be counted against the state’s spending ceiling or debt limit and will obscure the state’s true financial condition.

Digested 1/29/2016



HAWAII LODGING & TOURISM
ASSOCIATION

Testimony of

Mufi Hannemann
President & CEO
Hawai'i Lodging & Tourism Association

Tourism Committee
February 3, 2016

House Bill 1554: Relating to Transient Accommodations Tax

Chair Brower, Vice Chair Ohno, and members of the Tourism Committee:

Thank you for the opportunity to testify in favor of House Bill 1554, which would eliminate the dollar cap on transient accommodation tax revenues shared with the county governments and replace it with a specified percentage.

The Hawai'i Lodging & Tourism Association believes the county governments should receive a stable and equitable amount of funding support from the state government. Repealing the cap and substituting it with a specific share of the revenues would be a meaningful step forward in that direction.

Shared TAT revenues are vital because the counties must absorb much of the costs created by community growth and provide the public services enjoyed by resident and visitor alike. These include all forms of public safety, roads, parks and public facilities, water and sewage infrastructure, and public transportation, among them. Oftentimes, the counties are not reimbursed for services that they provide at the request or on behalf of the federal and state governments, particularly in the area of public safety.

The Hawai'i Lodging & Tourism Association recognizes and appreciates the efforts of the county governments in sustaining the visitor industry and we, in turn, continue to support the county governments in their efforts to secure an equitable share of tourism-generated revenue from the Legislature.

Mahalo.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 02, 2016 1:21 PM
To: TOUtestimony
Cc: petersit@ponokairesort.com
Subject: Submitted testimony for HB1554 on Feb 3, 2016 10:00AM

HB1554

Submitted on: 2/2/2016

Testimony for TOU on Feb 3, 2016 10:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Peter Sit	Pono Kai Resort Owners Association	Support	No

Comments: We are in support of the TAT and that we recommended a 45% share to be distributed among counties.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



LATE

Testimony of

Denise Wardlow
General Manager
The Westin Princeville Ocean Resort Villas
Hawai'i Lodging & Tourism Association, Kaua'i Chapter

Tourism Committee
February 3, 2016

House Bill 1554: Relating to Transient Accommodations Tax

Chair Brower, Vice Chair Ohno, and members of the Tourism Committee:

Thank you for the opportunity to testify in favor of House Bill 1554, which would eliminate the dollar cap on transient accommodation tax revenues shared with the county governments and replace it with a specified percentage.

The Hawai'i Lodging & Tourism Association, Kaua'i Chapter believes the county governments should receive a stable and equitable amount of funding support from the state government. Repealing the cap and substituting it with a specific share of the revenues would be a meaningful step forward in that direction.

Shared TAT revenues are vital because the counties must absorb much of the costs created by community growth and provide the public services enjoyed by resident and visitor alike. These include all forms of public safety, roads, parks and public facilities, water and sewage infrastructure, and public transportation, among them. Oftentimes, the counties are not reimbursed for services that they provide at the request or on behalf of the federal and state governments, particularly in the area of public safety.

The Hawai'i Lodging & Tourism Association, Kaua'i Chapter recognizes and appreciates the efforts of the county governments in sustaining the visitor industry and we, in turn, continue to support the county governments in their efforts to secure an equitable share of tourism-generated revenue from the Legislature.

Mahalo.



HAWAII LODGING & TOURISM
ASSOCIATION

Testimony of

Keith Butz

General Manager

Grand Hyatt Kauai Resort & Spa

Hawai'i Lodging & Tourism Association Kauai Chapter

Tourism Committee

February 3, 2016

House Bill 1554: Relating to Transient Accommodations Tax

Chair Brower, Vice Chair Ohno, and members of the Tourism Committee:

Thank you for the opportunity to testify in favor of House Bill 1554, which would eliminate the dollar cap on transient accommodation tax revenues shared with the county governments and replace it with a specified percentage.

The Hawai'i Lodging & Tourism Association Kauai Chapter believes the county governments should receive a stable and equitable amount of funding support from the state government. Repealing the cap and substituting it with a specific share of the revenues would be a meaningful step forward in that direction.

Shared TAT revenues are vital because the counties must absorb much of the costs created by community growth and provide the public services enjoyed by resident and visitor alike. These include all forms of public safety, roads, parks and public facilities, water and sewage infrastructure, and public transportation, among them. Oftentimes, the counties are not reimbursed for services that they provide at the request or on behalf of the federal and state governments, particularly in the area of public safety.

The Hawai'i Lodging & Tourism Association Kauai Chapter recognizes and appreciates the efforts of the county governments in sustaining the visitor industry and we, in turn, continue to support the county governments in their efforts to secure an equitable share of tourism-generated revenue from the Legislature.

Mahalo.



Maui Hotel & Lodging
ASSOCIATION

Testimony of
Lisa H. Paulson
Executive Director
Maui Hotel & Lodging Association
on
HB1554
Relating To Transient Accommodation Tax

COMMITTEE ON TOURISM
Wednesday, February 3, 2016, 10am
Conference Room 312

Dear Chair Brower, Vice Chair Ohno and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 150 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 20,000 local residents and represents over 19,000 rooms. The visitor industry is the economic driver for Maui County. We are the largest employer of residents on the Island - directly employing approximately 40% of all residents (indirectly, the percentage increases to 75%).

MHLA is in favor of HB 1554, which adjusts allocation of transient accommodations tax revenues to the tourism special fund for inflation and adjusts allocation to the counties to equal 45% of the amount of revenues remaining after all other allocations are made.

MHLA believes our county governments should receive a more equitable amount of funding support from the state government. Repealing the cap and substituting it with a specific share of the revenues would be a significant step in achieving the above. Our counties absorb many of costs associated with community growth and provide public services to residents and visitors alike that include all forms of public safety: roads; parks and public facilities; water and sewage infrastructure; public transportation. Oftentimes, the counties are not reimbursed for services that they provide at the request or on behalf of the federal and state governments, particularly in the area of public safety.

MHLA recognizes and appreciates the efforts of all of the county governments in sustaining the visitor industry as we, in turn, continue to support our county government in their efforts to secure an equitable share of tourism-generated revenue from the Legislature.

Thank you for the opportunity to testify.



Testimony of

Rob Gunthner

Chairperson – HLTA – Hawaii Island Chapter

General Manager, Hawaii Resorts – Hilton Grand Vacations

Hawai'i Lodging & Tourism Association Hawaii Island Chapter

Tourism Committee

February 3, 2016

House Bill 1554: Relating to Transient Accommodations Tax

Chair Brower, Vice Chair Ohno, and members of the Tourism Committee:

Thank you for the opportunity to testify in favor of House Bill 1554, which would eliminate the dollar cap on transient accommodation tax revenues shared with the county governments and replace it with a specified percentage.

The Hawai'i Lodging & Tourism Association **Hawaii Island Chapter** believes the county governments should receive a stable and equitable amount of funding support from the state government. Repealing the cap and substituting it with a specific share of the revenues would be a meaningful step forward in that direction.

Shared TAT revenues are vital because the counties must absorb much of the costs created by community growth and provide the public services enjoyed by resident and visitor alike. These include all forms of public safety, roads, parks and public facilities, water and sewage infrastructure, and public transportation, among them. Oftentimes, the counties are not reimbursed for services that they provide at the request or on behalf of the federal and state governments, particularly in the area of public safety.

The Hawai'i Lodging & Tourism Association **Hawaii Island Chapter** recognizes and appreciates the efforts of the county governments in sustaining the visitor industry and we, in turn, continue to support the county governments in their efforts to secure an equitable share of tourism-generated revenue from the Legislature.

Mahalo.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 02, 2016 8:11 AM
To: TOUtestimony
Cc: robert.carroll@mauicounty.us
Subject: Submitted testimony for HB1554 on Feb 3, 2016 10:00AM

HB1554

Submitted on: 2/2/2016

Testimony for TOU on Feb 3, 2016 10:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
robert carroll	Individual	Support	No

Comments: Maui County Council Chair White has offered compelling comments in support of the 50 - 50 split in TAT Collections between the state and counties. I support his submitted comments.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 30, 2016 6:04 AM
To: TOUtestimony
Cc: stoopse@gmail.com
Subject: Submitted testimony for HB1554 on Feb 3, 2016 10:00AM

HB1554

Submitted on: 1/30/2016

Testimony for TOU on Feb 3, 2016 10:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Elen Stoops	Individual	Support	No

Comments: SUPPORT. I support the WorkGroup's conclusion to lift the Cap on the Counties' share of the TAT revenues and the support the proposed island shares of TAT revenues. I further commend the proposal to cap Tourism Special Fund (HTA) to current budgeted amounts as specified and that any further money required for these programs such as, but not limited to, the Convention Center, should be negotiated with and come exclusively from the State's General Fund. Mahalo for the opportunity to testify.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 29, 2016 8:22 PM
To: TOUtestimony
Cc: talexander03@yahoo.com
Subject: Submitted testimony for HB1554 on Feb 3, 2016 10:00AM

HB1554

Submitted on: 1/29/2016

Testimony for TOU on Feb 3, 2016 10:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Alexander	Individual	Support	No

Comments: As the owner of a condo in Kihei, Maui County, I support this bill. Thank you.

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