DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR

MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable Sylvia Luke, Chair
and Members of the House Committee on Finance

Date: Tuesday, February 28, 2017
Time: 11:00 A.M.
Place: Conference Room 308, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: H.B. 1586, H.D. 1, Relating to Taxation

The Department of Taxation (Department) appreciates the intent of H.B. 1586, H.D. 1, and provides the following comments for your consideration.

Parts II and III: Transient Accommodations Tax allocation

Parts II and III of H.B. 1586, H.D. 1, reduce the portion of Transient Accommodations Tax (TAT) revenues allocated to the counties to zero over the next four fiscal years. Part II reduces the counties' portion of TAT to $31 million by fiscal year 2019-2020. Part III reduces the counties' portion of TAT to $0 for fiscal years 2020-2021 and after. Part II becomes effective July 1, 2017. Part III becomes effective July 1, 2020. The resulting allocation schedule is as follows:

Fiscal Year	Total Counties' Share
2016-2017	$103 million
2017-2018	$93 million
2018-2019	$62 million
2019-2020	$31 million
2020-2021	$0

Part IV: New Income Tax Brackets and Rates

Part IV of H.B. 1586, H.D. 1, amends the income tax brackets for joint, head of household, and single income tax filers. The bill reduces the number of brackets for each filing status to four, including a zero bracket below a certain income threshold. Currently, there are nine income tax brackets. There is no zero bracket. Part IV applies to taxable years beginning after December 31, 2017.

For each filing status, the bill increases the income threshold for the zero bracket and amends the rates for each of the other brackets over course of the next three taxable years.

The new brackets are as follows:

Filing Status: Joint and HOH

Taxable Year: 2018	
	Marginal Rate
Not over $15,000	0%
Over $15,000 under $75,000	6.64%
Over $75,000 under $225,000	7.79%
Over $225,000	8.50%
Taxable Year: 2019	
Not over $16,125	0%
Over $16,125 under $75,000	5.38%
Over $75,000 under $225,000	7.34%
Over $225,000	8.75%
Taxable Year: 2020 and after	
Not over $17,500	0%
Over $17,500 under $75,000	4.12%
Over $75,000 under $225,000	6.88%
Over $225,000	9.00%

Filing Status: Single

Taxable Year: 2018	
	Marginal Rate
Not over $7,500	0%
Over $7,500 under $37,500	6.64%
Over $37,500 under $112,500	7.79%
Over $112,500	8.50%
Taxable Year: 2019	
Not over $8,062	0%
Over $8,062 under $37,500	5.38%
Over $37,500 under $112,500	7.34%
Over $112,500	8.75%
Taxable Year: 2020 and after	
Not over $8,750	0%
Over $8,750 under $37,500	4.12%
Over $37,500 under $112,500	6.88%
Over $112,500	9.00%

Part V: Increased Personal Exemption

Part V of the bill doubles the personal exemption available to all taxpayers from $1,144 to $2,288. Part V of the bill applies to taxable years beginning after December 31, 2017.

Part VI: Itemized deduction limitations

Part VI of the bill imposes hard caps on itemized deductions. The proposed caps are in addition to the limits imposed through section 68 of the Internal Revenue Code. The proposed caps are: $100,000 for taxpayers filing as single or married filing separately; $150,000 for taxpayers filing as heads of households; and $200,000 for taxpayers filing joint returns or as a surviving spouse. The caps apply to all taxpayers; the caps are not dependent upon the income of the taxpayer; and the caps apply to taxable years beginning after December 31, 2017.

In previous limits to itemized deductions (Act 97, SLH 2009, as amended by Act 256, SLH 2013) the deduction for charitable contributions was excluded from the limitations. This carve-out expired with the previous limitations. H.B. 1586, H.D. 1, contains no such carve-out. If it is the Committee's intent to exclude deductions for charitable contributions from the proposed limits, then that exclusion should be included in the bill.

Finally, the Department notes that the previous Committee amended the effective dates of Parts V and VI to apply to taxable years beginning after December 31, 2017. The Department appreciates this amendment as it will allow sufficient time to make the necessary form, instructions, and computer system changes to ensure proper implementation.

Thank you for the opportunity to provide comments.

OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU
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PHONE: (808) 768-4141 • FAX: (808) 768-4242 • INTERNET: www.honolulu.gov

KIRK CALDWELL
MAYOR

ROY K. AMEMIYA, JR.
MANAGING DIRECTOR

GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR

CITY AND COUNTY OF HONOLULU
BEFORE THE HOUSE COMMITTEE ON FINANCE

TUESDAY, FEBRUARY 28, 2017; 11:00 AM

TO: THE HONORABLE SYLVIA J. LUKE, CHAIR
THE HONORABLE TY J.K. CULLEN, VICE CHAIR
AND MEMBERS OF THE HOUSE COMMITTEE ON FINANCE

FROM: KIRK CALDWELL, MAYOR
CITY AND COUNTY OF HONOLULU

SUBJECT: OPPOSITION TO HB1586 RELATING TO TAXATION

The City and County of Honolulu (City) opposes HB1586, HD1, which, among other things, phases out the county allocation of Transient Accommodations Tax (TAT) revenues over three years. The City takes no position on any of the other provisions of this measure.

Each county expends significant amounts to accommodate the 8.9 million tourists who visit our State. Each county relies on the counties' portion of the TAT revenues to provide such services. According to the Auditor's State-County Functions Working Group December 2015 Report, the City spends approximately $116 million on visitor-related expenses. Currently, the City receives about $44 million, which means that Oahu taxpayers fund the remaining $72 million. This measure takes away all of the revenue from the TAT, which means that the residents of Oahu would continue to spend $116 million and receive nothing in return.

On behalf of the 1 million residents of Oahu, I oppose this measure and hope that you defer this measure indefinitely.

Harry Kim
Mayor

Wil Okabe
Managing Director

Barbara J. Kossow
Deputy Managing Director

County of Hawai'i

Office of the Mayor

25 Aupuni Street, Suite 2603 • Hilo, Hawai'i 96720 • (808) 961-8211 • Fax (808) 961-6553
KONA: 74-5044 Ane Keohokalole Hwy., Bldg. C • Kailua-Kona, Hawai'i 96740
(808) 323-4444 • Fax (808) 323-4440

February 27, 2017

Representative Sylvia Luke
Finance Committee
Hawai'i State Capitol
Honolulu, HI 96813

Dear Chair Luke and members:

RE: **HB 1586 HD1**
Relating to Taxation

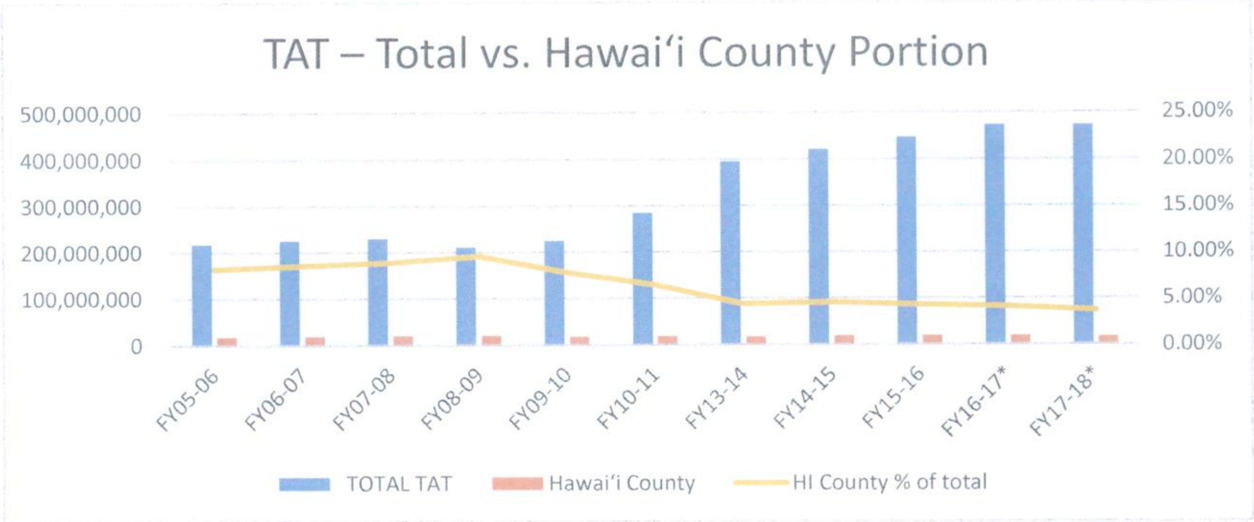
Thank you for this opportunity to testify in strong opposition to the provisions in HB 1586, HD 1 that would reduce and then eliminate the counties' share of TAT.

The stated purpose of HB 1586, HD1 is to address Hawaii's high cost of living by reducing the tax burden on low- and middle-income earners. While I fully support that purpose, I cannot agree that HB 1586, HD1 offers a reasonable solution to the problem. The "low- and middle- income earners" that HB 1586, HD1 refers to are citizens of both the State and a county. You and I represent and serve the same people. Decimating the budgets of the counties in order to reduce the State tax burden would not be beneficial; it would simply force the counties to drastically reduce services or increase other taxes for our shared constituents.

TAT is a very important source of revenue to the County of Hawaii (and the other counties), and we rely on it to balance our budget and maintain services for our citizens and visitors. The TAT is, in fact, our second largest source of revenue, behind only the property tax. HB1586, HD1 would deal a punishing blow to us, and therefore to our taxpayers. Please remember that TAT was established in part to help the counties, but the State of Hawaii already gets the major portion of the TAT revenues. Without the limited share that we currently receive, we would be pressed to raise property taxes about $19M (5.1% of our total budget), and that would worsen the pressures on our population, many of whom are currently managing a paycheck-to-paycheck financial existence. It would hurt a major portion of our residents, affecting renters and homeowners alike. Property taxes, after all, are not simply absorbed by a landlord; they are passed on, in whole or in part, to the tenant.

My priority this session is to seek an increase in the TAT, not a reduction. The current portion of TAT revenues received by Hawaii County is too low, not too high. The chart below reflects how small a portion of the TAT comes to Hawaii County, and how the percentage has shrunk over the years.

Please help us help our fellow citizens by increasing, not decreasing, this vital component of the County budget.



Respectfully submitted,

Harry Kim
Mayor

Bernard P. Carvalho Jr.
Mayor

Wallace G. Rezentes Jr.
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 Finance
Tuesday, February 28, 2017
11:00 a.m.
Conference Room 308

HB 1586, HD1 Relating to Taxation

Aloha Honorable Chair Luke and Members of the Committee,

On behalf of the County of Kaua'i, allow me to express my strong opposition to HB 1586, HD1 Relating to Taxation, and the "phasing" out of the counties' allocation for the transient accommodations tax (TAT). While the Legislature rejected the findings of its own state-county functions working group last year, HB 1586, HD1 reduces the counties' share of the TAT for each year starting with FY 2017-2018 and eliminates the counties' share after FY 2019-2020.

On Kauai where approximately one in four is a visitor, to eliminate the very revenue stream that is used to offset the impacts of our visitors on our parks, infrastructure, and public safety as it relates to frequent search and rescue, this proposed bill seems to be counter intuitive to a collaborative working relationship between the county and the state.

Again, as Mayor of our beautiful island, I am opposed to HB 1586, HD1 Relating to Taxation.

Mahalo for the opportunity to provide this testimony.

Sincerely,

Bernard P. Carvalho Jr.
Mayor

Council Chair
Mike White

Vice-Chair
Robert Carroll

Presiding Officer Pro Tempore
Stacy Crivello

Councilmembers
Alika Atay
Elle Cochran
Don S. Guzman
Riki Hokama
Kelly T. King
Yuki Lei K. Sugimura

Director of Council Services
Sandy K. Baz

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

February 27, 2017

TO: The Honorable Sylvia Luke, Chair
House Committee on Finance

FROM: Mike White
Council Chair

SUBJECT: **HEARING OF FEBRUARY 28, 2017; TESTIMONY IN STRONG OPPOSITION TO HB 1586, HD 1 RELATING TO TAXATION**

Thank you for the opportunity to testify in **strong opposition** of this measure. The main focus of my opposition is on the phasing out of the county allocation of the transient accommodations tax ("TAT") revenues over a three-year period.

The Hawaii State Association of Counties, including the Maui County Council, supports a more fair TAT allocation to the counties, to equal 45 percent of the amount of revenues remaining after all other allocations are made.

The counties over the years have strongly supported a greater share of TAT. Phasing this out will further exacerbate the ability to fund core visitor services such as fire, police, and parks services and the upcoming 14 public union contracts. The reduction of TAT will also force the counties to raise revenue through property taxes, which will have direct consequences on residential rental prices and will no doubt impact businesses, which will pass along cost increases to consumers.

I strongly **oppose** this measure for the following reasons:

1. Reducing the counties share of the TAT contradicts the conceptual basis for the tax, which was established to help the counties fund **visitor-related expenses** based on a **percentage of earned revenue**.

2. Over an eight-year period, the counties have incurred $170 million in cost ***increases*** for fire, police, roads, and park services. At the same time, the increase in the counties TAT distribution was only $2.2 million - the pace of expenditures far exceed the current distribution of TAT revenue. Basic fairness and sound fiscal practices favor a policy that ***increase*** the distribution to the counties at the same rate revenues grow – **NOT a decrease**. By unfairly decreasing TAT revenue to the counties, the state has been effectively requiring residents to pay for visitors' share of expenses.

3. The State-County Functions Working Group created under Act 174 (2014) issued a report that found the counties are responsible for 54 percent of net expenditures directly supporting tourism, while the State provides 46 percent. They recommended that after specific appropriations, the remainder of the TAT should

be allocated to the State and counties, with the State receiving 55 percent, and the counties receiving 45 percent. **It did not recommend a decrease in the distribution.**

4. If TAT revenue is decreased, the counties will be forced to raise property taxes and **will place the burden of paying for visitor-related services on our local residents**. This is unfair, especially those who may rent their home. They will be left to pay more in their rent due to the trickle-down effect, and will likely compound Hawaii's affordable housing and homeless crises.

5. According to visitor-industry consultant HVS, Hawaii counties receive the lowest amount of taxes compared to our peers across the nation. Counties in Hawaii on average receive 17 percent of revenues when combining hotel room revenues and sales tax, while on average, peers across the nation receive 67 percent. This measure would reduce the counties share to zero. I find there is no rationale for this action.

For the foregoing reasons, I **strongly oppose** this measure.

ocs:proj:legis:17legis:17testimony:hb1586_hd1_mkz

COUNTY COUNCIL
Mel Rapozo, Chair
Ross Kagawa, Vice Chair
Arthur Brun
Mason K. Chock
Arryl Kaneshiro
Derek S.K. Kawakami
JoAnn A. Yukimura

OFFICE OF THE COUNTY CLERK

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

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Council Services Division
4396 Rice Street, Suite 209
Līhuʻe, Kauaʻi, Hawaiʻi 96766

February 27, 2017

TESTIMONY OF MEL RAPOZO
COUNCIL CHAIR, KAUAʻI COUNTY COUNCIL
ON
HB 1586, HD1, RELATING TO TAXATION
House Committee on Finance
Tuesday, February 28, 2017
11:00 a.m.
Conference Room 308

Dear Chair Luke and Members of the Committee:

Thank you for this opportunity to provide testimony in strong opposition to HB 1586, HD 1, Relating to Taxation. My testimony is submitted in my individual capacity as Council Chair of the Kauaʻi County Council and as Secretary of the Hawaiʻi State Association of Counties.

This measure proposes to 1) phase out the counties' allocation of transient accommodations tax (TAT) revenues over a three-year period, 2) implement new income tax brackets and rates over a three-year period, 3) doubles the amount of personal exemption, and 4) places limitations on claims for itemized tax deductions.

Approval of this measure will create a huge burden that will increase exponentially in just a three-year period for the residents of the State of Hawaiʻi. The responsibility to pay for essential services is being shifted to Hawaiʻi's residents. TAT moneys have been a major source of funding for the counties, and the proposed decrease to zero funding in three years gravely affects the counties' fiscal ability and responsibility to address the basic needs of our residents, as well as visitors to our state.

For the reasons stated above, I urge the House Committee on Finance to defer this measure. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188.

Sincerely,

MEL RAPOZO
Council Chair, Kauaʻi County Council

OFFICE OF THE COUNTY CLERK
Jade K. Fountain-Tanigawa, County Clerk
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February 27, 2017

TESTIMONY OF ARTHUR BRUN
COUNCILMEMBER, KAUA'I COUNTY COUNCIL
ON
HB 1586, HD 1 RELATING TO TAXATION
House Committee on Finance
Tuesday, February 28, 2017
11:00 a.m.
Conference Room 308

Dear Chair Luke and Members of the Committee:

Thank you for this opportunity to provide testimony in strong opposition to HB 1586, HD 1 Relating to Taxation. My testimony is submitted in my individual capacity as a Councilmember on the Kaua'i County Council.

The purpose of this Bill is to effectuate the following:

1. Phase out the counties' allocation of transient accommodations tax (TAT) revenues over a three-year period;
2. Implement new income tax brackets and rates over a three-year period;
3. Double the amount of the personal exemption; and
4. Places limitations on claims for itemized tax deductions.

Passage of this Bill will undoubtedly increase the burden on the counties by decreasing over a three-year period, a vital source of revenue that all counties need to continue providing public safety, public works, and parks & recreation services to residents and visitors alike. The continual loss of TAT revenues since the counties' share was capped a few years ago has meant that our island residents must now cover this needed revenue via real property taxes and other taxes and fees in order for the essential public services to continue. Our residents cannot shoulder any additional tax or fee increases should the counties' share of the TAT revenue be phased out.

For the reasons stated above, I urge the House Committee on Finance to oppose this measure. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188.

Sincerely,

ARTHUR BRUN
Councilmember, Kaua'i County Council

COUNTY COUNCIL
Mel Rapozo, Chair
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Mason K. Chock
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February 27, 2017

TESTIMONY OF MASON K. CHOCK
COUNCILMEMBER, KAUAʻI COUNTY COUNCIL
ON
HB 1586, HD 1, RELATING TO TAXATION
House Committee on Finance
Tuesday, February 28, 2017
11:00 a.m.
Conference Room 308

Dear Chair Luke and Members of the Committee:

Thank you for this opportunity to provide testimony in strong opposition to HB 1586, HD 1, Relating to Taxation. My testimony is submitted in my individual capacity as a Councilmember on the Kauaʻi County Council.

Perhaps the most glaring portion of this Bill and the portion that I am vehemently opposed to is the phasing out of the counties' allocation of the transient accommodations tax (TAT) over a three-year period.

By reducing the amount of TAT revenues to the counties, this Bill will ultimately leave the counties no choice but to raise real property taxes and other fees to make up this budgetary shortfall. Each county has had to deal with inflation and increased costs such as collective bargaining and increased retirement and other post employment benefit costs. A further decrease in TAT revenues to the counties would most likely mean a decrease in the various services provided by the counties for not only the residents, but for visitors as well.

For the reasons stated above, I urge the House Committee on Finance to defer this measure. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188.

Sincerely,

MASON K. CHOCK
Councilmember, Kauaʻi County Council

COUNTY COUNCIL
Mel Rapozo, Chair
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February 13, 2017

TESTIMONY OF ARTHUR BRUN
COUNCILMEMBER, KAUAʻI COUNTY COUNCIL
ON
HB 1586, HD 1 RELATING TO TAXATION
House Committee on Finance
Tuesday, February 28, 2017
11:00 a.m.
Conference Room 308

Dear Chair Luke and Members of the Committee:

Thank you for this opportunity to provide testimony in strong opposition to HB 1586, HD 1 Relating to Taxation. My testimony is submitted in my individual capacity as a Councilmember on the Kauaʻi County Council.

The purpose of this Bill is to effectuate the following:

1. Phase out the counties' allocation of transient accommodations tax (TAT) revenues over a three-year period;
2. Implement new income tax brackets and rates over a three-year period;
3. Double the amount of the personal exemption; and
4. Places limitations on claims for itemized tax deductions.

Passage of this Bill will undoubtedly increase the burden on the counties by decreasing over a three-year period, a vital source of revenue that all counties need to continue providing public safety, public works, and parks & recreation services to residents and visitors alike. The continual loss of TAT revenues since the counties' share was capped a few years ago has meant that our island residents must now cover this needed revenue via real property taxes and other taxes and fees in order for the essential public services to continue. Our residents cannot shoulder any additional tax or fee increases should the counties' share of the TAT revenue be phased out.

For the reasons stated above, I urge the House Committee on Finance to oppose this measure. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188.

Sincerely,

ARTHUR BRUN
Councilmember, Kauaʻi County Council

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 9:22 AM
To: FINTestimony
Cc: sue.leeloy@hawaiicounty.gov
Subject: *Submitted testimony for HB1586 on Feb 28, 2017 11:00AM*

HB1586
Submitted on: 2/27/2017
Testimony for FIN on Feb 28, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Council Woman Sue Lee Loy	Individual	Oppose	No

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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TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304 Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, TRANSIENT ACCOMMODATIONS, Raise Income Tax Rates and Phase Out County Allocation of TAT

BILL NUMBER: HB 1586, HD-1

INTRODUCED BY: House Committee on Tourism

EXECUTIVE SUMMARY: Phases out the county allocation of transient accommodations tax (TAT) revenues over a 3-year period. Implements new income tax brackets and rates over a 3-year period. Doubles the amount of the personal exemption. Places limitations on claims for itemized tax deductions.

It's apparent that some thought has gone into this bill. It is at least an attempt to fix various problems in the tax system with more of an integrated approach as opposed to a knee-jerk reaction.

At the same time, lawmakers should realize that pieces of the bill, when considered in isolation, are likely to trigger much weeping and gnashing of teeth. Those include a boost to the top individual tax rates and an end to TAT sharing with the counties.

SYNOPSIS: Amends HRS section 237D-6.5 to phase out the TAT allocation to the counties:

Fiscal Year	Allocation to Counties
2016-2017 (current law)	$103 million
2017-2018	$93 million
2018-2019	$62 million
2019-2020	$31 million
2020-2021 and subsequent	-0-

Amends HRS section 235-51 to gradually raise income tax rates. The following rates are for married filing jointly or surviving spouse, and are similar for other filing statuses with slight adjustments in the threshold levels.

Taxable Income	2018 Rate	Taxable Income	2019 Rate	Taxable Income	2020 Rate
Up to $15,000	-0-	Up to $16,125	-0-	Up to $17,500	-0-
Up to $75,000	6.64%	Up to $75,000	5.38%	Up to $75,000	4.12%
Up to $225,000	7.79%	Up to $225,000	7.34%	Up to $225,000	6.88%
Over $225,000	8.50%	Over $225,000	8.75%	Over $225,000	9.00%

Amends HRS section 235-54 to raise the personal exemption amount from $1,144 to $2,288.

Adds a new section to HRS chapter 235 to cap itemized deductions (except for charitable contributions) at the following amounts:

Filing Status	Itemized Deduction Limit
Single or Married Filing Separately	$100,000
Head of Household	$150,000
Married Filing Jointly or Surviving Spouse	$200,000

EFFECTIVE DATE: Effective July 1, 2117; the TAT phase-out takes effect on July 1, 2017, the new income tax rates apply to taxable years beginning after December 31, 2017, and the personal exemption and itemized deduction provisions apply to taxable years beginning after December 31, 2017.

STAFF COMMENTS: On the income tax side, the bill doubles the amount of the personal exemption for income tax, from $1,144 to $2,288. Next, it implements new income tax brackets and rates over a 3-year period. A married couple would start paying taxes at an income level of $17,500, instead of $4,800, once fully phased in. If the couple made the Hawaii median family income of $83,283, the applicable tax rate would be 6.88% as opposed to 8.25% now. In contrast, the highest rate would rise from 8.25% now to 9%. In addition, the bill would place a cap on itemized tax deductions other than charitable contributions, but the cap would be $200,000 for a family, as opposed to the $50,000 that it was in 2015.

We have written before[1] about our numerous and low-hitting tax brackets, which have survived decades with little or no change. The effect of keeping the brackets the same while incomes and the cost of living rise is called "bracket creep," and has the effect of taxing the poor deeper into poverty.

In addition, the Foundation has, on many occasions, testified that we can achieve real savings in administrative costs by not dealing with the very poor in our tax system. Tax returns are among the most complicated documents in state government, and if we can get out of processing a hundred thousand of them, we would be looking at serious money savings that could help ease the burden on taxpayers.

To help pay for the lower and middle class relief, the bill would have the State phase down, and eventually quit, payments of transient accommodations tax (TAT) revenue to the counties. The counties now share $105 million of TAT revenue, and have been jockeying for a percentage of collections that would give them about $50 million more. Of course, killing the allocation would be one way of halting the constant squabbling between the state and the counties over how much of the TAT pie will be served to them.

[1] http://www.tfhawaii.org/wordpress/blog/2014/06/weve-been-bracket-creeped/

If the TAT allocation goes away, most counties will have little choice but to raise real property taxes. The bill's authors fully realize that. In a way, that may give the counties what they have been arguing for. The counties have argued they want a stable, predictable funding source. Real property is about as stable as it gets. It doesn't disappear during an economic downturn as business activity might, and it doesn't require much policing; you can hide income and you can hide some physical assets, but it's impossible to hide real property.

Some, notably including the teachers' union, have observed that Hawaii's property tax rates are among the lowest in the nation, and have argued that those low rates fuel speculative buying, which somehow leads to a higher cost of living. We were not particularly impressed by that argument, and have taken issue with it before,[2] but note that under this bill, we can expect this supposed problem to disappear because property tax would be ratcheted upward.

Digested 2/25/2017

[2] http://www.tfhawaii.org/wordpress/blog/2016/04/low-real-property-tax-is-a-bad-thing/

Testimony of
Lisa H. Paulson
Executive Director
Maui Hotel & Lodging Association
on
HB1586 HD1
Relating To Taxation

COMMITTEE ON FINANCE
Tuesday, February 28, 2017, 11am
Room 308

Dear Chair Luke, Vice Chair Cullen and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 175 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 25,000 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 **opposes HB 1586 HD1**, which phases out the county allocation of transient accommodations tax revenues over a 3-year period. Implements new income tax brackets and rates over a 3-year period. Doubles the amount of the personal exemption. Places limitations on claims for itemized tax deductions.

MHLA believes our county governments should receive a more equitable amount of funding support from the state government. 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.

Phasing out the county allocations of transient accommodations tax revenues would leave our counties nowhere else to turn for that revenue other than increasing real property taxes. In Maui County, our hotel and timeshare properties already carry the burden of real property taxes in comparison with their property valuations. Keeping our costs level is critical to our ability to compete against other sun destinations, especially now when we are seeing an increased amount of competition with new resort locations and other destinations' deeply discounted air/hotel packages.

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.

Kohala Coast
RESORT ASSOCIATION

February 25, 2017

Testimony in opposition to HB1586

Members of the Hawaii State Legislature:

The Kohala Coast Resort Association (KCRA) wants to express its strong opposition to HB1586, which phases out the county allocation of transient accommodations tax revenues over a 3-year period. KCRA believes our county governments should receive a more equitable amount of funding support from the state government. 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 and emerging needs such as support for vector control during our dengue outbreak last year. Phasing out the county allocations of transient accommodations tax revenues would leave our counties nowhere else to turn for that revenue other than increasing real property taxes. In Hawaii County, our hotel and resort properties already carry a significant burden in real property. Keeping our costs level is critical to our ability to compete against other destinations, especially now when we are seeing an increased amount of competition with new resort locations and other destinations' deeply discounted air/hotel packages.

KCRA is a collection of master-planned resorts and hotels situated north of the airport which represents more than 3,500 hotel accommodations and an equal number of resort residential units. This is approximately 35 percent of the accommodations available on the Island of Hawai`i. KCRA member properties annually pay more than $20 million in TAT and $20 million in GET.

Sincerely,

Stephanie P. Donoho

Stephanie Donoho
Administrative Director

Patrick Fitzgerald, Hualalai Resort
Kelley Cosgrove, Fairmont Orchid, Hawai`i
David Givens, Hilton Waikoloa Village
Steve Yannarell, Waikoloa Beach Marriott Resort & Spa

Scott Head, Waikoloa Land Company
Robert Whitfield, Four Seasons Resort Hualalai
Rodney Ito, Mauna Lani Bay Hotel & Bungalows
Craig Anderson, Mauna Kea Beach Hotel and Hapuna Prince Hotel

From:	mailinglist@capitol.hawaii.gov
Sent:	Monday, February 27, 2017 12:02 PM
To:	FINTestimony
Cc:	mmmmahalo2000@aol.com
Subject:	Submitted testimony for HB1586 on Feb 28, 2017 11:00AM

HB1586
Submitted on: 2/27/2017
Testimony for FIN on Feb 28, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Moran	Kihei Community Association (KCA)	Oppose	No

Comments: Strongly Oppose. Our all volunteer non profit community organization remains astounded that two Maui representative have proposed and support this affront to our residents. As neither represents our area of South Maui perhaps their region's resources are not extremely affected by the visitors as they are in South Maui. For years we have advocated to increase our rate of return for the TAT generated in our region.We find it ludicrous that this proposed 180 degree turn to not only not increase our portion,but totally ELIMINATE eliminate any return at all. Please vote NO on this measure. Mahalo. Mike Moran for the KCA

From:	mailinglist@capitol.hawaii.gov
Sent:	Monday, February 27, 2017 8:57 AM
To:	FINTestimony
Cc:	pbc5@mac.com
Subject:	Submitted testimony for HB1586 on Feb 28, 2017 11:00AM

HB1586

Submitted on: 2/27/2017

Testimony for FIN on Feb 28, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Cadiz	Individual	Oppose	No

Comments: Bill 1586 has missed the mark. On any given day 25% of our Maui population is comprised of visitors most of whom are paying Transient Accommodation Tax generating approximately $130m in TAT. The proposal to send all of that money to the State General Fund instead of demanding the counties Fair Share of the TAT further erodes our ability to pay for essential services here on Maui and the other counties. Why should we expand our airport to generate more TAT for the state? Your proposal to lower income tax by a manini 2% does not help offset the pressure that this will put on counties to raise property taxes. Property taxes are another burden on your already outrageous housing costs so raising property taxes doesn't punish mainland investors, it punishes local families and especially local renters who are already being crushed by housing costs. I strongly OPPOSE this ill advised bill.

House Bill 1086 is an strong and outstanding beginning to ensuring the middle class can afford to stay in their homes with a two part strategy to transfer the TAT into the State General Fund and secondly to adjust tax rates to recognize the contributions of permanent State of Hawaii homeowners to our economy. Out of state property owners taking advantage of the extremely low property tax rate to move money into real estate investments that sit empty most of the year are contributing to the lack of affordable housing to buy and rent. Off shore property owners are using Hawaii's low property tax as an investment hedge and these owners have little "skin in the game." HB 1086 will be begin to address this inequity. This measure protects on-shore Hawaii residents. I am in full support of the innovative measure of HB 1086 and the subsequent adjustment in property tax rates to more fully reflect out State's priorities.

Kurt Wollenhaupt
PO Box 1407
Wailuku, HI 96793

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 26, 2017 1:36 PM
To: FINTestimony
Cc: paulalee@hawaii.rr.com
Subject: Submitted testimony for HB1586 on Feb 28, 2017 11:00AM

HB1586
Submitted on: 2/26/2017
Testimony for FIN on Feb 28, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Paula Phillips	Individual	Oppose	No

Comments: Please do not support this bill. Maui County actually needs a higher % of the TAT fro infrastructure improvements not less. DO NOT SUPPORT THIS BILL!!!!

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Margaret Wille
Attorney at Law
65-1316 Lihipali Road Kamuela, Hawaii 96743
Home-Office 808-887-1419
Cell: 808-854-6931
Email: margaretwille@mac.com
February 26, 2017

STRONG OPPOSITION TO HB1586 HD1
RELATING TO TAXATION (TAT)

Representative Sylvia Luke, Chair
Senator Ty Cullen, Vice Chair
House Committee on Finance
Tuesday, February 28, 2017   11:00 am State Capitol, Conference Room 308

HB1586 HD1, which would usurp the county's entire share of the transient accommodation tax (TAT) revenues, **SHOWS A TOTAL LACK OF RESPECT FOR COUNTY GOVERNMENT**. I am so ashamed of our Big Island Representatives Richard Onishi, Nicole Lowen, and Mark Nakashima, who are sponsors of this legislation, and who self-servingly urge the Counties to go raise property taxes. Any legislator who supports this bill should be ousted from office by every concerned real property owner.

The original State Revenue Commission concluded the Counties should receive all of the TAT given the heavy impact of visitors on the County services and facilities, and leave all other tax revenues to the State, including GET tax revenue, as it is the State that provides the lion share of services to residents. More recently the State-County Working Group Task Force concluded the Counties should at least receive a significant portion of the TAT. Yet those studies and recommendations are being ignored by many of our representatives.

Instead the Finance Committee should replace HB1586 with the contents of **SB1290 SD1** which would allocate 45% of the TAT revenue to the Counties. Even SB1290SD1 is disproportionately weighed in favor or the State and Oahu given that the County's proposed allocation of 45% is calculated after deducting numerous State - Oahu-oriented subsides.

Respectfully submitted,

/s/ Margaret Wille
Margaret Wille a Hawaii County real property owner

2/25/2017

Dear Chairwoman Luke and Vice Chairman Cullen,

I strongly urge the House Finance Committee not to pass HB1586. This proposed bill would phase out the allocation of Transit Accommodation Tax revenue to the counties over a three year period.

The counties use their share of the TAT revenue to mitigate the impact of the tourism industry on their respective islands. If this funding is withdrawn, the cost of police, fire, lifeguard, solid waste, and sewer services for these tourists would be borne solely by the property owners, which I believe isn't fair.

There is other unintended consequences that will happen if this bill is passed. The counties will have to raise property taxes on every property class to make up the TAT revenue loss. For example, Hawaii County will have to find additional funding sources to make up the 19.5 million dollars that will be taken away by the state.

Property tax increases will have trickle down effect on homeowners and their respective renters. In other words, the income tax reductions that will affect middle class/low individuals/families will be offset by any property tax increases by the counties. This means the cost of home rentals for local families will be more out of reach, which will make our homeless issue worse.

Thank you in advance for reading my testimony in opposition to this proposed bill.

Sincerely,
Aaron Stene

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 25, 2017 2:17 PM
To: FINTestimony
Cc: valerieweiss31@gmail.com
Subject: Submitted testimony for HB1586 on Feb 28, 2017 11:00AM

HB1586
Submitted on: 2/25/2017
Testimony for FIN on Feb 28, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Valerie Weiss	Individual	Oppose	No

Comments: Please do not phase out county TAT income. The entire TAT should be left with the counties under which it was generated. We have unending increases in visitor numbers who provide low paying jobs so neither the employee nor the tourism industry is paying enough tax to counties to pay for heavy use of visitors to roads, parks, beaches, trails etc. Stop promoting Hawaii with any TAT monies. Do not withhold any TAT from the counties please.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 12:09 PM
To: FINTestimony
Cc: tulsigreenlee@icloud.com
Subject: Submitted testimony for HB1586 on Feb 28, 2017 11:00AM

HB1586
Submitted on: 2/27/2017
Testimony for FIN on Feb 28, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Tulsi Greenlee	Individual	Oppose	No

Comments: We need to keep more of our taxes from the visitor industry not less. We need money to fix our roads and schools

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.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 12:22 PM
To: FINTestimony
Cc: gifts9954@gmail.com
Subject: *Submitted testimony for HB1586 on Feb 28, 2017 11:00AM*

HB1586
Submitted on: 2/27/2017
Testimony for FIN on Feb 28, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Vickery	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 12:43 PM
To: FINTestimony
Cc: victor.ramos@mpd.net
Subject: Submitted testimony for HB1586 on Feb 28, 2017 11:00AM

HB1586
Submitted on: 2/27/2017
Testimony for FIN on Feb 28, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Victor K. Ramos	Individual	Oppose	No

Comments: Strongly oppose

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 1:39 PM
To: FINTestimony
Cc: tampaltin@gmail.com
Subject: Submitted testimony for HB1586 on Feb 28, 2017 11:00AM

HB1586
Submitted on: 2/27/2017
Testimony for FIN on Feb 28, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Tamara Paltin	Individual	Oppose	No

Comments: The transient (tourist) population in my neighborhood (Napili/Kapalua) use county services heavily. You can really tell when the tourist are in town. County roads are packed, all of these tourist are using our water and wastewater resources which is run by the county, they heavily use our Fire, police, medic and ocean safety services. All of this is paid for by the county, so it makes sense that a percentage of this tax collected be given back to the respective counties. Please change this bill back to the way it was, more like SB1290. Thank you

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.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 1:24 PM
To: FINTestimony
Cc: kwrdcoop@gmail.com
Subject: Submitted testimony for HB1586 on Feb 28, 2017 11:00AM

HB1586

Submitted on: 2/27/2017
Testimony for FIN on Feb 28, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Cooper	Individual	Oppose	No

Comments: Aloha, As a retiree and long time Maui resident I strongly oppose HB 1586. Maui County generates a very substantial portion of the State of Hawaii's Hotel Accommodation Tax and it is only reasonable that Maui County receives a percentage of the money in return.In addition, it is totally unfair for hard pressed homeowners to have to make up for the county tax shortfall HB 1586 will create. Mahalo, Richard Cooper

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.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 2:08 PM
To: FINTestimony
Cc: robert.carroll@mauicounty.us
Subject: Submitted testimony for HB1586 on Feb 28, 2017 11:00AM

HB1586
Submitted on: 2/27/2017
Testimony for FIN on Feb 28, 2017 11:00AM in Conference Room 308

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

Comments: I oppose HB 1586 HD1, for the reasons cited in testimony provided by Maui County Council Chair Mike White. Thank You.

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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Makena - Kihei Taxi, Ltd.
P.O. Box 1469, Kihei
Island of Maui, Hawaii, 96753
DBA

Kihei Taxi & Tour (808) 879-3000
Wailea Taxi & Tour (808) 874-5000
Yellow Cab of Maui (808) 877-7000

Date: FebrNdy 27, 2017

To: House Finance Committee on HB-1586

Fax: 800-535-3859 **Phone:**

From: Kenny Barr

Fax: 879-0024 **Phone:** 283-7281

Message:

Members,

Following page is my testimony on HB-1586. Please take the time to read it before you vote.

Thank You,

Kenny Barr

Kihei, Maui

FEB. 27, 2016

RE: HB-1586
(TAT BILL)

South Maui Rep. Ing, and
House Finance Committee

Aloha Members,

I write in opposition to HB-1586, as I assume every resident of Hawaii would if they knew, and certainly any home owner who pays County taxes on their home.

I am 73 years old, still drive my taxi every day; my wife is a 3rd grade teacher at Kihei Elementary, and we built, and have been paying a mortgage on our home for 35 years, since 1982. I can live with our property taxes as Maui has seen fit to levy over the years as Maui grows.

And obviously, the Maui share of the TAT has gone to support the growth and ever-expanding tourist count and their County needs as tourists and what tourists do, and use.

And with this bill, eliminating this money over 3 years and having the County raise property taxes on their permanent residents and homeowners is so unfair... and quite frankly, unfair, and ABSURD. I would hope that ANY legislator who votes yes on this bill would never garner another vote in their district, or be even smarter and never run for re-election again.

There have been alot of absurd and hurtful special interest bills over the last 35 years, but this one really takes the cake! Please vote No.

(283-7281) Aloha, Kenneth James Barr

2800 Kauhale St, Kihei, Maui, 96753

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 2:24 PM
To: FINTestimony
Cc: 4saltwater@gmail.com
Subject: Submitted testimony for HB1586 on Feb 28, 2017 11:00AM

HB1586
Submitted on: 2/27/2017
Testimony for FIN on Feb 28, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Karen P Jones	Individual	Oppose	No

Comments: Please do not pass HB 1586, as I believe counties should receive a good portion of the TAT tax collected, since the visitors are using county resources and services. Please instead consider HB 317, which makes a lot more sense to me! Thank you!

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.

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 28, 2017 11:19 AM
To: FINTestimony
Cc: robert.carroll@mauicounty.us
Subject: Submitted testimony for HB1586 on Feb 28, 2017 11:00AM

HB1586
Submitted on: 2/28/2017
Testimony for FIN on Feb 28, 2017 11:00AM in Conference Room 308

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

Comments: I oppose this measure for reason stated in testimony provided by Maui County Council Chair Mike White.

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LATE

From: Madge <msch4@hawaiiantel.net>
Sent: Tuesday, February 28, 2017 12:59 AM
To: FINTestimony
Subject: SB1586

Chair and Members of the House Finance Committee

I am writing to protest the taking of the TAT monies from the counties and forcing the county to raise property taxes to cover the deficit. This Bill does nothing to address the problem of non resident property owners not contributing to the state income tax fund. While the income tax rate adjustments do lower state income taxes for some residents, the savings will quickly be lost to pay substantial increases in property tax. Taxpayers in the state already subsidize tourism and if this Bill passes, that burden will be increased.

I urge you to kill this Bill. Thank you

Madge Schaefer
520 Mikioi Place
Kihei, HI 96753

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 28, 2017 1:05 PM
To: FINTestimony
Cc: mikevictorino808@gmail.com
Subject: *Submitted testimony for HB1586 on Feb 28, 2017 11:00AM*

HB1586
Submitted on: 2/28/2017
Testimony for FIN on Feb 28, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Victorino	Individual	Oppose	Yes

Comments:

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finance8 - Joy

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 28, 2017 8:55 AM
To: FINTestimony
Cc: yukilei.sugimura@mauicounty.us
Subject: *Submitted testimony for HB1586 on Feb 28, 2017 11:00AM*

HB1586
Submitted on: 2/28/2017
Testimony for FIN on Feb 28, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Councilmember Yuki Lei Sugimura	Individual	Oppose	No

Comments:

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From:	mailinglist@capitol.hawaii.gov
Sent:	Tuesday, February 28, 2017 8:59 AM
To:	FINTestimony
Cc:	victor.ramos@mpd.net
Subject:	*Submitted testimony for HB1586 on Feb 28, 2017 11:00AM*

HB1586
Submitted on: 2/28/2017
Testimony for FIN on Feb 28, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Victor K. Ramos	Individual	Oppose	No

Comments:

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LATE

JEN RUGGLES
Council Member
District 5 – Puna Mauka,
Pahoa Mauka, Kalapana

Public Works & Parks and Recreation
Committee Chair
Public Safety & Mass Transit
Committee Chair

Phone: *808-961-8236*
Fax: *808-961-8912*
Email: *Jen.Ruggles@hawaiicounty.gov*

Hawai'i County Building
25 Aupuni St. Suite 2404
Hilo, HI 96720

HAWAIʻI COUNTY COUNCIL

February 28, 2017

To: Finance Committee, Hawai'i State House of Representatives

From: Jennifer Ruggles, Council Member

Re: Testimony in strong opposition of House Bill 1586 HD1 relating to phasing out the Counties allocations of the Transient Accommodations Tax

Dear Honorable Chair Sylvia Luke and members of the Finance Committee,

As a Hawaii County Council representative, and representative of some of the poorest residents of Hawaiʻi, I am in strong opposition of House Bill 1586 HD1. Phasing out the portion of the TAT that is currently allocated to the Counties would be disastrous for Hawaiʻi Island. Transient Accommodations Tax is the second largest source of revenue that Hawaii County currently relies on in order to function, second only to Real Property Tax. I have heard talk within the County administration that the budget for Hawaii County is currently so small, that extreme cost saving measures such as layoffs and furloughs are being considered.

It is my understanding that the Transient Accommodations Tax was initially created by the Counties. The State and the Counties as government bodies are sharing the cost for infrastructure and services provided to residents and visitors alike, where is the logic in not sharing revenue? I ask you to consider the philosophy behind the idea of transferring the entire TAT revenue into the State General Fund. Please do not take this integral source of revenue away from the Counties. Instead, please support SB 1290 SD1 as it comes before you during conference.

If you have any questions regarding my strong opposition of HB 1586 HD1, please do not hesitate to contact my office.

LATE

Locations Maui

Maui Office –Wailea Gateway Center
34 Wailea Gateway Place A-207, Wailea, HI 96753
Phone: (808) 879-5200; fax (808) 874-3680

FACSIMILE TRANSMITTAL SHEET

TO: HAWAII GOVERNMENT	**FROM:** Marcia Raley
FAX NO. at DESTINATION 1-800-535-3859	**DATE:** 2/27/17
SUBJECT: I want more TAT Revenue for Maui County, not Less	
TOTAL NO. OF PAGES INCLUDING COVER: 1	

( ) URGENT ( ) FOR REVIEW ( ) FOR COMMENT / REPLY (X) OTHER

NOTES/COMMENTS;

RE House Bill 1586 & related bills

Please do not reduce the amount of money the counties receive from the TAT tax. The amount should be increased so the counties can at least break even.

As a full-time resident and full-time worker in Maui for 20 years, I see the State as a bully. The outer islands have to fund the cost of roads, increased use of parks, police, fire, etc. due to more tourists.

When the county needs more than the TAT that is allocated, it *has to be made up* by the neighboring island taxpayers. Unfortunately we do not have high paying jobs here, but the people in Honolulu do. **The result is the local residents are taxed to the point where they have no more to give. This will be devastating to us.**

Again, I feel the State is bullying the neighboring islands because we are not getting our fair share of revenue spent on our island.

Marcia Raley, State District 6
Executive Assistant
Locations Maui
34 Wailea Gateway Place #A207
Wailea, HI 96753

Email: Marcia.raley@locationshawaii.com

LATE

MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
TUESDAY, FEBRUARY 28, 2017 AT 11:00 A.M.

To The Honorable Sylvia Luke, Chair;
The Honorable Ty J.K. Cullen, Vice Chair; and
Members of the Committee on Finance

TESTIMONY IN OPPOSITION OF HB 1586 HD1 TO PHASE OUT THE COUNTY ALLOCATION OF TRANSIENT ACCOMODATIONS TAX REVENUES

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce representing approximately 600 businesses and 16,000 employees. I am writing share our opposition to HB 1586.

We adamantly oppose this bill that will take money away from the counties. Our counties rely on the amount allocated to them from the transient accommodations tax revenue to help fund visitor–related service expenses, which is only increasing. If the allocations from transient accommodations tax revenues are phased out, the counties would likely be forced to turn to increasing property taxes, shifting the burden to our local residents.

Additionally, we would support our county governments receiving a fair share and increased amount of revenue from the transient accommodations tax to cover the increasing amount of visitor-related expenses.

We appreciate the opportunity to testify on this matter and therefore ask that this bill be deferred.

Mahalo for your consideration of our testimony and we hope you will support a deferral.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

finance8 - Joy

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 6:17 PM
To: FINTestimony
Cc: tiare@hapahi.org
Subject: Submitted testimony for HB1586 on Feb 28, 2017 11:00AM

HB1586
Submitted on: 2/27/2017
Testimony for FIN on Feb 28, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Tiare Lawrence	Individual	Oppose	No

Comments: This bill will force counties to raise property taxes on working families. It's bad enough the counties do not receive their fair share. Please oppose this bill!

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.

HAWAI'I LODGING & TOURISM ASSOCIATION

LATE

Testimony of

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

House Finance Committee

House Bill 1586, H.D. 1, Relating to Taxation

Chair Luke, Vice Chair Cullen, and members of the Finance Committee:

On behalf of the 700-plus members of the Hawai'i Lodging & Tourism Association, we would like to offer comments in opposition to House Bill 1586, H.D. 1, which proposes to eliminate the county allocation of transient accommodations tax revenues and establish new income tax brackets and rates.

Our concerns are aimed at the portion of the bill that offers to phase out the counties share of the TAT over a three-year period. Our county governments bear a significant responsibility and financial burden in providing public services to our many visitors throughout the year. County obligations include public safety, which is perhaps the most critical priority in ensuring a healthy visitor industry, water supply and sewage treatment, road maintenance, park repairs and beach safety, refuse collection, and public transportation, to name the most prominent. The Legislature recognized the counties' importance to the visitor industry when it enacted the transient accommodations tax law, by stipulating that the counties would receive a significant share of those tax revenues.

Repealing this funding support would represent a major blow to county finances, hamper their ability to provide necessary services to residents and visitors both, and may put them in a position to raise property taxes and other fees. The ripple effect of increased property taxes, at least where the hospitality industry is concerned, would be to raise hotel room rates and adversely affect our ability to compete against lower-priced destinations, which already enjoy lower tax rates and operating expenses.

The Hawai'i Lodging & Tourism Association supports efforts for the county governments to continue receiving their fair share of tourism-generated revenue.

Mahalo for the opportunity to offer these comments.

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