DAVID Y. IGE
GOVERNOR

WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 1290, S.D. 2, H.D. 1

March 30, 2017
3:00 p.m.
Room 308

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

Senate Bill No. 1290, S.D. 2, H.D. 1, allocates $2,000,000 from Transient Accommodations Tax (TAT) revenues to the Hawaii Tourism Authority (HTA) in conjunction with the Hawaii Lodging and Tourism Association (HLTA) for the implementation of initiatives to address homelessness in tourist and resort areas. This measure also allows for matching private donations up to the $2,000,000 allocation to the HTA.

The Department of Budget and Finance has concerns with the allocation of additional TAT revenues to the HTA to implement homelessness initiatives as this allocation will result in a $2,000,000 general fund loss and reduce the Administration's and Legislature's ability to fund other budget priorities.

Furthermore, the department questions whether the HTA and HLTA are the proper agencies to implement homelessness initiatives and defers to the Governor's Coordinator on Homelessness and the Department of Human Services' Homeless Services Program for impacts to their current and proposed homelessness initiatives.

Thank you for your consideration of our comments.

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

March 28, 2017

Rep. Sylvia Luke, Chair
Committee on Finance
Hawai'i State Capitol
Honolulu, HI 96813

Dear Chair Luke and Committee Members,

RE: SB 1290, SD 2, HD 1
Relating to the Transient Accommodations Tax

Thank you for this opportunity to testify against the latest draft of SB 1290, SD2, HD1 which deals with the Transient Accommodations Tax. We ask that the Committee substantially amend this version of the bill before going to conference.

SB1290, SD2, HD1 would reduce the counties' share of TAT to $93M. An earlier draft (SB 1290, SD2) increased the share of TAT funds that go to the counties to $108M per year. We have hoped for a share even larger than $108M, and although we know that the State faces a financial dilemma not dissimilar from that faced by the counties, SB1290, SD2 recognized that without an increase in the counties' share of TAT, the counties would be forced to raise property taxes and/or reduce services to levels that most would find unacceptable.

My understanding is that the TAT was originally established to assist the counties, but the Legislature has always had the prerogative to determine how it will be apportioned. Given Hawaii County's limited resources (and seemingly unlimited needs), we are fortunate that the Legislature has never wavered in allowing the counties to share in the TAT, and we thank you for that.

History is important, and the TAT should really be thought of in two parts. When the TAT was originally established at 7 ¼%, the counties were the intended beneficiaries. Later on, when legislators took the politically unpopular step of increasing the TAT to 9 1/4 %, it was the legislators' necks that were on the line, so there is less reason why the counties should feel they have a claim on that second part of the TAT, the extra 2%.

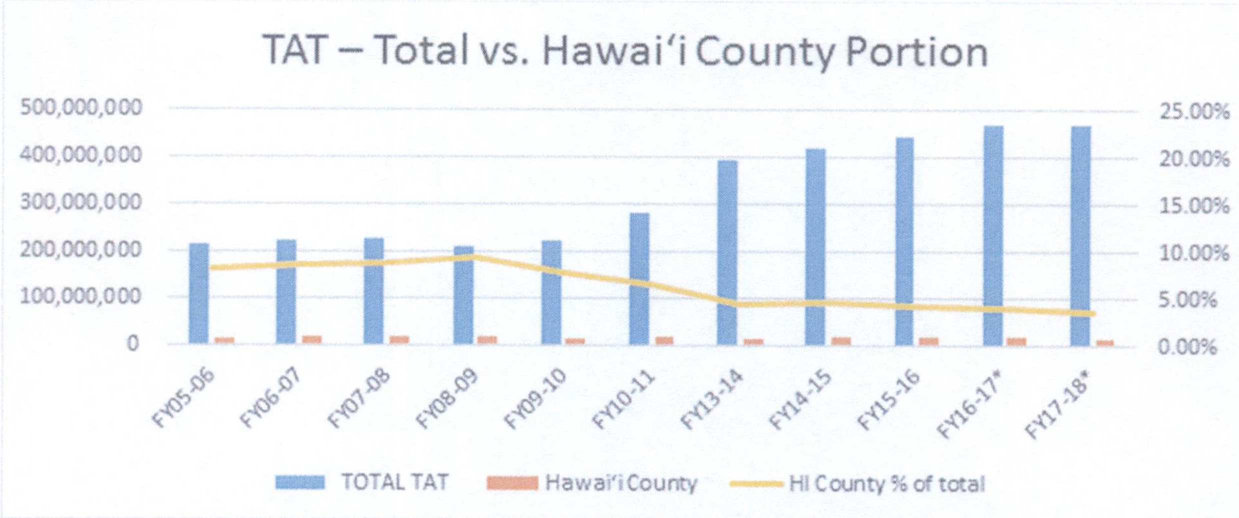
As stated above, the Senate has proposed, in SB1290, SD2, to increase the counties' share of the TAT from $103M to $108M. While any increase in the counties' share of TAT is appreciated, we cannot help but express our belief that the counties' portion of TAT should be much higher than $108M. Based on past commitments, and the tough vote that the state legislators took, we understand why the counties cannot expect to receive 45% of the total revenue generated from the TAT. However, we do believe that we should receive 45% of what would be collected if the TAT were still 7 ¼ %. And we think the history creates a strong case for why this is a position we all should endorse.

We are told that the TAT is expected to generate about $472M this year; if the tax were 7 ¼%, only $369.9M would be raised. But 45% of $369M would be $166M, not $108M. The State then could receive 55% of the moneys collected at 7 ¼%, plus all of the revenue from the second, enhanced, part of the TAT (the extra 2%). (The State should then pay for the various carve-outs from its total share.)

Although, as calculated above, $166M would seem to be the fair share for the counties, we are not blind to the State's needs, and if the Legislature feels that it cannot take such a large financial hit this year, we would propose that the restoration to 45% be phased in over two or three years. The statutory language could provide for fixed sums of, say, $125M in FY18 and $150M in FY19, with 45% to be effective in FY20 and beyond. If the Legislature locked in those numbers now, there would be the added benefit that you would not have to waste so much time dealing with complaining counties, year after year. And we all could plan our future budgets with greater certainty. Since the State and the counties serve the same constituents, it is important that we continue to work as partners in meeting the needs of our communities. As demand for services is ever increasing (and so is the cost of those services), it is equally important that revenue be appropriately shared so that the demands can be met to the best of our combined abilities.

Many may not realize how important the TAT is to the County of Hawaii (and to the other counties). It is, in fact, Hawaii County's second largest source of revenue, behind only the property tax. Unless we continue to receive a reasonable share of the TAT, we will be pressed to raise property taxes about $19M (5.1% of our total budget), and that would worsen the pressures on the portion of the population that is currently managing a paycheck-to-paycheck financial existence. It would hurt a major portion of our population, 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 a tenant.

The chart below reflects how small a portion of the TAT comes to Hawaii County, and how the percentage has shrunk over the years.



We appreciate your consideration as we all attempt to best serve our joint constituents, the people of Hawaii. If our largest industry, tourism, is to flourish, both the State and the counties must be financially healthy, and able to deal fairly with the demands tourism places on our infrastructure and communities. Please help us help our fellow constituents by amending SB 1290 to better reflect the history and the equities described above.

Respectfully submitted,

Harry Kim

Harry Kim
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

March 29, 2017

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

FROM: Mike White
Council Chair

SUBJECT: **HEARING OF MARCH 30, 2017; PROVIDING COMMENTS ON SB 1290, SD 2 HD 1, RELATING TO THE TRANSIENT ACCOMMODATIONS TAX**

Thank you for the opportunity to provide comments on this important measure. The amendments to this bill will automatically revert the counties share of the transient accommodations tax cap to $93 million.

The Maui County Council supports lifting the cap on the TAT share to the counties, therefore, I am providing this testimony on behalf 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 Kaanapali Beach Hotel for 30 years, and through my service as a state legislator from 1993 to 1998.

Please consider the following comments:

1. From Fiscal Year 2007 to 2017, the four counties collectively received a mere $2.2 million increase in TAT, while expenses for just fire, police and park services have increased by more than $260 million. Furthermore, we are faced with collective bargaining negotiations this year. Expenditures rise at a pace far exceeding the counties' share.

2. During the same period, the State's annual share of TAT revenue has increased by more than $220 million. This is because of the arbitrary cap placed on the counties' share to help balance the State's budget during the economic downturn. But now that we have a record-number of visitors already paying for the services they use, it is time to return a fair share to the counties to relieve our residents of the burden of paying for our tourists.

3. The purpose of the TAT was to help the counties fund visitor-related expenses based on a **percentage of earned revenue**, not as a form of charity based on a fixed amount. Reverting the cap to $93 million is NOT consistent with the purpose of the tax. The counties' share should increase or decrease, based on a formula proportional to the TAT revenue collected.

4. I support the original language of this bill, a 45 percent allocation of the remaining TAT revenue to the counties after specific appropriations, with the State receiving 55 percent. This split is consistent with the comprehensive study by the State-County Functions Working Group created under Act 174 (2014) noting the counties are responsible for 54 percent of net expenditures directly supporting tourism, while the State provides 46 percent. As partners in Hawaii's governance, the measure will provide the counties the ability to plan and invest on visitor program improvements consistently over time with a predictable and stable source of revenue.

5. According to visitor-industry consultant HVS, Hawaii counties receive the lowest amount of taxes generated from hotel room revenues compared to our peers across the nation. Counties in Hawaii on average receive 17 percent of revenues when combining hotel room revenues and excise tax, while on average, peers across the nation receive 67 percent based on the same calculation.

I commend the **original intent** of this bill for recognizing that the TAT has indeed evolved and urge you to incorporate lifting the cap and changing it to a percent-based formula that the counties have been fighting for years.

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

Telephone: (808) 241-4188
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E-mail: cokcouncil@kauai.gov

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

March 28, 2017

TESTIMONY OF MEL RAPOZO
COUNCIL CHAIR, KAUAʻI COUNTY COUNCIL
ON
SB 1290, SD2, HD1, RELATING TO THE TRANSIENT ACCOMMODATIONS TAX
House Committee on Finance
Thursday, March 30, 2017
3:00 p.m.
Conference Room 308

Dear Chair Luke and Members of the Committee:

Thank you for this opportunity to provide testimony in great opposition to SB 1290, SD2, HD1, Relating to the Transient Accommodations Tax. 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, as recently amended to HD1, proposes to decrease the counties' share of the Transient Accommodations Tax (TAT) revenues recommended in SB 1290, SD2, from $108 million down to $93 million. I humbly ask for your reconsideration in reinstating the counties' share of TAT revenues to $108 million.

TAT was originally established to assist the counties, and we understand that the Legislature has the prerogative to determine how it will be apportioned. It is important that the State and the counties continue to work as partners in meeting the needs of our communities. State and county constituents are the same, and the demands for services are ever increasing. It is important that an appropriate distribution of TAT revenues be provided for the counties, so that the demands of our constituents can be met to the best of our combined abilities.

For the reasons stated above, I urge the House Committee on Finance to amend the provision in this measure to reinstate the counties' share of transient accommodations tax revenues to $108 million. 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

AMK:aa

Karen Eoff
Council Vice Chair
Council District 8 - North Kona

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

HAWAIʻI COUNTY COUNCIL

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

March 29, 2017

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Re: COMMENTING on SB1290 SD2 HD1; A BILL RELATING TO THE TRANSIENT ACCOMMODATIONS TAX
Hearing Date and Time: March 30, 2017 at 3:00 p.m., Conference Room 308

Dear Committee:

On behalf of myself and constituents of Council District 8 in North Kona, I am compelled to comment regarding Bill SB1290, SB1290 SD2, and SB1290 SD2 HD1, as follows:

We would **support SB1290's** language that removes the cap for the Transient Accommodations Tax (TAT) and imposes a fair distribution of fifty-five percent to the State and forty-five percent to the Counties.

In lieu of SB1290's "fair" distribution of TAT, we would **support SB1290 SD2**'s language that raises the allocation from $93 million to $108 million to the Counties.

We **do not support SB1290 SD2 HD1's** language that lowers the allocation from $108 million to $93 million to the Counties.

Hawaiʻi County residents will be unfairly burdened by expenses that should be paid for by visitors' tax.

Sincerely,

Karen Eoff

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

KE.wpb

Maile "Medeiros" David
Council District 6
Portion N. S. Kona/Ka'ū /Volcano

Phone: (808) 323-4277
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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

March 29, 2017

Honorable Sylvia Luke, Chair and
Members of the House Committee on Finance
Hawai'i State Capitol, Conference Room 308
415 South Beretania Street
Honolulu, HI 96813

RE: SB 1290, SD 2, HD 1 Relating to the Transient Accommodations Tax
Hearing: Thursday, March 30, 2017 – 3:00 p.m.

Honorable Chair Luke & Members

Mahalo a nui loa for the opportunity to provide testimony regarding this very important measure. The outcome will greatly impact Hawai'i county's ability to effectively provide services and operational maintenance to ensure the health, safety and welfare of the citizens of Hawai'i county.

My comments regarding SB1290, SD2: I am in favor of SB1290, Senate Draft 2 because it provides a $108 million allocation to the counties for each fiscal year after fiscal year 2016-2017. The allocation set forth in SB1290, SD2 is fair and just and addresses the ever-increasing burden to provide and maintain much needed services to its citizens.

Additionally, I must respectfully comment that the proposal to amend the above (SB 1290, SD 2, HD1) and restore the allocation to $93 million is unfair and will impose undue burdens on the citizens of Hawai'i county. I humbly request that Chair Luke and members of the Committee on Finance decide in favor of the $108 million dollar allocation and give the counties their fair share.

Mahalo a nui loa for the opportunity to provide comments.

Very truly yours,

Maile David

Maile David, Councilmember
Hawai'i County Council
Council District 6

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 29, 2017 12:22 PM
To: FINTestimony
Cc: tricia.riopelle@honolulu.gov
Subject: Submitted testimony for SB1290 on Mar 30, 2017 15:00PM

SB1290

Submitted on: 3/29/2017
Testimony for FIN on Mar 30, 2017 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Councilmember Brandon Elefante	Individual	Support	No

Comments: Thank you for the opportunity to submit testimony in support of SB1290 SD2 HD1 relating to the transient accommodations tax. I respectfully request, however, that the Senate Draft 2 of the bill, which allocates $108 million instead of the current $93-million version, be reinstated. SB1290 SD2 more adequately meets our counties' budgetary needs to provide adequate services to both our residents and visitors. Thank you again for the opportunity to submit testimony.

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KIRK CALDWELL
MAYOR

ROY K. AMEMIYA, JR.
MANAGING DIRECTOR

GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR

CITY AND COUNTY OF HONOLULU
BEFORE THE COMMITTEE ON
FINANCE
THURSDAY, MARCH 30, 2017; 3:00 PM

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

FROM: ROY K. AMEMIYA, JR., MANAGING DIRECTOR
CITY AND COUNTY OF HONOLULU

SUBJECT: COMMENTS ON SB1290, HD1 RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

The City and County of Honolulu (City) urges the restoration of the provisions from the draft passed out of the Senate Committee on Ways and Means (SB1290, SD2) that increases the allocation of transient accommodations tax (TAT) revenues to the counties to $108,000,000 to be shared at the current split.

According to the Auditor's State-County Functions Working Group December 2015 Report, the City spends approximately $116 million on visitor-related expenses and this number continues to grow. The other counties also spend significant amounts on visitor-related expenses. Allowing the counties' share of the TAT to reduce to $93,000,000 on July 1, 2017, does not recognize the counties' efforts toward ensuring that Hawaii remains a world-class visitor destination.

Thank you for your consideration of this testimony.

Hawai`i State Association of Counties (HSAC)
Counties of Kaua`i, Maui, Hawai`i and City & County of Honolulu
200 S. High Street, Wailuku, Hawaii 96793 (808) 270-7665 www.hicounties.com

March 28, 2017

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

FROM: Stacy Crivello
HSAC President

SUBJECT: **HEARING OF MARCH 30, 2017; PROVIDING COMMENTS ON SB 1290, SD 2, HD 1, RELATING TO THE TRANSIENT ACCOMMODATIONS TAX**

Thank you for the opportunity to provide comments on behalf of the Hawaii State Association of Counties. The current version of this measure would reduce the counties' share of the transient accommodations tax revenue back to $93 million.

Over the years, HSAC has fought for a more equitable distribution of the TAT and returning a fair share to the counties. I am providing comments on behalf of the Hawaii State Association of Counties:

1. Over the years HSAC has fought for a more equitable distribution of the TAT, the current statute follows this distribution schedule to the counties:

   a. $93 million in 2013
   b. $103 million in 2014
   c. $103 million in 2015
   d. $103 million in 2016
   e. $93 million in 2017

   If the legislature doesn't act, the counties will lose $10 million in revenue. This is unacceptable and against what HSAC has been fighting for over the past years.

2. HSAC has supported the measure's original intent of a 55-45 percent split of the remaining TAT. We shall continue to advocate for a fair, percentage-based formula for the TAT distribution. However, **we are amenable to supporting the bill's Senate Draft 2, which would allocate $108 million to the counties.**

3. If the legislature doesn't act on the county allocation of the TAT, **county residents will continue to be unfairly burdened** by expenses that should be paid for by the visitors' tax. Operational costs have increased dramatically for county-maintained services such as water and sewer service; police, fire and ocean safety protection; development and upkeep of most roads; and park development and maintenance.

Mahalo for your consideration.

HSAC:FY2017:17Testimony:SB1290_sd2_hd1_mkz

TAX FOUNDATION OF HAWAII
126 Queen Street, Suite 304 Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, Distribution to Counties or Lack Thereof

BILL NUMBER: SB 1290, HD-1

INTRODUCED BY: House Committee on Tourism

EXECUTIVE SUMMARY: What began as a bill to adjust the allocation of transient accommodations tax revenues to the counties ended up as one allocating $2 million to implement initiatives to address homelessness in tourist and resort areas.

SYNOPSIS: Amends section 237D-6.5, HRS, to allocate $2,000,000 to the Hawaii tourism authority, working in conjunction with the Hawaii lodging and tourism association, to implement initiatives to address homelessness in tourist and resort areas. Funds for projects to address homelessness in tourist and resort areas shall be matched by private donations up to the $2,000,000 allocation to the Hawaii tourism authority.

EFFECTIVE DATE: July 1, 2050.

STAFF COMMENTS: In law prior to 2009, the TAT was levied at the rate of 7.25% on most transient accommodations. Once collected, the tax, after satisfying specified earmarks, was distributed 44.8% to the counties. Act 61, SLH 2009, increased the TAT rate to 8.25% between 7/1/09 and 6/30/10 and to 9.25% between 7/1/10 to 6/30/15. Act 161, SLH 2013, made permanent the TAT rate of 9.25% and changed the allocations of TAT from a percentage basis to a specific dollar amount of $93 million to be shared among the counties.

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. In the meantime, the fixed amount to the counties was increased to $103 million for fiscal years 2015 and 2016, with the amount to drop back down to $93 million on July 1, 2017.

Previous versions of this measure would have marked time by allocating a similar fixed amount to the counties. This measure does not change the county allocations, meaning that the TAT funds going to the counties would drop back to $93 million in July 2017.

This bill would establish a new, but smaller, additional earmark to address homelessness. It would in any case perpetuate the earmarking of TAT revenues. Most of us understand that tourism promotion and addressing the homelessness problem are worthy goals. But does that justify grabbing a pot of TAT money without going through the normal budgeting process that also considers sweltering primary schools, underfunded state pensions, or compensation to public workers in general?

Rather than the continual earmarking of TAT revenues, a direct appropriation of general funds would be preferable. Earmarking the TAT revenues for a particular purpose decreases transparency and accountability.

The counties' reactions to prior versions of thts is proposal indicates that county governments have grown well beyond their means and are desperately searching for more available revenue. The counties have justified their share of the TAT by rationalizing that the funds go to pay for the impact visitors have on county facilities and services; however, at the same time all four counties have managed to impose much higher tax rates on hotel/resort real property and in one case a special rate on resort time share property.

The search for more and higher taxes must stop somewhere. Both levels of government need to resize their operations and set priorities for what limited resources taxpayers can share with government.

Digested 3/29/2017

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 29, 2017 8:12 AM
To: FINTestimony
Cc: mmmmahalo2000@aol.com
Subject: Submitted testimony for SB1290 on Mar 30, 2017 15:00PM

SB1290
Submitted on: 3/29/2017
Testimony for FIN on Mar 30, 2017 15:00PM in Conference Room 308

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

Comments: Aloha Chair Luke and FIN Committee. As a unfunded, all volunteer non profit organization for south Maui, we believe we are extremely directly affected by the distribution of this TAT you will be discussing tomorrow (3/30)Our community is a mix of long time working class guys, some a bit more affluent retirees, and a few wealthy individuals. What we all have in common are lives hugely influenced daily by the visitor industry. South Maui infrastructure like roads are the ones used. Our beaches and parks are always filled with our visitors. It is only fair that the revenue generated from this industry helps to pay for the expenses to maintain all of this in a reasonable manner. We believe Maui's share needs to be at least $110. M, and that the latest number we see of $93. M is unfair and unreasonable. Please give consideration for our residents. Mahalo, Mike Moran for KCA

46-063 Emepela Pl. #U101 Kaneohe, HI 96744 · (808) 679-7454 · Kris Coffield · Co-founder/Executive Director

TESTIMONY FOR SENATE BILL 1290, SD 2, HD 1, RELATING TO HOMELESSNESS

House Committee on Finance
Hon. Sylvia Luke, Chair
Hon. Ty J.K. Cullen, Vice Chair

Thursday, March 30, 2017, 3:00 PM
State Capitol, Conference Room 308

Honorable Chair Luke and committee members:

I am Kris Coffield, representing IMUAlliance, a nonpartisan political advocacy organization that currently boasts over 350 members. On behalf of our members, we offer this testimony in support of Senate Bill 1290, SD 2, HD 1, relating to homelessness.

According to the 2016 statewide *Point In Time Count* (PITC) report, 7,921 houseless persons were counted on a single night in January last year, up 4 percent from 2015. More than half of these persons were unsheltered. O'ahu accounted for 62 percent of the total (4,940 people), up 1 percent from the previous year. Kaua'i saw a 30 percent increase in the homeless population living on its shores (442 people), while the Big Island saw an increase of 12 percent (1,394 people). Overall, our state saw a 12 percent increase in the number of unsheltered homeless individuals and families and, concurrently, a 4.5 percent decrease in the number of sheltered individuals and families. Notably, the size of the houseless population on O'ahu is up 25 percent from 2009, when 3,638 homeless people were counted. Additionally, Department of Education officials said, last January, that 3,576 public school students are homeless. Last year's PITC captured just over half of them. We know, then, that our state's homeless population is not only larger than the statistics show, but growing.

Over 30 percent of juvenile arrests in Hawai'i are for running away from home, the highest proportion in the nation. Nationally, one in seven young people between the ages of 10 and 18 will run away. Approximately 75 percent of runaways are female, while 46 percent of runaway and homeless youth report being physically abused, 38 percent report being emotionally abused, and 17 percent report being forced into unwanted sexual activity by a family or household member, according to the National Conference of State Legislatures. Roughly 30 percent runaway children will be approached for commercial sexual exploitation within 48 hours of being on the run, with over 80 percent being approached for the sex trade during the course of their time on streets. A federal study found that an estimated 38,600 runaway youth have been sexually assaulted, in the company of someone known to be sexually abusive, or engaged in sexual activity in exchange for money, food, or shelter. Runaways are perceived as easy targets for sex traffickers because they lack stable shelter, a supportive environment, and financial resources, placing them at greater risk of forced prostitution and sexual servitude.

Traffickers exploit our limited number of available shelter beds to lure young people into exploitation. As the homeless childcare provider Covenant House observes, traffickers tell homeless youth that shelters are full and ask, "Where are you going to go? Why don't you come with me? I'll take care of you." Coupled with threats of and enacted physical and sexual violence against the victims or their families, these coercive techniques compel runaway youth to remain enslaved. LGBTQ youth, who comprise an estimated 40 percent of the runaway and homeless youth population in the United States, are exponentially more likely to fall prey to human traffickers because of discrimination, family and community trauma, and a longing for comfort and acceptance (an estimated 26 percent of LGBTQ adolescents are rejected by their families and put out of their homes simply for being open and honest about who they are). In providing care for victims of human trafficking, IMUAlliance has heard their stories hundreds of times.

We must find innovative ways to fund homeless services, especially human services, health care, outreach, and rapid rehousing to our state's unsheltered and at-risk population, many of whom are gainfully employed and contributing our economy. Moreover, we must find a balance between rampant real estate speculation and meeting the needs of our state's most economically vulnerable residents. Just as our homeless population has soared over the past few years, so, too, has our state's cost of housing. The median price of condominiums on O'ahu increased 8.3 percent in 2016 to $390,000, while the median price for single-family homes increased by 6.5 percent to $735,000, according to the Honolulu Board of Realtors. Average rent for a 900-square foot apartment in Honolulu now exceeds $2,200, with the cost of a four-bedroom home in urban Honolulu now exceeding $1.1 million. At least 44 percent of residences in Hawai'i are owner unoccupied, according to the University of Hawa'i Economic Research Organization, meaning that nearly 50 percent–and by some estimates over half–of Hawai'i's homes are investment properties.

Many of those properties, in turn, are owned by mainland and foreign buyers, whose real estate market speculation is a prime driver of Hawai'i''s highest-in-the-nation cost of housing. According to a study released in May of 2016 by the Hawai'i Department of Business, Economic Development, and Tourism, there are "clear distinctions" between the average price of homes bought by local residents, mainlanders, and foreigners. Analyzing purchases made between 2008 and 2015, DBEDT found: "The average sale price was highest among foreign buyers. The average sale price of the total of 5,775 homes sold to foreign buyers from 2008 to 2015 was $786,186, 28.3 percent higher than the average sale price to the mainlanders ($612,770) and 64.7 percent higher than the average sale price to local buyers ($477,460)."

Researchers who authored the National Low Income Housing Coalition's *Out of Reach 2016* report found that a full-time worker would need to earn $34.22/hour to afford a two-bedroom apartment at fair market value in our state, with Honolulu experiencing a 67 percent increase in fair market rent between 2005 and 2015. Average rent for a two-bedroom unit surpassed $2,100 in 2015, with average rent for a 900-square-foot exceeding $2,200 in 2016. In the past three years alone, Honolulu rent has increased 23.5 percent. While 47 percent of Hawai'i residents are renters (a number that does not include individuals and families renting outside of the regulated rental market), they earn an average wage of $14.49/hour, scarcely enough to meet their basic needs. One out of every four households in Hawai'i report that they are "doubling up" or are three paychecks or less away from being homeless, per the Hawai'i Appleseed Center for Law and Economic Justice. Additionally, 54 percent of households are cost-burdened, meaning that they pay more than 30 percent of their income for housing costs. Put simply, homelessness is directly tied to our state's exorbitant cost of living and penchant for catering to people who use the islands as their own private Monopoly board. We beseech you to seek innovative ways of making Hawai'i more affordable, while funding the services necessary to show aloha for our economically disadvantaged neighbors.

Finally, we applaud Waikiki's hospitality industry, such as the Hawai'i Lodging and Tourism Association and the Hilton Hawaiian Village, for donating to organizations that help the homeless, including by providing more than $2,000,000 to the Institute for Human Services, other O'ahu-based social service providers, and charitable organizations on Maui, Kaua'i, and Hawai'i island. We urge lawmakers to recognize these efforts and, in turn, use a portion of the transient accommodations tax–our tax on visitor rentals–to assist our tourism industry in finding shelter for economically disadvantaged members of the Waikiki community, some of whom already are or are at risk of becoming victims of human trafficking.

When you fund housing, outreach, and human services for the homeless, you are helping to end slavery in Hawai'i. Mahalo for the opportunity to testify <u>in support</u> of this bill.

Sincerely,
Kris Coffield
Executive Director
IMUAlliance

Testimony to the House Committee on Finance
Thursday, March 30, 2017 3:00 PM
Conference Room 308, State Capitol

RE: SB 1290, SD2, HD1 RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

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

The Transient Accommodations Tax "TAT" is a vital source of revenue for both our state and county governments here in Hawaii. Given that, the Kauai Chamber of Commerce "the Chamber" supports the language in SD2, which would allocate $108 million in TAT revenue to the counties. This represents a modest increase of $5 million from the previous $103 million cap. We believe this is the best possible outcome for the current fiscal year. The Chamber opposes any language that would roll back the cap to $93 million.

While the Chamber supports the $108 million county allocation as the best possible outcome for the upcoming fiscal year, we remain supportive the State-County Functions Working Group recommendations. We encourage the Legislature to move forward in a manner consistent with this group's findings in future years. Specifically, the Working Group found that an equitable 55-45 percent split between the state and counties made most sense.

Rolling back the county portion of the TAT, as some elected officials advocate, would unfairly punish county residents, visitors, and businesses alike. Limiting TAT funds means that our county parks, infrastructure, and public safety efforts would suffer. Alternatively, some counties may look to increase real property tax rates, as one of the only revenue generating options to the counties. This places the tax burden squarely on our residents at a time when the high cost of living in our state has many family and business budgets stretched.

For these reasons, we support the $108 million cap and encourage an even more equitable split between the state and counties in future years.

Thank you for considering the testimony of the Kauai Chamber of Commerce.

P.O. Box 1969 Lihue, HI 96766 • (808) 245-7363 • info@kauaichamber.org

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 28, 2017 9:11 PM
To: FINTestimony
Cc: cantodoreen@gmail.com
Subject: *Submitted testimony for SB1290 on Mar 30, 2017 15:00PM*

SB1290
Submitted on: 3/28/2017
Testimony for FIN on Mar 30, 2017 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Doreen Canto	Individual	Support	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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CITY COUNCIL
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 202
HONOLULU, HAWAII 96813-3065
TELEPHONE: (808) 768-5010 • FAX: (808) 768-5011

IKAIKA ANDERSON
Council Vice Chair
Councilmember, District 3
Email: ianderson@honolulu.gov
Phone: 808-768-5003
Fax: 808-768-1235

March 29, 2017

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

FROM: Councilmember Ikaika Anderson, Vice Chair
Honolulu City Council

SUBJECT: TESTIMONY IN OPPOSITION OF BILL SB 1290, SD 2, HD 1

HEARING: Thursday, March 30, 2017, 3:00 pm
Conference Room 308, Hawaii State Capitol

I am Testifying in OPPOSITION to SB 1290, SD 2, HD 1, Relating to the Transient Accommodations Tax.

I OPPOSE this bill as it is currently amended. I have supported the measure's original intent of a 55-45 percent split of the remaining Transient Accommodations Tax (TAT) as this percentage-based formula is a more equitable distribution of the TAT to the counties.

As this measure is currently written, county residents will continue to be unfairly burdened by expenses that should be paid appropriately by the visitors' tax. Operational costs have increased dramatically for county-maintained services such as water and sewer service; police, fire, and ocean safety protection; development and upkeep of most roads; and park development and maintenance.

I OPPOSE the passage of SB 1290, SD 2, HD 1 as currently written and respectfully request the committee to replace the bills original language of a 55-45 percent split or the return to the $108 million allocation as in SD2. I would like to thank the committee for the opportunity to testify on this important measure.

DRU MAMO KANUHA
Council Member
District7,Central Kona
EMAIL:*dru.kanuha@hawaiicounty.gov*

PHONE: (808) 323-4267
FAX: (808) 323-4786

HAWAIʻI COUNTY COUNCIL

West Hawaiʻi Civic Center 74-5044 Ane Keohokālole Highway, Kailua-Kona, Hawaii 96740

March 29, 2017

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

FROM: Council Member Dru Kanuha
Hawaiʻi County Council, District 7

SUBJECT: **HEARING OF MARCH 30, 2017; PROVIDING COMMENTS ON SB 1290, SD 2, HD 1, RELATING TO THE TRANSIENT ACCOMMODATIONS TAX**

Thank you for the opportunity to provide comments on this very important measure. The current version of this measure would reduce the counties' share of the transient accommodations tax revenue back to $93 million.

Local governments bear a significant responsibility for providing a wide array of services and infrastructure necessary to support a vibrant visitor industry. It is the counties that provide water and sewer services; police, fire and ocean safety protection; development and upkeep of most roads; and park development and maintenance – all of which are used to provide visitors with a quality experience.

Along with our property taxes, TAT distribution provides critical support for visitor-related infrastructure and operating expenses. While I supported the original intent of 45 percent allocation of the remaining TAT revenue to the counties as recommended by the State-County-Functions Working Group created under ACT 174 (2014), I am amenable to supporting the bill's Senate Draft 2, which would allocate $108 million to the counties.

Mahalo for your consideration.

HAWAII COUNCIL OF MAYORS

LATE

March 30, 2017

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance:

RE: Comments on SB1290, HD1 Relating to the Transient Accommodations Tax.

The Hawaii Council of Mayors (HCOM) urges the restoration of the provisions from SB1290 SD2 that increases the allocation of transient accommodations tax (TAT) revenues to the counties to a minimum of $108,000,000 to be shared at the current split.

According to the Auditor's State-County Functions Working Group December 2015 Report, the counties spent approximately $236 million on visitor-related expenses and this number continues to grow. The visitor industry is particularly important for Kauai and Maui counties, where on any given day, one in four persons is a visitor, but all the counties spend significant amounts on visitor-related expenses. The $93,000,000 constitutes less than forty percent of the counties' total visitor-related expenditures.

HCOM urges you to recognize the counties' efforts toward ensuring that Hawaii remains a world-class visitor destination by increasing the counties' share of the TAT to a minimum $108,000,000 or removing the cap. Thank you for your consideration of this testimony.

Sincerely,

Harry Kim

Harry Kim, Mayor
County of Hawai'i

Kirk Caldwell, Mayor
City and County of Honolulu

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

Alan Arakawa

Alan Arakawa, Mayor
County of Maui

Mayor William Kenoi
County of Hawaii
25 Aupuni Street
Hilo, Hawaii 96720

Mayor Kirk Caldwell
City and County of Honolulu
530 South King Street
Honolulu, Hawaii 96813

Mayor Bernard Carvalho, Jr.
County of Kauai
4444 Rice Street
Lihue, Hawaii 96766

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

POIPU BEACH
RESORT ASSOCIATION

LATE

March 28, 2017

Re: SB1290, SD 2, HD 1, Relating to the Transient Accommodations Tax Revenue

Dear Honorable Chair Sylvia Luke and Members of the House Committee on Tourism:

The Poipu Beach Resort Association (PBRA) is a member- based organization of nearly 100 businesses primarily located on the South Shore of Kauai. Our membership includes hotels, condominiums, vacation rentals, management firms, activity operators, shopping and dining establishments, services and other related firms and individuals, ranging from small, owner-operated businesses to some of the largest employers on the island. We are a 501(c)6 organization whose primary mission is to the market the Poipu area as a world-class destination and to provide for the future of Poipu as a great place to live, work, visit and do business.

We are contacting you today in ***strong support of Senate Draft 2 of the SB1290***, which increases the allocation to counties from the current version of $93 million to $108 million. This funding is critical to meet the counties' budgetary needs to provide adequate services to residents and visitors. If the county allocation of the TAT is not met, county residents will continue to be burdened by expenses that should be paid for by the visitors' taxes.

Thank you for your time and consideration. We strongly encourage you to support the Senate Draft 2 of SB1290.

Sincerely,

Greg Kamm
President

P.O. Box 730 I Poipu, Kauai, Hawaii 96756 I info@poipubeach.org I 808.742.7444

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 29, 2017 5:00 PM
To: FINTestimony
Cc: gdnnelson@gmail.com
Subject: Submitted testimony for SB1290 on Mar 30, 2017 15:00PM

SB1290
Submitted on: 3/29/2017
Testimony for FIN on Mar 30, 2017 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Gregg Nelson	Napili Kai Beach Resort	Support	No

Comments: Dear Chair and Committee Members, I represent a small Maui resort with 160 employees and we humbly request your support of SB1290 sd2 which moves the amount of TAT to the Counties to $108M. This is money desperately needed by the Counties and represents th e best compromise in allocating the total TAT funds. Please vote for SB1290 sd2. Mahalo Gregg Nelson

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

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

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

Director of Council Services
Sandy K. Baz

LATE

March 29, 2017

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

FROM: Robert Carroll
Council Member

DATE: March 28, 2017

SUBJECT: PROVIDING COMMENTS OF SB1290 SD2, HD1; RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

Thank you for the opportunity to offer comments on this important measure. The current version of this measure would reduce the counties' share of the transient accommodations tax revenue back to $93 million.

Therefore, I will be supporting the cited testimony from HSAC Chair, Stacey Crivello.

Please consider my following comments:

1. Over the years the counties have fought for a more equitable distribution of the TAT and returning a fair share. I still advocate and support the original recommend 45 percent allocation of the remaining TAT revenue to the counties after specific appropriations, with the State receiving 55 percent. This split is consistent with the comprehensive study by the State-County Functions Working Group created under Act 174 (2014) noting the counties are responsible for 54 percent of net expenditures directly supporting tourism, while the State provides 46 percent.
2. The purpose of TAT was to help the counties fund visitor-related expenses based on a percentage of earned revenue, not as a fixed amount. But with this latest version of the SB1290,SD2,HD1 the committee amended this measure by reverting the counties allocation of the TAT revenues back to $93 million. This is truly heading in the wrong direction. The county residents will continue to be unfairly burdened by expenses that should be paid for by the visitors' tax. I'm in <u>OPPOSITION of SB1290,SD2,HD1</u>.
3. With that said, we need to consider what is the best option for our counties'. I support HSAC President, Stacey Crivello, in <u>SUPPORT of SB1290, SD2,</u> which would allocate $108 million to the counties.

Mahalo for allowing me to comment on this measure.

RC:dna

LATE

ALAN M. ARAKAWA
MAYOR

200 South High Street
Wailuku, Maui, Hawai'i 96793-2155
Telephone (808) 270-7855
Fax (808) 270-7870
E-mail: mayors.office@mauicounty.gov

OFFICE OF THE MAYOR

Ke`ena O Ka Meia
COUNTY OF MAUI – Kalana O Maui

March 29, 2017

TESTIMONY OF ALAN M ARAKAWA
MAYOR
COUNTY OF MAUI

BEFORE THE HOUSE COMMITTEE ON FINANCE

Thursday, March 30, 2017
3:00PM Conference Room 308

SB 1290, SD2, HD1 RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

Honorable Sylvia Luke, Chair
Honorable Ty J.K. Cullen, Vice Chair
Honorable Members of the House Committee on Finance

Thank you for this opportunity to offer **COMMENTS** on SB1290 SD2, HD1.

1. Over the years the counties have fought for a more equitable distribution of the TAT, the current statute follows this distribution schedule to the counties:
   a. $93 million in 2013
   b. $103 million in 2014
   c. $103 million in 2015
   d. $103 million in 2016
   e. $93 million in 2017

If the legislature doesn't act, the counties will lose $10 million in revenue. This is unacceptable and against what we have been fighting for over the past years.

2. I have supported the measure's original intent of a 55-45 percent split of the remaining TAT. I will continue to advocate for a fair, percentage-based formula for the TAT distribution. However, I may be amenable to supporting the bill's Senate Draft 2, which would allocate $108 million to the counties.

3. If the legislature doesn't act on the county allocation of the TAT, county residents will continue to be unfairly burdened by expenses that should be paid for by the visitors' tax. Operational costs have increased dramatically for county-maintained services such as water and sewer service; police, fire and ocean safety protection; development and upkeep of most roads; and park development and maintenance. A portion of which our tourists use on a daily basis.

While I prefer the original language of the bill, I would urge you to at the very least revert to the language in SB1290 SD2.

Respectfully yours,

Alan M Arakawa
Mayor

HAWAI'I LODGING & TOURISM ASSOCIATION

LATE

Testimony of

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

House Committee on Finance

Senate Bill 1290 SD2 HD1, Relating to the Transient Accommodations Tax

Chair Luke, Vice Chair Cullen, and members of the committee:

Mahalo for the opportunity to testify. On behalf of the more than 700 members of the Hawai‘i Lodging & Tourism Association, we strongly support Senate Bill 1290 SD2 HD1 which allocates up to $2,000,000, from TAT revenues if it is matched by the private sector for homelessness solutions. Specifically, we strongly support that the bill requires that HTA working in conjunction with HLTA seek to implement initiatives to address homelessness in tourist and resort related areas.

We are very grateful for the deliberations held in the House Tourism Committee in crafting language to address the issue of homelessness in tourism related areas. The situation is particularly acute in Waikiki but is prevalent throughout popular public parks, beaches and facilities used by residents and visitors alike throughout the state. Homelessness has a direct impact on the visitor experience, is a source of frustration for local residents, and poses a very difficult and often dangerous existence for the homeless.

The hospitality industry, through our association and member hotels and businesses, has donated $2 million during the last three years to the Institute for Human Services (IHS) and other social service agencies on our largest islands, specifically for homelessness outreach and service. These funds have come from a collaborative effort put forth by the hospitality industry which include monies from our charity walks on Oahu, Hawai‘i Island, Kaua‘i, and Maui as well as funds raised from the Hilton Hawaiian Village's Hawai‘i for Hawai‘i Benefit Concert. Agencies and charitable non-profits that have had direct impact from these donations include Helping Hands Hawai‘i, Honolulu Community Action Program, Waikiki Health, Catholic Charities Hawai‘i, and Mental Health Kokua. Specifically speaking, we have developed a very productive partnership with the IHS, which helps the homeless in Waikiki, including outreach efforts, repatriation and van transportation so they can access vital services. As a result of our firm belief that homelessness is not just a Honolulu- centric challenge, we also gave Kaua‘i Economic Opportunity $25,000 last year, and Maui Family Life Center received $25,000 the year before to help make repatriating homeless back to their families or caregivers on the mainland an objective. This year we are poised to provide a similar donation for Hawai'i Island for the aforementioned purpose.

But despite the best efforts of the hospitality industry and the tremendous fund-raising success of the Charity Walk, the needs of this growing population continue to outweigh the resources. And we

Hawai`i Lodging & Tourism Association
2270 Kalakaua Avenue, Suite 1702, Honolulu, Hawai‘i 96815 · Phone: (808) 923-0407 · Fax: (808) 924-3843
info@hawaiilodging.org · www.hawaiilodging.org

believe it is only reasonable and fair for state government, through the TAT, to allocate funds for this tourism related purpose.

The members of the Hawai‘i Lodging & Tourism Association will continue to fund-raise and donate money through our Visitor Industry Charity Walk and other endeavors to help the homeless population. We are hopeful that other businesses and organizations will also step forward and take advantage of the match that the state government will provide as a direct participant in what would be an emerging and important public-private partnership.

For these reasons we respectfully ask the committee to push through SB1290 SD2 HD1.

Mahalo.

Hawai`i Lodging & Tourism Association
2270 Kalakaua Avenue, Suite 1702, Honolulu, Hawai‘i 96815 · Phone: (808) 923-0407 · Fax: (808) 924-3843
info@hawaiilodging.org · www.hawaiilodging.org

HAWAI'I LODGING & TOURISM ASSOCIATION

LATE

Testimony of

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

House Committee on Finance

Senate Bill 1290 SD2 HD1, Relating to the Transient Accommodations Tax

Chair Luke, Vice Chair Cullen, and members of the committee:

Mahalo for the opportunity to testify. On behalf of the more than 700 members of the Hawai'i Lodging & Tourism Association, we strongly support Senate Bill 1290 SD2 HD1 which allocates up to $2,000,000, from TAT revenues if it is matched by the private sector for homelessness solutions. Specifically, we strongly support that the bill requires that HTA working in conjunction with HLTA seek to implement initiatives to address homelessness in tourist and resort related areas.

We are very grateful for the deliberations held in the House Tourism Committee in crafting language to address the issue of homelessness in tourism related areas. The situation is particularly acute in Waikiki but is prevalent throughout popular public parks, beaches and facilities used by residents and visitors alike throughout the state. Homelessness has a direct impact on the visitor experience, is a source of frustration for local residents, and poses a very difficult and often dangerous existence for the homeless.

The hospitality industry, through our association and member hotels and businesses, has donated $2 million during the last three years to the Institute for Human Services (IHS) and other social service agencies on our largest islands, specifically for homelessness outreach and service. These funds have come from a collaborative effort put forth by the hospitality industry which include monies from our charity walks on Oahu, Hawai'i Island, Kaua'i, and Maui as well as funds raised from the Hilton Hawaiian Village's Hawai'i for Hawai'i Benefit Concert. Agencies and charitable non-profits that have had direct impact from these donations include Helping Hands Hawai'i, Honolulu Community Action Program, Waikiki Health, Catholic Charities Hawai'i, and Mental Health Kokua. Specifically speaking, we have developed a very productive partnership with the IHS, which helps the homeless in Waikiki, including outreach efforts, repatriation and van transportation so they can access vital services. As a result of our firm belief that homelessness is not just a Honolulu- centric challenge, we also gave Kaua'i Economic Opportunity $25,000 last year, and Maui Family Life Center received $25,000 the year before to help make repatriating homeless back to their families or caregivers on the mainland an objective. This year we are poised to provide a similar donation for Hawai'i Island for the aforementioned purpose.

But despite the best efforts of the hospitality industry and the tremendous fund-raising success of the Charity Walk, the needs of this growing population continue to outweigh the resources. And we

HAWAI'I LODGING & TOURISM ASSOCIATION

believe it is only reasonable and fair for state government, through the TAT, to allocate funds for this tourism related purpose.

The members of the Hawai‘i Lodging & Tourism Association will continue to fund-raise and donate money through our Visitor Industry Charity Walk and other endeavors to help the homeless population. We are hopeful that other businesses and organizations will also step forward and take advantage of the match that the state government will provide as a direct participant in what would be an emerging and important public-private partnership.

For these reasons we respectfully ask the committee to push through SB1290 SD2 HD1.

Mahalo.

LATE

HONOLULU CITY COUNCIL

CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET, ROOM 202 • HONOLULU, HAWAII 96813
PHONE: (808) 768-5009 • FAX: (808) 768-5011 • INTERNET: www.honolulu.gov/council

Ron Menor
CHAIR & PRESIDING OFFICER

Ikaika Anderson
VICE CHAIR

Kymberly Marcos Pine
FLOOR LEADER

CITY AND COUNTY OF HONOLULU
BEFORE THE HOUSE COMMITTEE ON FINANCE

THURSDAY, MARCH 30, 2017, 3:00 PM

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

FROM: COUNCIL CHAIR RON MENOR

SUBJECT: OPPOSITION TO SB 1290 SD 2 HD 1 RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

My name is Ron Menor and I am submitting testimony as the Chair and Presiding Officer of the Honolulu City Council. I am in opposition to this measure, as it is currently amended.

The Counties currently receive $103 million of the Transient Accommodation Tax (TAT) Revenue of which Honolulu receives 44.1 percent, about $41 million a year. That amount covers about 35 percent of our annual expenditures on core county services that benefit the visitor industry, which total about $116 million a year.

A further reduction of the Counties' share of TAT revenue to $93 million will unfairly shift more of the burden of subsidizing the visitor industry to our local residents. The TAT appropriately helps pays for the operations of core services like public safety, sewer service, trash pickup, water, ocean safety, road maintenance, and park repairs and improvements.

A record 8.9 million visitors came to Hawaii last year, 5.4 million of which stayed primarily on Oahu. While beneficial to our economy, it places a heavy burden on essential County services, a burden that should be paid by the visitor tax.

I support the measure's original intent of lifting the cap on TAT revenue. I would respectfully request that the committee return to the $108 million allocation outlined in the SD2 version of the bill. It is a fair compromise.

Thank you for the opportunity to submit testimony on this important legislation.

Kohala Coast
RESORT ASSOCIATION

LATE

March 29, 2017

Testimony in Support of SB1290 SD2 HD1

Members of the Hawaii State Legislature:

The Kohala Coast Resort Association (KCRA) is in support SD1290 SD2 HD1 increasing the TAT allocation to the counties from $93,000,000 to $108,000,000, and providing $2,000,000 to HTA and the Hawaii Lodging and Tourism Association for homelessness initiatives.

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 $20,000,000 in TAT and $20,000,000 in GET.

We encourage your support of this measure.

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

PO Box 6991, Kamuela, HI 96743 * (808) 747-5762 * kohalacoastresortassn@gmail.com * www.kohalacoastresorts.com

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 30, 2017 3:55 PM
To: FINTestimony
Cc: mikevictorino808@gmail.com
Subject: Submitted testimony for SB1290 on Mar 30, 2017 15:00PM

SB1290
Submitted on: 3/30/2017
Testimony for FIN on Mar 30, 2017 15:00PM in Conference Room 308

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

Comments: Dear Chair Luke, Vice Chair Cullen, & Members HSAC is very much Opposed to this reducation. We agreeded. SB 1290 amended to put the 108 million and SB 1290 HB1 reducing to 93 million. Please amend it back. Mahalo Mike Victorino. HSAC Lobbist.

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