

JAN 19 2018

A BILL FOR AN ACT

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

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

1 SECTION 1. The legislature finds that the state-county
2 functions working group was convened pursuant to Act 174,
3 Session Laws of Hawaii 2014, to evaluate the division of duties
4 and responsibilities between the State and counties relating to
5 the provision of public services and to recommend an appropriate
6 allocation of the transient accommodations tax revenues between
7 the State and counties that properly reflects the division of
8 duties and responsibilities relating to the provision of public
9 services.

10 The state-county functions working group, composed of
11 state, county, and visitor industry representatives and other
12 knowledgeable and concerned citizens and aided by experts,
13 considered the legislature's assignment for over a year and
14 delivered its final unanimous report, inclusive of analysis,
15 findings, conclusions, and recommendations. Based on a review
16 of state and county functions, including tourism expenditures,
17 the working group concluded that an appropriate allocation of



1 the remaining transient accommodations tax revenues is fifty-
2 five per cent to the state general fund and forty-five per cent
3 to the counties. There should be no fixed dollar amounts, caps,
4 floors, or other restrictions on allocations to the State and
5 counties of the remaining revenues. Instead, both the state and
6 the county allocations should increase or decrease
7 proportionately with increasing or decreasing transient
8 accommodations tax revenues.

9 Accordingly, the purpose of this Act is to allocate forty-
10 five per cent of the remaining transient accommodations tax
11 revenues to the counties, in accordance with the recommendations
12 of the state-county functions working group.

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

15 "(b) Except for the revenues collected pursuant to section
16 237D-2(e), revenues collected under this chapter shall be
17 distributed in the following priority, with the excess revenues
18 to be deposited into the general fund:

- 19 (1) \$1,500,000 shall be allocated to the Turtle Bay
20 conservation easement special fund beginning July 1,
21 2015, for the reimbursement to the state general fund



1 of debt service on reimbursable general obligation
2 bonds, including ongoing expenses related to the
3 issuance of the bonds, the proceeds of which were used
4 to acquire the conservation easement and other real
5 property interests in Turtle Bay, Oahu, for the
6 protection, preservation, and enhancement of natural
7 resources important to the State, until the bonds are
8 fully amortized;

9 (2) \$26,500,000 shall be allocated to the convention
10 center enterprise special fund established under
11 section 201B-8;

12 (3) \$82,000,000 shall be allocated to the tourism special
13 fund established under section 201B-11; provided that:

14 (A) Beginning on July 1, 2012, and ending on June 30,
15 2015, \$2,000,000 shall be expended from the
16 tourism special fund for development and
17 implementation of initiatives to take advantage
18 of expanded visa programs and increased travel
19 opportunities for international visitors to
20 Hawaii;

21 (B) Of the \$82,000,000 allocated:



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(i) \$1,000,000 shall be allocated for the operation of a Hawaiian center and the museum of Hawaiian music and dance at the Hawaii convention center; and

(ii) 0.5 per cent of the \$82,000,000 shall be transferred to a sub-account in the tourism special fund to provide funding for a safety and security budget, in accordance with the Hawaii tourism strategic plan 2005-2015; and

(C) Of the revenues remaining in the tourism special fund after revenues have been deposited as provided in this paragraph and except for any sum authorized by the legislature for expenditure from revenues subject to this paragraph, beginning July 1, 2007, funds shall be deposited into the tourism emergency special fund, established in section 201B-10, in a manner sufficient to maintain a fund balance of \$5,000,000 in the tourism emergency special fund;

(4) [~~\$103,000,000~~] Forty-five per cent shall be allocated to the counties, which shall be allocated as follows:



1 Kauai county shall receive 14.5 per cent, Hawaii
2 county shall receive 18.6 per cent, city and county of
3 Honolulu shall receive 44.1 per cent, and Maui county
4 shall receive 22.8 per cent; provided that commencing
5 with fiscal year 2018-2019, a sum that represents the
6 difference between a county public employer's annual
7 required contribution for the separate trust fund
8 established under section 87A-42 and the amount of the
9 county public employer's contributions into that trust
10 fund shall be retained by the state director of
11 finance and deposited to the credit of the county
12 public employer's annual required contribution into
13 that trust fund in each fiscal year, as provided in
14 section 87A-42, if the respective county fails to
15 remit the total amount of the county's required annual
16 contributions, as required under section 87A-43; and
17 (5) \$3,000,000 shall be allocated to the special land and
18 development fund established under section 171-19;
19 provided that the allocation shall be expended in
20 accordance with the Hawaii tourism authority strategic
21 plan for:



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- 1 (A) The protection, preservation, maintenance, and
2 enhancement of natural resources, including
3 beaches, important to the visitor industry;
4 (B) Planning, construction, and repair of facilities;
5 and
6 (C) Operation and maintenance costs of public lands,
7 including beaches, connected with enhancing the
8 visitor experience.

9 All transient accommodations taxes shall be paid into the
10 state treasury each month within ten days after collection and
11 shall be kept by the state director of finance in special
12 accounts for distribution as provided in this subsection.

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

16 SECTION 3. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act shall take effect on July 1, 2018.

19
INTRODUCED BY:


By Request



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Report Title:

Transient Accommodations Tax; Counties

Description:

Amends the amount of transient accommodations tax revenues allocated to the counties from a specified sum to a percentage of the revenues collected.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

