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# A BILL FOR AN ACT

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RELATING TO TOURISM.

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

PART I

SECTION 1. Section 201B-8, Hawaii Revised Statutes, is amended by amending its title and subsections (a) and (b) to read as follows:

"§201B-8 Convention center [~~enterprise special fund.~~] operations and maintenance special fund. (a) There is established the convention center [~~enterprise special fund,~~] operations and maintenance special fund, into which shall be deposited:

~~[-(1) A portion of the revenues from the transient accommodations tax, as provided by section 237D-6.5;~~

~~-(2)]~~ (1) All revenues or moneys derived from the operations of the convention center to include all revenues from the food and beverage service, all revenues from the parking facilities or from any concession, and all revenues from the sale of



1           souvenirs, logo items, or any other items offered for  
2           purchase at the convention center;

3       ~~[-(3)-]~~ (2) Private contributions, interest, compensation,  
4           gross or net revenues, proceeds, or other moneys  
5           derived from any source or for any purpose arising  
6           from the use of the convention center facility; and

7       ~~[-(4)-]~~ (3) Appropriations by the legislature, including any  
8           transfers from the tourism special fund established  
9           under section 201B-11 for marketing the facility  
10          pursuant to section 201B-7(a) (7).

11       (b) Moneys in the convention center ~~[enterprise]~~  
12       operations and maintenance special fund shall be used by the  
13       authority for the payment of any and all of the following:

14       ~~[-(1)- Debt owed to the department of budget and finance~~  
15       ~~relating to the convention center; and~~

16       ~~-(2)-~~ (1) Expenses arising from any and all use, operation,  
17           maintenance, alteration, improvement, or any  
18           unforeseen or unplanned repairs of the convention  
19           center, including without limitation the food and  
20           beverage service and parking service provided at the  
21           convention center facility, the sale of souvenirs,



1 logo items, or other items, for any future major  
2 repair, maintenance, and improvement of the convention  
3 center facility as a commercial enterprise or as a  
4 world class facility for conventions, entertainment,  
5 or public events, and for marketing the facility  
6 pursuant to section 201B-7(a)(7) [-]; and

7 (2) Salaries for convention center personnel."

8 SECTION 2. Section 201B-11, Hawaii Revised Statutes, is  
9 amended by amending subsection (c) to read as follows:

10 "(c) Moneys in the tourism special fund shall be used by  
11 the authority for the purposes of this chapter, provided that:

12 (1) ~~[Not] No more than [3.5 per cent of this amount]~~  
13 \$2,800,000 shall be used for administrative expenses [~~7~~  
14 ~~including \$15,000 for a protocol fund to be expended~~  
15 ~~at the discretion of the president and chief executive~~  
16 ~~officer]~~; and

17 (2) ~~[At least \$1,000,000 shall be made available to~~  
18 ~~support efforts to manage, improve, and protect~~  
19 ~~Hawaii's natural environment and areas frequented by~~  
20 ~~visitors.]~~ No more than \$49,200,000 shall be used for  
21 marketing expenses."



1       SECTION 3. Section 237D-6.5, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:

3       "(b) Except for the revenues collected pursuant to section  
4 237D-2(e), revenues collected under this chapter shall be  
5 distributed in the following priority, with the excess revenues  
6 to be deposited into the general fund:

7       (1) \$1,500,000 shall be allocated to the Turtle Bay  
8 conservation easement special fund beginning July 1,  
9 2015, for the reimbursement to the state general fund  
10 of debt service on reimbursable general obligation  
11 bonds, including ongoing expenses related to the  
12 issuance of the bonds, the proceeds of which were used  
13 to acquire the conservation easement and other real  
14 property interests in Turtle Bay, Oahu, for the  
15 protection, preservation, and enhancement of natural  
16 resources important to the State, until the bonds are  
17 fully amortized;

18       ~~[-(2) \$26,500,000 shall be allocated to the convention~~  
19 ~~center enterprise special fund established under~~  
20 ~~section 201B-8;~~



1       ~~(3)]~~ (2)    ~~[\$82,000,000]~~ \$52,000,000 shall be allocated to  
2           the tourism special fund established under section  
3           201B-11; provided that[+]

4       ~~(A)~~   ~~Beginning]~~ beginning on July 1, 2012, and ending  
5           on June 30, 2015, \$2,000,000 shall be expended  
6           from the tourism special fund for development and  
7           implementation of initiatives to take advantage  
8           of expanded visa programs and increased travel  
9           opportunities for international visitors to  
10          Hawaii[+].

11       ~~[(B)~~   ~~Of the \$82,000,000 allocated:~~

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

16           ~~(ii) 0.5 per cent of the \$82,000,000 shall be~~  
17           ~~transferred to a sub account in the tourism~~  
18           ~~special fund to provide funding for a safety~~  
19           ~~and security budget, in accordance with the~~  
20           ~~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)]~~ (3) \$103,000,000 shall be allocated as follows:

Kauai county shall receive 14.5 per cent, Hawaii county shall receive 18.6 per cent, city and county of Honolulu shall receive 44.1 per cent, and Maui county shall receive 22.8 per cent; provided that commencing with fiscal year 2018-2019, a sum that represents the difference between a county public employer's annual required contribution for the separate trust fund established under section 87A-42 and the amount of the county public employer's contributions into that trust fund shall be retained by the state director of



1 finance and deposited to the credit of the county  
2 public employer's annual required contribution into  
3 that trust fund in each fiscal year, as provided in  
4 section 87A-42, if the respective county fails to  
5 remit the total amount of the county's required annual  
6 contributions, as required under section 87A-43; [and  
7 ~~(5)]~~ (4) \$3,000,000 shall be allocated to the special land  
8 and development fund established under section 171-19;  
9 provided that the allocation shall be expended [~~in~~  
10 ~~accordance with the Hawaii tourism authority strategic~~  
11 ~~plan]~~ for:  
12 (A) The protection, preservation, maintenance, and  
13 enhancement of natural resources, including  
14 beaches, important to the visitor industry;  
15 (B) Planning, construction, and repair of facilities;  
16 and  
17 (C) Operation and maintenance costs of public lands,  
18 including beaches, connected with enhancing the  
19 visitor experience~~[ ]~~ i;  
20 (5) \$ shall be allocated to the department of  
21 business, economic development, and tourism; provided



that the funds allocated shall be expended for other  
economic development initiatives and programs;

(6) \$ shall be allocated to the department of education and University of Hawaii; provided that the funds allocated shall be expended for career technical education programs for the tourism industry;

(7) \$ shall be allocated to University of Hawaii  
athletics; provided that the funds allocated shall be  
expended for student athlete travel;

(8) \$ shall be allocated to the department of land and natural resources; provided that the funds allocated shall be expended to address the impact of tourism on the natural resources of the State;

(9) \$ shall be allocated to the department of public safety; provided that the funds allocated shall be expended for ; and

(10) \$ shall be allocated to the state foundation  
on culture and the arts; provided that the funds  
allocated shall be expended for the perpetuation of  
the Hawaiian culture.





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

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

8 **PART II**

9 SECTION 4. Section 87A-42, Hawaii Revised Statutes, is  
10 amended by amending subsection (d) to read as follows:

11 "(d) In any fiscal year subsequent to the 2017-2018 fiscal  
12 year in which a county public employer's contributions into the  
13 fund are less than the amount of the annual required  
14 contribution, the amount that represents the excess of the  
15 annual required contribution over the county public employer's  
16 contributions shall be deposited into the fund from a portion of  
17 all transient accommodations tax revenues collected by the  
18 department of taxation under section [~~237D-6.5(b)(4)~~].  
19 237D-6.5(b)(3). The director of finance shall deduct the amount  
20 necessary to meet the county public employer's annual required  
21 contribution from the revenues derived under section



1    ~~[237D-6.5(b)(4)]~~ 237D-6.5(b)(3) and transfer the amount to the  
2    board for deposit into the appropriate account of the separate  
3    trust fund."

4            SECTION 5.    Section 171-19, Hawaii Revised Statutes, is  
5    amended by amending subsection (a) to read as follows:

6            "(a)    There is created in the department a special fund to  
7    be designated as the "special land and development fund".  
8    Subject to the Hawaiian Homes Commission Act of 1920, as  
9    amended, and section 5(f) of the Admission Act of 1959, all  
10   proceeds of sale of public lands, including interest on deferred  
11   payments; all moneys collected under section 171-58 for mineral  
12   and water rights; all rents from leases, licenses, and permits  
13   derived from public lands; all moneys collected from lessees of  
14   public lands within industrial parks; all fees, fines, and other  
15   administrative charges collected under this chapter and chapter  
16   183C; a portion of the highway fuel tax collected under chapter  
17   243; all moneys collected by the department for the commercial  
18   use of public trails and trail accesses under the jurisdiction  
19   of the department; transient accommodations tax revenues  
20   collected pursuant to section ~~[237D-6.5(b)(5)]~~; 237D-6.5(b)(4);  
21   and private contributions for the management, maintenance, and



1 development of trails and accesses shall be set apart in the  
2 fund and shall be used only as authorized by the legislature for  
3 the following purposes:

- 4 (1) To reimburse the general fund of the State for  
5 advances made that are required to be reimbursed from  
6 the proceeds derived from sales, leases, licenses, or  
7 permits of public lands;
- 8 (2) For the planning, development, management, operations,  
9 or maintenance of all lands and improvements under the  
10 control and management of the board pursuant to title  
11 12, including but not limited to permanent or  
12 temporary staff positions who may be appointed without  
13 regard to chapter 76; provided that transient  
14 accommodations tax revenues allocated to the fund  
15 shall be expended as provided in section  
16 ~~[237D-6.5(b)(5);]~~ 237D-6.5(b)(4);
- 17 (3) To repurchase any land, including improvements, in the  
18 exercise by the board of any right of repurchase  
19 specifically reserved in any patent, deed, lease, or  
20 other documents or as provided by law;



- 1           (4) For the payment of all appraisal fees; provided that  
2           all fees reimbursed to the board shall be deposited in  
3           the fund;
- 4           (5) For the payment of publication notices as required  
5           under this chapter; provided that all or a portion of  
6           the expenditures may be charged to the purchaser or  
7           lessee of public lands or any interest therein under  
8           rules adopted by the board;
- 9           (6) For the management, maintenance, and development of  
10          trails and trail accesses under the jurisdiction of  
11          the department;
- 12          (7) For the payment to private land developers who have  
13          contracted with the board for development of public  
14          lands under section 171-60;
- 15          (8) For the payment of debt service on revenue bonds  
16          issued by the department, and the establishment of  
17          debt service and other reserves deemed necessary by  
18          the board;
- 19          (9) To reimburse the general fund for debt service on  
20          general obligation bonds issued to finance  
21          departmental projects, where the bonds are designated



1 to be reimbursed from the special land and development  
2 fund;

3 (10) For the protection, planning, management, and  
4 regulation of water resources under chapter 174C; and

5 (11) For other purposes of this chapter."

6 SECTION 6. Section 201B-2, Hawaii Revised Statutes, is  
7 amended by amending subsection (f) to read as follows:

8 "(f) The board shall appoint one person to serve as  
9 president and chief executive officer, exempt from chapters 76  
10 and 88 who shall oversee the authority staff; provided that the  
11 compensation package, including salary, shall not exceed fifteen  
12 per cent of the [~~3.5 per cent~~] \$2,800,000 authorized for  
13 administrative expenses under section 201B-11(c); and provided  
14 further that the compensation package shall not include private  
15 sector moneys or other contributions. The board shall set the  
16 president and chief executive officer's duties,  
17 responsibilities, holidays, vacations, leaves, hours of work,  
18 and working conditions. It may grant other benefits as it deems  
19 necessary."

20 SECTION 7. Section 201B-10, Hawaii Revised Statutes, is  
21 amended by amending subsection (a) to read as follows:



1           "(a) There is established outside the state treasury a  
2   tourism emergency special fund to be administered by the board,  
3   into which shall be deposited the revenues prescribed by  
4   ~~[section 237D-6.5(b).]~~ \_\_\_\_\_. All investment earnings from  
5   moneys in the special fund shall be credited to the tourism  
6   special fund established pursuant to section 201B-11."

7           SECTION 8. Sections 36-27(a) and 36-30(a), Hawaii Revised  
8 Statutes, are amended by substituting the phrase "convention  
9 center operations and maintenance special fund", or a similar  
10 phrase, wherever the phrase "convention center enterprise  
11 special fund", or a similar phrase, appears, as the context  
12 requires.

## 13 PART III

14       SECTION 9. Statutory material to be repealed is bracketed  
15       and stricken. New statutory material is underscored.

**16** SECTION 10. This Act shall take effect on July 1, 2018.



**Report Title:**

Hawaii Tourism Authority; Convention Center Operations and Maintenance Special Fund; Transient Accommodations Tax

**Description:**

Renames the convention center enterprise special fund as the convention center operations and maintenance special fund and repeals the allocation of TAT revenues to that fund, and amends the allowable uses of that fund. Redistributes transient accommodations tax revenue from the Hawaii tourism authority to different state agencies for certain purposes. (Proposed SD1)

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

