

JAN 24 2018

A BILL FOR AN ACT

RELATING TO TOURISM.

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

PART I

SECTION 1. Notwithstanding any agreement between the Hawaii tourism authority and the State of the indebtedness of the Hawaii tourism authority in connection with any general obligation bonds issued pursuant to Act 7, Special Session Laws of Hawaii 1993, that is outstanding as of the effective date of this Act, an amount of \$192,450,289 or so much thereof as may be owed is hereby canceled. To the extent of the amount canceled, the Hawaii tourism authority is relieved of all liability to the State under any agreement, including for any interest due under any agreement and any other fees and charges payable in connection with any agreement, and the total amount of the agreement owed to the State pursuant to any law or agreement shall be considered to be reduced by that amount. The amount of the indebtedness canceled under this section may be treated as a public debt of the State.



PART II

SECTION 2. Chapter 201B, Hawaii Revised Statutes, is amended by adding two new sections to part I to be appropriately designated and to read as follows:

"§201B-A Convention center repair and maintenance special fund. (a) There is established in the state treasury the convention center repair and maintenance special fund, into which shall be deposited:

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

(2) Appropriations by the legislature to the convention center repair and maintenance special fund; and

(3) Gifts, grants, and other funds accepted by the authority.

(b) Moneys in the convention center repair and maintenance special fund may be:

(1) Placed in interest-bearing accounts; provided that the depository in which the money is deposited furnishes security as provided in section 38-3; or

(2) Otherwise invested by the authority until such time as the moneys may be needed; provided that the authority



1 shall limit its investments to those listed in section
2 36-21.

3 All interest accruing from the investment of these moneys shall
4 be credited to the convention center repair and maintenance
5 special fund.

6 (c) Moneys in the convention center repair and maintenance
7 special fund shall be used by the authority for repair and
8 maintenance of the convention center. Moneys in the convention
9 center repair and maintenance special fund may be used by the
10 authority for capital improvements of the convention center.

11 (d) Expenditure of the funds in the repair and maintenance
12 special fund shall require approval of the board.

13 (e) The Hawaii tourism authority shall submit to the
14 legislature no later than twenty days prior to the convening of
15 each regular session a report on the expenditure of moneys from
16 the special fund in the previous fiscal year, the balance of the
17 moneys remaining in the special fund, and the purpose for which
18 those moneys are to be used.

19 §201B-B Convention center emergency special fund. (a)
20 There is established outside the state treasury a convention
21 center emergency special fund to be administered by the board,



1 into which shall be deposited the revenues prescribed by section
2 237D-6.5(b). All investment earnings from moneys in the special
3 fund shall be credited to the convention center repair and
4 maintenance special fund established pursuant to section 201B-A.

5 (b) Moneys in the special fund shall be used exclusively
6 to respond to emergencies related to the convention center.
7 Expenditure of the funds in the convention center emergency
8 special fund shall require an emergency declaration by the
9 governor, authorizing expenditure of the funds, and approval of
10 the board.

11 (c) The Hawaii tourism authority shall submit to the
12 legislature no later than twenty days prior to the convening of
13 each regular session a report on the expenditure of moneys from
14 the special fund in the previous fiscal year, the balance of the
15 moneys remaining in the special fund, and the purpose for which
16 those moneys are to be used.

17 (d) Use of the special fund, consistent with subsection
18 (b), shall be provided for in articles, bylaws, resolutions, or
19 other instruments executed by the board as administrator for the
20 special fund."



1 SECTION 3. Section 201B-8, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 "(b) Moneys in the convention center enterprise special
4 fund shall be used by the authority for the payment of ~~[any and~~
5 ~~all of the following:~~

6 ~~(1) Debt owed to the department of budget and finance~~
7 ~~relating to the convention center; and~~

8 ~~(2) Expenses]~~ expenses arising from any and all use,
9 operation, maintenance, alteration, improvement, or
10 any unforeseen or unplanned repairs of the convention
11 center, including without limitation the food and
12 beverage service and parking service provided at the
13 convention center facility, the sale of souvenirs,
14 logo items, or other items, for any future major
15 repair, maintenance, and improvement of the convention
16 center facility as a commercial enterprise or as a
17 world class facility for conventions, entertainment,
18 or public events, and for marketing the facility
19 pursuant to section 201B-7(a)(7)."

20 SECTION 4. Section 237D-6.5, Hawaii Revised Statutes, is
21 amended by amending subsection (b) to read as follows:



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

5 (1) \$1,500,000 shall be allocated to the Turtle Bay
6 conservation easement special fund beginning July 1,
7 2015, for the reimbursement to the state general fund
8 of debt service on reimbursable general obligation
9 bonds, including ongoing expenses related to the
10 issuance of the bonds, the proceeds of which were used
11 to acquire the conservation easement and other real
12 property interests in Turtle Bay, Oahu, for the
13 protection, preservation, and enhancement of natural
14 resources important to the State, until the bonds are
15 fully amortized;

16 (2) [~~\$26,500,000~~] \$16,000,000 shall be allocated to the
17 convention center enterprise special fund established
18 under section 201B-8;

19 (3) \$82,000,000 shall be allocated to the tourism special
20 fund established under section 201B-11; provided that:



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

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

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

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

18 (C) Of the revenues remaining in the tourism special
19 fund after revenues have been deposited as
20 provided in this paragraph and except for any sum
21 authorized by the legislature for expenditure



1 from revenues subject to this paragraph,
2 beginning July 1, 2007, funds shall be deposited
3 into the tourism emergency special fund,
4 established in section 201B-10, in a manner
5 sufficient to maintain [a] the following fund
6 [~~balance of \$5,000,000~~] balances in the tourism
7 emergency special fund[+]:

8 (i) \$10,000,000 beginning July 1, 2018;

9 (ii) \$15,000,000 beginning July 1, 2019;

10 (iii) \$20,000,000 beginning July 1, 2020; and

11 (iv) \$25,000,000 beginning July 1, 2021;

12 (4) \$103,000,000 shall be allocated as follows: Kauai
13 county shall receive 14.5 per cent, Hawaii county
14 shall receive 18.6 per cent, city and county of
15 Honolulu shall receive 44.1 per cent, and Maui county
16 shall receive 22.8 per cent; provided that commencing
17 with fiscal year 2018-2019, a sum that represents the
18 difference between a county public employer's annual
19 required contribution for the separate trust fund
20 established under section 87A-42 and the amount of the
21 county public employer's contributions into that trust



1 fund shall be retained by the state director of
2 finance and deposited to the credit of the county
3 public employer's annual required contribution into
4 that trust fund in each fiscal year, as provided in
5 section 87A-42, if the respective county fails to
6 remit the total amount of the county's required annual
7 contributions, as required under section 87A-43; [and]
8 (5) \$3,000,000 shall be allocated to the special land and
9 development fund established under section 171-19;
10 provided that the allocation shall be expended in
11 accordance with the Hawaii tourism authority strategic
12 plan for:

- 13 (A) The protection, preservation, maintenance, and
14 enhancement of natural resources, including
15 beaches, important to the visitor industry;
- 16 (B) Planning, construction, and repair of facilities;
17 and
- 18 (C) Operation and maintenance costs of public lands,
19 including beaches, connected with enhancing the
20 visitor experience[-];



(6) \$2,000,000 for fiscal years 2018-2019, 2019-2020, 2020-2021, and 2021-2022 shall be allocated to the convention center repair and maintenance special fund established under section 201B-A; and

(7) \$5,000,000 for fiscal years 2018-2019, 2019-2020, 2020-2021, and 2021-2022 shall be allocated to the convention center emergency special fund established
under section 201B-B.

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

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

PART III

SECTION 5. In codifying the new sections added by section 2 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.



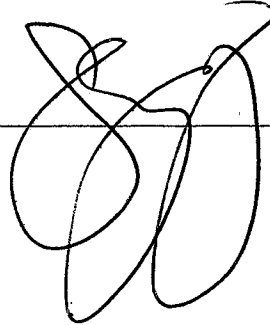
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1 SECTION 6. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 7. This Act shall take effect upon its approval.

4

INTRODUCED BY: _____

A handwritten signature, possibly reading "JD", is written over a horizontal line that follows the text "INTRODUCED BY:". The signature is composed of several loops and strokes.

S.B. NO. 2901

Report Title:

Hawaii Convention Center; HTA; Transient Accommodations Tax; Debt; General Obligation Bonds

Description:

Forgives the debt owed to the State by the Hawaii Tourism Authority for the convention center construction costs and related interest. Reduces the transient accommodations tax revenue allocation to the convention center enterprise special fund. Establishes a convention center repair and maintenance special fund and a convention center emergency special fund and allocates a portion of the transient accommodations tax to those funds. Increases the minimum fund balance of the tourism emergency special fund. Requires annual reports.

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

