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# 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 Hawaii continues to  
2 be one of the top destinations for vacationers. In 2017, the  
3 State received 9,404,346 visitors. That number is projected to  
4 increase to approximately 10,130,000 in 2019. As the number of  
5 visitors continues to grow, more strain is put on the State's  
6 facilities, such as state parks, trails, small boat harbor  
7 facilities, and other natural areas that are operated and  
8 maintained by state agencies. The legislature believes that  
9 given the continued growth of visitors, more investment is  
10 needed in Hawaii's natural resources and environment.

11           The purpose of this Act is to allocate funds from transient  
12 accommodations tax revenues directly to the state parks special  
13 fund, Na Ala Hele statewide trail and access program, and beach  
14 restoration special fund, rather than through the special land  
15 and development fund, in order to improve certain state  
16 facilities in accordance with the Hawaii tourism authority's  
17 strategic plan.



1 SECTION 2. Section 171-19, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3 "(a) There is created in the department a special fund to  
4 be designated as the "special land and development fund".

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



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



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



- 1 (10) For the protection, planning, management, and
- 2 regulation of water resources under chapter 174C; and
- 3 (11) For other purposes of this chapter."

4 SECTION 3. Section 171-156, Hawaii Revised Statutes, is  
 5 amended by amending its title and subsection (a) to read as  
 6 follows:

7 "[+]§171-156[+] Beach restoration special fund. (a)  
 8 There is established in the state treasury a special fund to be  
 9 designated as the "beach restoration special fund" to carry out  
 10 the purposes of this part. The following moneys shall be  
 11 deposited into the beach restoration special fund:

- 12 (1) Proceeds from the lease or development of public
- 13 coastal lands designated pursuant to a beach
- 14 restoration plan, subject to the Hawaiian Homes
- 15 Commission Act of 1920, as amended, and section 5(f)
- 16 of the Admission Act of 1959;
- 17 (2) Proceeds from the lease of public lands pursuant to
- 18 this part for an existing seawall or revetment;
- 19 (3) Fines collected for unauthorized shoreline structures
- 20 on state submerged land or conservation district land;



- 1           (4) Appropriations made by the legislature for deposit  
2           into this fund;
- 3           (5) Donations and contributions made by private  
4           individuals or organizations for deposit into this  
5           fund;
- 6           (6) Fees collected for the processing of applications for  
7           coastal and beach erosion control projects; [and]
- 8           (7) Grants provided by governmental agencies or any other  
9           source [-]; and
- 10          (8) Transient accommodations tax revenues pursuant to  
11          section 237D-6.5."

12          SECTION 4. Section 201B-13, Hawaii Revised Statutes, is  
13 amended by amending subsection (a) to read as follows:

14          "(a) The department of land and natural resources shall  
15 submit to the authority on July 1, 2019, and July 1 of each year  
16 thereafter a list of proposed projects that relate to the  
17 strategic plan and are eligible for funding as provided in  
18 section 237D-6.5(b)(5).

19          Any state or county agency may render services upon request  
20 of the authority."



1 SECTION 5. Section 201B-16, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "§201B-16 Annual report. The authority shall submit a  
4 complete and detailed report of its activities, expenditures,  
5 and results, including the progress of the tourism marketing  
6 plan developed pursuant to section 201B-6, toward achieving the  
7 authority's strategic plan goals, to the governor and the  
8 legislature at least twenty days prior to the convening of each  
9 regular session of the legislature. The annual report shall  
10 include [~~the descriptions~~]:

11 (1) Descriptions and evaluations of programs funded,  
12 together with any recommendations the authority may  
13 make [-]; and

14 (2) Commencing with the regular session of 2021, all of  
15 the authority's projects undertaken for the purposes  
16 identified in section 237D-6.5(b)(5)(A) through (D),  
17 regardless of whether the projects were funded in any  
18 part by the allocation of transient accommodations tax  
19 revenues pursuant to section 237D-6.5(b)(5), along  
20 with a description of each project and its status,



1           public and private funding sources, and relation to  
2           the strategic plan."

3           SECTION 6. Section 237D-6.5, Hawaii Revised Statutes, is  
4 amended by amending subsection (b) to read as follows:

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

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





- 1           (2) \$16,500,000 shall be allocated to the convention  
2           center enterprise special fund established under  
3           section 201B-8;
- 4           (3) \$79,000,000 shall be allocated to the tourism special  
5           fund established under section 201B-11; provided that:
  - 6           (A) Beginning on July 1, 2012, and ending on June 30,  
7           2015, \$2,000,000 shall be expended from the  
8           tourism special fund for development and  
9           implementation of initiatives to take advantage  
10           of expanded visa programs and increased travel  
11           opportunities for international visitors to  
12           Hawaii;
  - 13           (B) Of the \$79,000,000 allocated:
    - 14           (i) \$1,000,000 shall be allocated for the  
15           operation of a Hawaiian center and the  
16           museum of Hawaiian music and dance at the  
17           Hawaii convention center; and
    - 18           (ii) 0.5 per cent of the \$79,000,000 shall be  
19           transferred to a sub-account in the tourism  
20           special fund to provide funding for a safety



1                   and security budget, in accordance with the  
2                   Hawaii tourism strategic plan 2005-2015; and  
3           (C) Of the revenues remaining in the tourism special  
4           fund after revenues have been deposited as  
5           provided in this paragraph and except for any sum  
6           authorized by the legislature for expenditure  
7           from revenues subject to this paragraph,  
8           beginning July 1, 2007, funds shall be deposited  
9           into the tourism emergency special fund,  
10          established in section 201B-10, in a manner  
11          sufficient to maintain a fund balance of  
12          \$5,000,000 in the tourism emergency special fund;  
13          (4) \$103,000,000 shall be allocated as follows: Kauai  
14          county shall receive 14.5 per cent, Hawaii county  
15          shall receive 18.6 per cent, city and county of  
16          Honolulu shall receive 44.1 per cent, and Maui county  
17          shall receive 22.8 per cent; provided that commencing  
18          with fiscal year 2018-2019, a sum that represents the  
19          difference between a county public employer's annual  
20          required contribution for the separate trust fund  
21          established under section 87A-42 and the amount of the



1 county public employer's contributions into that trust  
 2 fund shall be retained by the state director of  
 3 finance and deposited to the credit of the county  
 4 public employer's annual required contribution into  
 5 that trust fund in each fiscal year, as provided in  
 6 section 87A-42, if the respective county fails to  
 7 remit the total amount of the county's required annual  
 8 contributions, as required under section 87A-43; and

9 (5) [~~\$3,000,000~~] \$ \_\_\_\_\_ shall be allocated [~~to the~~  
 10 ~~special land and development fund established under~~  
 11 ~~section 171-19,]~~ as follows: fifty-five per cent  
 12 shall be deposited into the state parks special fund,  
 13 thirty per cent shall be allocated to the na ala hele  
 14 statewide trail and access program, and fifteen per  
 15 cent shall be deposited into the beach restoration  
 16 special fund; provided that the allocation shall be  
 17 expended by the department of land and natural  
 18 resources in accordance with the Hawaii tourism  
 19 authority strategic plan for:

20 (A) The protection, preservation, maintenance, and  
 21 enhancement of natural resources, including state



- 1           parks, beaches, and trails important to the
- 2           visitor industry;
- 3           (B) Planning, construction, and repair of facilities;
- 4           [and]
- 5           (C) Operation [and], maintenance, and enforcement
- 6           costs of public lands, including state parks,
- 7           beaches, and trails connected with enhancing the
- 8           visitor experience[-]; and
- 9           (D) Any costs and expenses incurred in the
- 10           development, implementation, or support of the
- 11           strategic plan pursuant to this paragraph,
- 12           including operational costs and costs for
- 13           necessary staffing.

14           All transient accommodations taxes shall be paid into the

15           state treasury each month within ten days after collection and

16           shall be kept by the state director of finance in special

17           accounts for distribution as provided in this subsection.

18           As used in this subsection, "fiscal year" means the twelve-

19           month period beginning on July 1 of a calendar year and ending

20           on June 30 of the following calendar year."



1           SECTION 7. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.  
3           SECTION 8. This Act shall take effect upon its approval.



**Report Title:**

Transient Accommodations Tax Revenue; Department of Land and Natural Resources; Hawaii Tourism Authority; State Parks Special Fund; Na Ala Hele; Beach Restoration Special Fund

**Description:**

Allocates funds from TAT revenue directly to the state parks special fund, na ala hele statewide trail and access program, and beach restoration special fund, rather than through the special land and development fund, to improve certain state resources and services. Requires DLNR to submit to HTA an annual list of proposed projects in relation to the HTA Strategic Plan. (SD1)

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

