

# S.B. NO. 1093

JAN 27 2021

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## A BILL FOR AN ACT

RELATING TO SECTION 237D-6.5, HAWAII REVISED STATUTES.

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

1           SECTION 1. Section 237D-6.5(b), Hawaii Revised Statutes,  
2 is amended by amending section (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;

S.B. NO. 1093

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; and

17                           (ii) 0.5 per cent of the \$79,000,000 shall be  
18                                   transferred to a sub-account in the tourism  
19                                   special fund to provide funding for a safety  
20                                   and security budget, in accordance with the  
21                                   Hawaii tourism strategic plan 2005-2015; and

S.B. NO. 1093

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

11 (4) [~~\$103,000,000~~] \$51,500,000 shall be allocated as  
12 follows: Kauai county shall receive 14.5 per cent,  
13 Hawaii county shall receive 18.6 per cent, city and  
14 county of Honolulu shall receive 44.1 per cent, and  
15 Maui county shall receive 22.8 per cent; provided that  
16 commencing with fiscal year 2018-2019, a sum that  
17 represents the difference between a county public  
18 employer's annual required contribution for the  
19 separate trust fund established under section 87A-42  
20 and the amount of the county public employer's  
21 contributions into that trust fund shall be retained  
22 by the state director of finance and deposited to the

S.B. NO. 1093

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

7 (5) \$3,000,000 shall be allocated to the special land and  
8 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.

20 All transient accommodations taxes shall be paid into the  
21 state treasury each month within ten days after collection and

S.B. NO. 1093

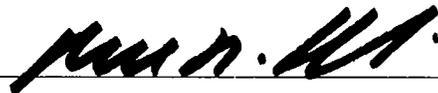
1 shall be kept by the state director of finance in special  
2 accounts for distribution as provided in this subsection.

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

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

8 SECTION 3. This Act shall, upon its approval, shall take  
9 effect on July 1, 2021; provided that on July 1, 2023, section 1  
10 of this Act shall be repealed and section 237D-6.5(b), Hawaii  
11 Revised Statutes, shall be reenacted in the form in which it  
12 read on the day before the effective date of this Act.

INTRODUCED BY:



BY REQUEST

S.B. NO. 1093

**Report Title:**

Suspension of transient accommodations tax revenue allocation to the counties

**Description:**

Amends paragraph (4) of section 237D-6.5(b), Hawaii Revised Statutes, and reenacts it in its current form on July 1, 2023.

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

# SB. NO. 1093

## JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO SECTION 237D-6.5, HAWAII REVISED STATUTES.

PURPOSE: To temporarily reduce the amount distributed from the transient accommodations tax to the counties for fiscal year 2021-2022 and fiscal year 2022-2023.

MEANS: Amend section 237D-6.5, Hawaii Revised Statutes.

JUSTIFICATION: The economic impact of the COVID-19 pandemic on the revenues of the State has been devastating with an estimated decline of \$2.3 billion for fiscal biennium 2019-2021 and necessitates action to preserve the solvency of the state general fund and ensure the continuation of critical government operations.

To help address the general fund shortfall, this measure proposes to temporarily reduce the required disposition of transient accommodation tax revenues to the counties from \$103,000,000 to \$51,500,000 for fiscal year 2021-2022 and fiscal year 2022-2023.

Temporary reduction in the amount of transient accommodations tax to the counties for fiscal year 2021-2022 and fiscal year 2022-2023 will provide \$103,000,000 of additional general fund revenue over the next two fiscal years to help balance the State general fund financial plan.

Impact on the public: None.

Impact on the department and other agencies:  
This measure will reduce the amount of transient accommodations tax revenues allocated to the counties by one half for two fiscal years.

# SB. NO. 1093

The counties' primary revenue source, property tax, is less volatile than the State's two primary sources of revenue, general excise tax and individual income tax. Consequently, counties' revenues will be less impacted in the short run by the COVID-19 economic recession.

GENERAL FUND: Increase of \$103,000,000 over the course of the two-year suspension.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION:

BUF 101, Departmental Administration and Budget Division.

OTHER AFFECTED  
AGENCIES:

County of Hawai'i, City and County of Honolulu, County of Kaua'i and County of Maui.

EFFECTIVE DATE: July 1, 2021.