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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 due to the ambiguity  
2 of how the county allocation percentages in section  
3 237D-6.5(b)(4), Hawaii Revised Statutes, were originally  
4 calculated, these percentages should be revised to reflect the  
5 visitor arrivals of each county, so as to ensure a fair  
6 allocation of transient accommodations taxes to each county.  
7 According to the State Data Book and statistics from the Hawaii  
8 Tourism Authority in 2019, the city and county of Honolulu had  
9 6,164,248 visitor arrivals; Maui county had 3,059,905 visitors;  
10 Hawaii county had 1,753,904 visitors; and Kauai county had  
11 1,370,029 visitors. The legislature further finds that  
12 statistics from the State data book and the Hawaii tourism  
13 authority should be updated annually to reflect the current  
14 number of visitor arrivals to guide the reallocation of  
15 transient accommodations taxes.



1           The purpose of this Act is to provide a fairer, more  
2 consistent, and reliable allocation of transient accommodations  
3 tax revenues to the counties.

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

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

10           (1) \$1,500,000 shall be allocated to the Turtle Bay  
11 conservation easement special fund beginning July 1,  
12 2015, for the reimbursement to the state general fund  
13 of debt service on reimbursable general obligation  
14 bonds, including ongoing expenses related to the  
15 issuance of the bonds, the proceeds of which were used  
16 to acquire the conservation easement and other real  
17 property interests in Turtle Bay, Oahu, for the  
18 protection, preservation, and enhancement of natural  
19 resources important to the State, until the bonds are  
20 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; 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



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~~] \$ shall be allocated based on  
12 the percentage of the State's annual visitor arrivals  
13 to each county according to data and statistics from  
14 the Hawaii tourism authority and the State data book;  
15 ~~[as follows: Kauai county shall receive [14.5] ———~~  
16 ~~per cent, Hawaii county shall receive [18.6] ——— per~~  
17 ~~cent, city and county of Honolulu shall receive [44.1]~~  
18 ~~——— per cent, and Maui county shall receive [22.8]~~  
19 ~~——— per cent,]~~ provided that commencing with fiscal  
20 year 2018-2019, a sum that represents the difference  
21 between a county public employer's annual required



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



1           (C) Operation and maintenance costs of public lands,  
2                           including beaches, connected with enhancing the  
3                           visitor experience.

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

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

11           SECTION 3. Hawaii county, the city and county of Honolulu,  
12 Kauai county, and Maui county shall each submit a report  
13 describing how it utilized its allocation of the transient  
14 accommodations tax funds distributed under 237D-6.5(b)(4), Hawaii  
15 Revised Statutes, to the legislature no later than twenty days  
16 prior to the convening of each regular legislative session.

17           SECTION 4. Statutory material to be repealed is bracketed  
18 and stricken. New statutory material is underscored.

19           SECTION 5. This Act shall take effect on July 1, 2021.



**Report Title:**

Transient Accommodations Tax; County Distribution; Hawaii  
Tourism Authority; Visitor Arrivals

**Description:**

Revises county allocations of transient accommodations tax revenues to reflect the number of annual visitor arrivals for each respective county. Requires updating the number of visitor arrivals for each respective county annually from the Hawaii Tourism Authority and the State Data Book. Requires each respective county to report how it expended its allocation of the transient accommodations taxes distributed under this measure no later than twenty days prior to the convening of each regular legislative session. Effective 7/1/2021. (SD1)

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

