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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 it is vitally  
2 important to dedicate a set percentage of revenue derived from  
3 the transient accommodations tax to state-led marketing,  
4 branding, and tourism management. By doing so, the State will  
5 ensure that its marketing, branding, and tourism management  
6 efforts are scaled to the success of tourism while also  
7 reserving resources to help the industry weather downturns.  
8 When the visitor industry thrives, the State can invest more  
9 into protecting the Hawaii brand. Conversely, when the visitor  
10 industry slows, the State will have guaranteed resources to  
11 fight for market share. The State must be equipped with the  
12 necessary tools to compete effectively on the world stage to  
13 protect the jobs, tax revenues, and economic strength on which  
14 the people of Hawaii depend.

15           The legislature further finds that Hawaii's economy remains  
16 uniquely dependent on a healthy and vibrant visitor industry.  
17 For the 1,400,000 residents of the State, tourism is not merely



1 a sector, it is a lifeline. More than two hundred thousand  
2 residents directly derive their livelihoods from this industry,  
3 and thousands more rely on the secondary economic activity it  
4 generates.

5 The legislature also finds that unlike unmanaged growth,  
6 state-led marketing would allow Hawaii to curate its visitor  
7 profile, focusing on those who respect the State's culture and  
8 environment and who contribute more per capita to local  
9 businesses. History and economic modeling have demonstrated  
10 that state-led marketing dollars are not "costs" but investments  
11 with a measurable return. Every dollar spent on strategic  
12 marketing and branding returns significantly more to the State  
13 through general excise tax and transient accommodations tax  
14 collections than the initial investment, thus creating a self-  
15 sustaining cycle of revenue for the general fund.

16 Therefore, the purpose of this Act is to establish the  
17 state-led marketing and branding special fund and require a  
18 portion of all transient accommodations tax revenues that would  
19 otherwise be deposited into the general fund to be deposited  
20 into the special fund, to be used for state-led marketing,  
21 branding, and tourism management.



1 SECTION 2. Chapter 201, Hawaii Revised Statutes, is  
2 amended by adding a new section to part I to be appropriately  
3 designated and to read as follows:

4 "§201- State-led marketing and branding special fund;  
5 established; annual comprehensive plan. (a) There is  
6 established in the state treasury a state-led marketing and  
7 branding special fund, into which shall be deposited a portion  
8 of the revenues from the transient accommodations tax, as  
9 provided by section 237D-6.5.

10 (b) To ensure transparency and alignment with state goals,  
11 the department shall annually develop and submit to the  
12 legislature a comprehensive marketing, branding, and tourism  
13 management plan to guide its state-led marketing, branding, and  
14 tourism management efforts over the subsequent fiscal year. The  
15 plan shall be subject to approval by the legislature by  
16 concurrent resolution before the beginning of the fiscal year to  
17 which the plan applies.

18 (c) Moneys in the special fund shall be used solely for  
19 state-led marketing, branding, and tourism management, to be  
20 conducted by the department in accordance with the comprehensive



1 marketing, branding, and tourism management plan approved by the  
2 legislature for that fiscal year."

3 SECTION 3. 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) \$11,000,000 shall be allocated to the convention  
2 center enterprise special fund established under  
3 section 201B-8;
- 4 (3) An allocation shall be deposited into the tourism  
5 emergency special fund, established in section 201B-  
6 10, in a manner sufficient to maintain a fund balance  
7 of \$5,000,000 in the tourism emergency special fund;  
8 [and]
- 9 (4) \$3,000,000 shall be allocated to the special land and  
10 development fund established under section 171-19 for:
- 11 (A) The protection, preservation, maintenance, and  
12 enhancement of natural resources, including  
13 beaches;
- 14 (B) Planning, construction, and repair of facilities;
- 15 (C) Operation, maintenance, and improvement costs of  
16 public lands, including beaches; and
- 17 (D) Any related debt service and financing agreement  
18 costs[~~-~~]; and
- 19 (5) per cent of the remaining revenues shall be  
20 deposited into the state-led marketing and branding  
21 special fund established pursuant to section 201- .



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

7 SECTION 5. This Act shall take effect on July 1, 3050.



**Report Title:**

DBEDT; Transient Accommodations Tax; Dedicated Funding; State-led Marketing and Branding Special Fund; Annual Comprehensive Marketing, Branding, and Tourism Management Plan

**Description:**

Establishes the State-led Marketing and Branding Special Fund and requires that a portion of all transient accommodations tax revenues that would otherwise be deposited into the general fund be deposited into the special fund, to be used for state-led marketing, branding, and tourism management. Requires the Department of Business, Economic Development, and Tourism to develop and submit an annual comprehensive marketing, branding, and tourism management plan to the Legislature for approval. Effective 7/1/3050. (SD1)

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

