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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 200,000 residents  
2 directly derive their livelihoods from this industry, and  
3 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 be appropriately designated  
3 and to read as follows:

4 "§201- State-led marketing and branding special fund;

5 annual comprehensive plan. (a) There is created within the  
6 state treasury a state-led marketing and branding special fund,  
7 into which shall be deposited a portion of the revenues from the  
8 transient accommodations tax, as provided by section 237D-6.5.

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

17 (c) Moneys in the special fund shall be used solely for  
18 state-led marketing, branding, and tourism management, to be  
19 conducted by the department in accordance with the comprehensive  
20 marketing, branding, and tourism management plan approved by the  
21 legislature for that fiscal year."



1 SECTION 3. Section 237D-6.5, Hawaii Revised Statutes, is  
2 amended by amending subsection (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;

18 (2) \$11,000,000 shall be allocated to the convention  
19 center enterprise special fund established under  
20 section 201B-8;



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

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



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

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

5 SECTION 5. This Act shall take effect on July 1, 3000.



**Report Title:**

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 taxes 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. Effective 7/1/3000. (HD1)

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

