

A Bill for an Act Relating to the Transient Accommodations Tax.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. In 1984, the department of planning and economic development contracted a study on the potential for developing a convention center in Hawaii. The study recommended that the transient accommodations tax be increased by 1.5 per cent and that one-sixth of the transient accommodations tax revenues be earmarked to cover the revenue bonds to finance the convention center. In 1993, the legislature provided that one-sixth of the transient accommodations tax, subsequently amended to 17.3 per cent, be deposited into the convention center capital and operations special fund.

In 2002, the transient accommodations tax revenues deposited into the convention center enterprise special fund were limited to \$31,000,000, and, in 2006, to \$33,000,000. A problem arises as a result of the limits on the deposits into the special fund, because collections are made on a calendar year basis, but expenditures from the fund are made on a fiscal year basis. In some years, the \$33,000,000 limit is achieved in the third month of the fiscal year, October, and no further revenues are deposited into the fund until the new calendar year. This results in a shortfall in the fund's ability to pay the debt service for the convention center.

The purpose of this Act is to provide for the allocation of transient accommodations tax revenues to the convention center enterprise special fund on a fiscal year basis.

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

“(b) Revenues collected under this chapter, except for revenues collected under section 237D-2(b), shall be distributed as follows, with the excess revenues to be deposited into the general fund:

- (1) 17.3 per cent of the revenues collected under this chapter shall be deposited into the convention center enterprise special fund estab-

lished under section 201B-8; provided that beginning January 1, 2002, if the amount of the revenue collected under this paragraph exceeds \$33,000,000 in any ~~calendar~~ fiscal year, revenues collected in excess of \$33,000,000 shall be deposited into the general fund;

- (2) 34.2 per cent of the revenues collected under this chapter shall be deposited into the tourism special fund established under section 201B-11 for tourism promotion and visitor industry research; provided that for any period beginning on July 1, 2011, and ending on June 30, 2015, no more than \$69,000,000 per fiscal year shall be deposited into the tourism special fund established under section 201B-11; and provided further that beginning on July 1, 2002, of the first \$1,000,000 in revenues deposited:
- (A) Ninety per cent shall be deposited into the state parks special fund established in section 184-3.4; and
 - (B) Ten per cent shall be deposited into the special land and development fund established in section 171-19 for the Hawaii statewide trail and access program;
- provided that of the 34.2 per cent, 0.5 per cent shall be transferred to a sub-account in the tourism special fund to provide funding for a safety and security budget, in accordance with the Hawaii tourism strategic plan 2005-2015; provided further that of the revenues remaining in the tourism special fund after revenues have been deposited as provided in this paragraph and except for any sum authorized by the legislature for expenditure from revenues subject to this paragraph, beginning July 1, 2007, funds shall be deposited into the tourism emergency trust fund, established in section 201B-10, in a manner sufficient to maintain a fund balance of \$5,000,000 in the tourism emergency trust fund; and
- (3) 44.8 per cent of the revenues collected under this chapter shall be transferred as follows: Kauai county shall receive 14.5 per cent, Hawaii county shall receive 18.6 per cent, city and county of Honolulu shall receive 44.1 per cent, and Maui county shall receive 22.8 per cent; provided that for any period beginning on July 1, 2011, and ending on June 30, 2015, the total amount transferred to the counties shall not exceed \$93,000,000 per fiscal year.

Revenues collected under section 237D-2(b) shall be deposited into the general fund. All transient accommodations taxes shall be paid into the state treasury each month within ten days after collection and shall be kept by the state director of finance in special accounts for distribution as provided in this subsection.

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

SECTION 3. Unexpended and unencumbered moneys determined by the Hawaii tourism authority to be in excess of any unencumbered reserve remaining in the convention center enterprise special fund at the close of fiscal year 2011-2012 may be expended by the authority for repair and maintenance projects of the Hawaii convention center.

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

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SECTION 5. This Act shall take effect on July 1, 2012; provided that the amendments made to section 237D-6.5(b), Hawaii Revised Statutes, by section 2 of this Act shall not be repealed on June 30, 2015, when section 237D-6.5, Hawaii Revised Statutes, is reenacted pursuant to Act 61, Session Laws of Hawaii 2009, and Act 103, Session Laws of Hawaii 2011.

(Approved July 6, 2012.)