

## ACT 174

H.B. NO. 1671

A Bill for an Act Relating to Transient Accommodations Tax.

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

SECTION 1. Section 237D-6.5, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) Revenues collected under this chapter shall be distributed as follows, with the excess revenues to be deposited into the general fund:

- (1) \$33,000,000 shall be allocated to the convention center enterprise special fund established under section 201B-8;
- (2) \$82,000,000 shall be allocated to the tourism special fund established under section 201B-11; provided that:
  - (A) Beginning on July 1, 2012, and ending on June 30, 2015, \$2,000,000 shall be expended from the tourism special fund for development and implementation of initiatives to take advantage of expanded visa programs and increased travel opportunities for international visitors to Hawaii;
  - (B) Of the \$82,000,000 allocated:
    - (i) \$1,000,000 shall be allocated for the operation of a Hawaiian center and the museum of Hawaiian music and dance at the Hawaii convention center; and
    - (ii) 0.5 per cent of the \$82,000,000 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; and
  - (C) 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;
- (3) ~~[\$93,000,000]~~ \$103,000,000 for fiscal year 2014-2015, \$103,000,000 for fiscal year 2015-2016, and \$93,000,000 for each fiscal year thereafter shall be allocated as follows: Kauai county shall receive 14.5 per cent, Hawaii county shall receive 18.6 per cent, city and coun-

ty of Honolulu shall receive 44.1 per cent, and Maui county shall receive 22.8 per cent; provided that commencing with fiscal year 2018-2019, a sum that represents the difference between a county public employer's annual required contribution for the separate trust fund established under section 87A-42 and the amount of the county public employer's contributions into that trust fund shall be retained by the state director of finance and deposited to the credit of the county public employer's annual required contribution into that trust fund in each fiscal year, as provided in section 87A-42, if the respective county fails to remit the total amount of the county's required annual contributions, as required under section 87A-43; and

- (4) Of the excess revenues deposited into the general fund pursuant to this subsection, \$3,000,000 shall be allocated subject to the mutual agreement of the board of land and natural resources and the board of directors of the Hawaii tourism authority in accordance with the Hawaii tourism authority strategic plan for:
  - (A) The protection, preservation, and enhancement of natural resources important to the visitor industry;
  - (B) Planning, construction, and repair of facilities; and
  - (C) Operation and maintenance costs of public lands connected with enhancing the visitor experience.

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 2. (a) There is established a state-county functions working group that shall:

- (1) Evaluate the division of duties and responsibilities between the state and counties relating to the provision of public services; and
- (2) Submit a recommendation to the legislature on the appropriate allocation of the transient accommodations tax revenues between the State and counties that properly reflects the division of duties and responsibilities relating to the provision of public services.
- (b) The working group shall be composed of thirteen members appointed, without regard to section 26-34, Hawaii Revised Statutes, as follows:
  - (1) Four members, each of whom shall be appointed by a different county mayor;
  - (2) Four members appointed by the governor;
  - (3) Two members appointed by the president of the senate;
  - (4) Two members appointed by the speaker of the house of representatives; and
  - (5) One member appointed by the chief justice, who shall serve as the chair of the working group.

The members appointed under paragraphs (3), (4), and (5) shall not be currently employed by the State or any county.

(c) The working group shall be administratively placed in the office of the auditor. The auditor shall initiate the organization of and provide staff support for the working group.

(d) Members of the working group shall serve without compensation, but shall be reimbursed for necessary expenses incurred during the performance

of their duties. The reimbursements shall be made by the auditor, who shall submit a request to the legislature for an appropriation equal to the reimbursements made and expected to be made. The auditor shall submit the requests for inclusion in the legislative budget acts of 2015 and 2016.

(e) The working group shall submit an interim report to the legislature, governor, and each county mayor and council not later than twenty days prior to the convening of the regular session of 2015.

The working group shall submit a final report with its findings and recommendations to the same parties not later than twenty days prior to the convening of the regular session of 2016.

(f) The working group shall cease to exist upon the adjournment sine die of the regular session of 2016.

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

SECTION 4. This Act shall take effect on July 1, 2014.

(Approved July 1, 2014.)