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

11 In 2002, the transient accommodations tax revenues
12 deposited into the convention center enterprise special fund
13 were limited to \$31,000,000, and, in 2006, to \$33,000,000. A
14 problem arises as a result of the limits on the deposits into
15 the special fund, because collections are made on a calendar
16 year basis, but expenditures from the fund are made on the
17 fiscal year basis. In some years, the \$33,000,000 limit is
18 achieved in the third month of the fiscal year, October, and no



1 further revenues are deposited into the fund until the new
2 calendar year. This results in a short-fall in the fund's
3 ability to pay the debt service for the convention center.

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

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

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

13 (1) An amount equal to 17.3 per cent of the revenues
14 collected [under this chapter] each calendar month of
15 each fiscal year pursuant to section 237D-6 shall be
16 [deposited into] allocated to the convention center
17 enterprise special fund established under section
18 201B-8; provided that [beginning January 1, 2002, if]
19 the amount of the revenue [collected] allocated under
20 this paragraph [exceeds] shall not exceed \$33,000,000
21 in any [calendar] fiscal year [, revenues collected in

1 ~~excess of \$33,000,000 shall be deposited into the~~
2 ~~general fund];~~

3 (2) 34.2 per cent of the revenues collected under this
4 chapter shall be deposited into the tourism special
5 fund established under section 201B-11 for tourism
6 promotion and visitor industry research; provided that
7 for any period beginning on July 1, 2011, and ending
8 on June 30, 2015, no more than \$69,000,000 per fiscal
9 year shall be deposited into the tourism special fund
10 established under section 201B-11; and provided
11 further that beginning on July 1, 2002, of the first
12 \$1,000,000 in revenues deposited:

13 (A) Ninety per cent shall be deposited into the state
14 parks special fund established in section
15 184-3.4; and

16 (B) Ten per cent shall be deposited into the special
17 land and development fund established in section
18 171-19 for the Hawaii statewide trail and access
19 program;

20 provided that of the 34.2 per cent, 0.5 per cent shall
21 be transferred to a sub-account in the tourism special
22 fund to provide funding for a safety and security



1 budget, in accordance with the Hawaii tourism
2 strategic plan 2005-2015; provided further that of the
3 revenues remaining in the tourism special fund after
4 revenues have been deposited as provided in this
5 paragraph and except for any sum authorized by the
6 legislature for expenditure from revenues subject to
7 this paragraph, beginning July 1, 2007, funds shall be
8 deposited into the tourism emergency trust fund,
9 established in section 201B-10, in a manner sufficient
10 to maintain a fund balance of \$5,000,000 in the
11 tourism emergency trust fund; and

- 12 (3) 44.8 per cent of the revenues collected under this
13 chapter shall be transferred as follows: Kauai county
14 shall receive 14.5 per cent, Hawaii county shall
15 receive 18.6 per cent, city and county of Honolulu
16 shall receive 44.1 per cent, and Maui county shall
17 receive 22.8 per cent; provided that for any period
18 beginning on July 1, 2011, and ending on June 30,
19 2015, the total amount transferred to the counties
20 shall not exceed \$93,000,000 per fiscal year.

21 Revenues collected under section 237D-2(b) shall be
22 deposited into the general fund. All transient accommodations



1 taxes shall be paid into the state treasury each month within
2 ten days after collection and shall be kept by the state
3 director of finance in special accounts for distribution as
4 provided in this subsection.

5 As used in this subsection, "fiscal year" means the twelve-
6 month period beginning on July 1 of one calendar year and ending
7 on June 30 of the next succeeding calendar year."

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

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

16 SECTION 5. This Act shall take effect on July 1, 2012;
17 provided that the amendments made to section 237D-6.5(b), Hawaii
18 Revised Statutes, by section 2 of this Act shall not be repealed
19 on June 30, 2015, when that section is reenacted pursuant to
20 section 4 of Act 61, Session Laws of Hawaii 2009, and section 4
21 of Act 103, Session Laws of Hawaii 2011.



Report Title:

Transient Accommodations Tax; Convention Center Enterprise
Special Fund

Description:

Provides for the allocation of transient accommodations tax
revenues to the convention center enterprise special fund on a
fiscal year basis. (SD1)

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