
A BILL FOR AN ACT

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1

PART I

2

SECTION 1. Section 171-19, Hawaii Revised Statutes, is

3

amended by amending subsection (a) to read as follows:

4

"(a) There is created in the department a special fund to

5

be designated as the "special land and development fund".

6

Subject to the Hawaiian Homes Commission Act of 1920, as

7

amended, and section 5(f) of the Admission Act of 1959, all

8

proceeds of sale of public lands, including interest on deferred

9

payments; all moneys collected under section 171-58 for mineral

10

and water rights; all rents from leases, licenses, and permits

11

derived from public lands; all moneys collected from lessees of

12

public lands within industrial parks; all fees, fines, and other

13

administrative charges collected under this chapter and chapter

14

183C; a portion of the highway fuel tax collected under chapter

15

243; all moneys collected by the department for the commercial

16

use of public trails and trail accesses under the jurisdiction

17

of the department; transient accommodations tax revenues

18

collected pursuant to section [~~237D-6.5(b)(2)~~]; 237D-6.5(b)(5);



1 and private contributions for the management, maintenance, and
2 development of trails and accesses shall be set apart in the
3 fund and shall be used only as authorized by the legislature for
4 the following purposes:

5 (1) To reimburse the general fund of the State for
6 advances made that are required to be reimbursed from
7 the proceeds derived from sales, leases, licenses, or
8 permits of public lands;

9 (2) For the planning, development, management, operations,
10 or maintenance of all lands and improvements under the
11 control and management of the board[7] pursuant to
12 title 12, including but not limited to permanent or
13 temporary staff positions who may be appointed without
14 regard to chapter 76; provided that transient
15 accommodations tax revenues allocated to the fund
16 shall be expended as provided in section
17 237D-6.5(b)(5);

18 (3) To repurchase any land, including improvements, in the
19 exercise by the board of any right of repurchase
20 specifically reserved in any patent, deed, lease, or
21 other documents or as provided by law;



- 1 (4) For the payment of all appraisal fees; provided that
2 all fees reimbursed to the board shall be deposited in
3 the fund;
- 4 (5) For the payment of publication notices as required
5 under this chapter; provided that all or a portion of
6 the expenditures may be charged to the purchaser or
7 lessee of public lands or any interest therein under
8 rules adopted by the board;
- 9 (6) For the management, maintenance, and development of
10 trails and trail accesses under the jurisdiction of
11 the department;
- 12 (7) For the payment to private land developers who have
13 contracted with the board for development of public
14 lands under section 171-60;
- 15 (8) For the payment of debt service on revenue bonds
16 issued by the department, and the establishment of
17 debt service and other reserves deemed necessary by
18 the board;
- 19 (9) To reimburse the general fund for debt service on
20 general obligation bonds issued to finance
21 departmental projects, where the bonds are designated



1 to be reimbursed from the special land and development
2 fund;

3 (10) For the protection, planning, management, and
4 regulation of water resources under chapter 174C; and

5 (11) For other purposes of this chapter."

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

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

11 (1) \$26,500,000 shall be allocated to the convention
12 center enterprise special fund established under
13 section 201B-8;

14 (2) \$82,000,000 shall be allocated to the tourism special
15 fund established under section 201B-11; provided that:

16 (A) Beginning on July 1, 2012, and ending on June 30,
17 2015, \$2,000,000 shall be expended from the
18 tourism special fund for development and
19 implementation of initiatives to take advantage
20 of expanded visa programs and increased travel



1 opportunities for international visitors to
2 Hawaii;

3 (B) Of the \$82,000,000 allocated:

4 (i) \$1,000,000 shall be allocated for the
5 operation of a Hawaiian center and the
6 museum of Hawaiian music and dance at the
7 Hawaii convention center; and

8 (ii) 0.5 per cent of the \$82,000,000 shall be
9 transferred to a sub-account in the tourism
10 special fund to provide funding for a safety
11 and security budget, in accordance with the
12 Hawaii tourism strategic plan 2005-2015; and

13 (C) Of the revenues remaining in the tourism special
14 fund after revenues have been deposited as
15 provided in this paragraph and except for any sum
16 authorized by the legislature for expenditure
17 from revenues subject to this paragraph,
18 beginning July 1, 2007, funds shall be deposited
19 into the tourism emergency trust fund,
20 established in section 201B-10, in a manner



1 sufficient to maintain a fund balance of
2 \$5,000,000 in the tourism emergency trust fund;
3 (3) \$103,000,000 for fiscal year 2014-2015, \$103,000,000
4 for fiscal year 2015-2016, and \$93,000,000 for each
5 fiscal year thereafter shall be allocated as follows:
6 Kauai county shall receive 14.5 per cent, Hawaii
7 county shall receive 18.6 per cent, city and county of
8 Honolulu shall receive 44.1 per cent, and Maui county
9 shall receive 22.8 per cent; provided that commencing
10 with fiscal year 2018-2019, a sum that represents the
11 difference between a county public employer's annual
12 required contribution for the separate trust fund
13 established under section 87A-42 and the amount of the
14 county public employer's contributions into that trust
15 fund shall be retained by the state director of
16 finance and deposited to the credit of the county
17 public employer's annual required contribution into
18 that trust fund in each fiscal year, as provided in
19 section 87A-42, if the respective county fails to
20 remit the total amount of the county's required annual
21 contributions, as required under section 87A-43;



1 (4) \$3,000,000 shall be allocated to the Turtle Bay
 2 conservation easement special fund established under
 3 section 201B-8.6 for the payment of debt service on
 4 revenue bonds, the proceeds of which were used to
 5 acquire the conservation easement in Turtle Bay, Oahu,
 6 until the bonds are fully amortized; and

7 (5) [~~Of the excess revenues deposited into the general~~
 8 ~~fund pursuant to this subsection,~~] \$3,000,000 shall be
 9 allocated [~~subject to the mutual agreement of the~~
 10 ~~board of land and natural resources and the board of~~
 11 ~~directors of the Hawaii tourism authority]~~ to the
 12 special land and development fund established under
 13 section 171-19, to be expended pursuant to title 12 in
 14 accordance with the [Hawaii tourism authority] long-
 15 range strategic plan for tourism developed by the
 16 Hawaii tourism authority for:

17 (A) The protection, preservation, and enhancement of
 18 natural resources important to the visitor
 19 industry;

20 (B) Planning, construction, and repair of facilities;
 21 and



1 (C) Operation and maintenance costs of [~~public lands~~]
2 state parks, beaches, and trails, and costs
3 associated with improving enforcement of
4 ancillary regulations, connected with enhancing
5 the visitor experience.

6 All transient accommodations taxes shall be paid into the
7 state treasury each month within ten days after collection and
8 shall be kept by the state director of finance in special
9 accounts for distribution as provided in this subsection.

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

13 PART II

14 SECTION 3. The purpose of this part is to establish a
15 method to use transient accommodations tax revenues to pay for
16 the debt service on revenue bonds, the proceeds of which will be
17 used to acquire a conservation easement in Turtle Bay, Oahu, for
18 the protection, preservation, and enhancement of natural
19 resources important to the State.

20 The legislature finds that the transient accommodations tax
21 revenues are substantially derived from the visitor industry and



1 comprise user taxes. The legislature also finds that the
2 acquisition of the Turtle Bay conservation easement by the
3 department of budget and finance is for the purpose of
4 supporting, encouraging and enhancing the natural beauty of
5 Oahu's north shore, which, by sustaining the visitor industry
6 attracting visitors to the State, will contribute to the amounts
7 of transient accommodations tax revenues collected. The
8 legislature further finds that the acquisition of the Turtle Bay
9 conservation easement by the department of budget and finance
10 and its subsequent transfer to the department of land and
11 natural resources is crucial to the protection, preservation,
12 and enhancement of the State's natural resources and to the
13 State's economic well-being, and is for a public purpose.

14 This part:

- 15 (1) Authorizes the department of budget and finance to
16 issue \$40,000,000 in revenue bonds and to use the
17 proceeds to acquire a conservation easement in Turtle
18 Bay, Oahu;
- 19 (2) Requires the department of budget and finance, upon
20 acquisition, to transfer the conservation easement to
21 the department of land and natural resources; and



1 (3) Allocates transient accommodations tax revenues of
2 \$3,000,000 annually to the department of budget and
3 finance to pay the debt service on the revenue bonds
4 and ongoing expenses related to the issuance of the
5 bonds.

6 SECTION 4. Chapter 171, Hawaii Revised Statutes, is
7 amended by adding three new sections to be appropriately
8 designated and to read as follows:

9 **"§171-A Revenue bonds for conservation easement in Turtle**
10 **Bay, Oahu.** (a) The department of budget and finance shall
11 issue revenue bonds to acquire a conservation easement in Turtle
12 Bay, Oahu, for the protection, preservation, and enhancement of
13 natural resources important to the State. The conservation
14 easement shall be in compliance with chapters 171 and 198.

15 (b) For the purpose of this section, the acquisition of
16 the conservation easement shall be deemed an undertaking under
17 part III of chapter 39.

18 (c) The revenue bonds issued to acquire the conservation
19 easement shall be secured by and payable from the transient
20 accommodations tax revenues allocated to the Turtle Bay
21 conservation easement special fund established by section 171-B.



1 The transient accommodations tax revenues are and shall be
2 deemed user taxes. The revenues allocated shall be deemed user
3 taxes pursuant to chapter 39 for the undertaking.

4 (d) The revenue bonds shall be issued in accordance with
5 chapter 39, part III.

6 **§171-B Turtle Bay conservation easement special fund.** (a)

7 There is established the Turtle Bay conservation easement
8 special fund to be administered by the department of budget and
9 finance.

10 (b) Transient accommodations tax revenues allocated to the
11 Turtle Bay conservation easement special fund pursuant to
12 section 237D-6.5 shall be deposited into the special fund. All
13 interest earned on the moneys in the special fund shall be
14 credited to the special fund.

15 (c) Moneys in the Turtle Bay conservation easement special
16 fund shall be expended to pay the debt service on revenue bonds
17 issued to acquire the conservation easement in Turtle Bay, Oahu.

18 (d) The Turtle Bay conservation easement special fund
19 shall be exempt from the central service expenses of section 36-
20 27 and departmental administrative expenses of section 36-30.



1 (e) Upon payment of all debt service on revenue bonds
2 issued to acquire the conservation easement in Turtle Bay, Oahu,
3 any unencumbered and unexpended moneys in the Turtle Bay
4 conservation easement special fund shall be transferred to the
5 tourism special fund established under section 201B-11.

6 **§171-C Turtle Bay appraisal and due diligence.** Any
7 appraisal and due diligence completed by the Hawaii tourism
8 authority may be used by the department of budget and finance
9 for the acquisition of the Turtle Bay conservation easement."

10 SECTION 5. Section 237D-6.5, Hawaii Revised Statutes, is
11 amended by amending subsection (b) to read as follows:

12 "(b) Revenues collected under this chapter shall be
13 distributed [~~as follows,~~] in the following priority, with the
14 excess revenues to be deposited into the general fund:

15 (1) \$3,000,000 shall be allocated to the Turtle Bay
16 conservation easement special fund beginning July 1,
17 2015, for the payment of debt service on revenue
18 bonds, including ongoing expenses related to the
19 issuance of the bonds, the proceeds of which were used
20 to acquire the conservation easement in Turtle Bay,
21 Oahu, for the protection, preservation, and



1 enhancement of natural resources important to the
2 State, until the bonds are fully amortized;
3 ~~[(1)]~~ (2) \$26,500,000 shall be allocated to the convention
4 center enterprise special fund established under
5 section 201B-8;
6 ~~[(2)]~~ (3) \$82,000,000 shall be allocated to the tourism
7 special fund established under section 201B-11;
8 provided that:
9 (A) Beginning on July 1, 2012, and ending on June 30,
10 2015, \$2,000,000 shall be expended from the
11 tourism special fund for development and
12 implementation of initiatives to take advantage
13 of expanded visa programs and increased travel
14 opportunities for international visitors to
15 Hawaii;
16 (B) Of the \$82,000,000 allocated:
17 (i) \$1,000,000 shall be allocated for the
18 operation of a Hawaiian center and the
19 museum of Hawaiian music and dance at the
20 Hawaii convention center; and



1 (ii) 0.5 per cent of the \$82,000,000 shall be
2 transferred to a sub-account in the tourism
3 special fund to provide funding for a safety
4 and security budget, in accordance with the
5 Hawaii tourism strategic plan 2005-2015; and
6 (C) Of the revenues remaining in the tourism special
7 fund after revenues have been deposited as
8 provided in this paragraph and except for any sum
9 authorized by the legislature for expenditure
10 from revenues subject to this paragraph,
11 beginning July 1, 2007, funds shall be deposited
12 into the tourism emergency trust fund,
13 established in section 201B-10, in a manner
14 sufficient to maintain a fund balance of
15 \$5,000,000 in the tourism emergency trust fund;
16 [+3+] (4) \$103,000,000 for fiscal year 2014-2015,
17 \$103,000,000 for fiscal year 2015-2016, and
18 \$93,000,000 for each fiscal year thereafter shall be
19 allocated as follows: Kauai county shall receive 14.5
20 per cent, Hawaii county shall receive 18.6 per cent,
21 city and county of Honolulu shall receive 44.1 per



1 cent, and Maui county shall receive 22.8 per cent;
2 provided that commencing with fiscal year 2018-2019, a
3 sum that represents the difference between a county
4 public employer's annual required contribution for the
5 separate trust fund established under section 87A-42
6 and the amount of the county public employer's
7 contributions into that trust fund shall be retained
8 by the state director of finance and deposited to the
9 credit of the county public employer's annual required
10 contribution into that trust fund in each fiscal year,
11 as provided in section 87A-42, if the respective
12 county fails to remit the total amount of the county's
13 required annual contributions, as required under
14 section 87A-43; and

15 [~~(4) \$3,000,000 shall be allocated to the Turtle Bay~~
16 ~~conservation easement special fund established under~~
17 ~~section 201B-8.6 for the payment of debt service on~~
18 ~~revenue bonds, the proceeds of which were used to~~
19 ~~acquire the conservation easement in Turtle Bay, Oahu,~~
20 ~~until the bonds are fully amortized; and]~~



1 (5) Of the excess revenues deposited into the general fund
2 pursuant to this subsection, \$3,000,000 shall be
3 allocated subject to the mutual agreement of the board
4 of land and natural resources and the board of
5 directors of the Hawaii tourism authority in
6 accordance with the Hawaii tourism authority strategic
7 plan for:

8 (A) The protection, preservation, and enhancement of
9 natural resources important to the visitor
10 industry;

11 (B) Planning, construction, and repair of facilities;
12 and

13 (C) Operation and maintenance costs of public lands
14 connected with enhancing the visitor experience.

15 All transient accommodations taxes shall be paid into the
16 state treasury each month within ten days after collection and
17 shall be kept by the state director of finance in special
18 accounts for distribution as provided in this subsection.

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



1 SECTION 6. Act 81, Session Laws of Hawaii 2014, is amended
2 by amending section 6 to read as follows:

3 "SECTION 6. (a) The [~~board of directors of the Hawaii~~
4 ~~tourism authority,~~] department of budget and finance, with the
5 approval of the governor, is authorized to issue revenue bonds
6 in the sum of \$40,000,000 or so much thereof as may be necessary
7 [~~for fiscal year 2014-2015]~~ for the purpose of acquiring a
8 conservation easement in Turtle Bay, Oahu, [~~as authorized under~~
9 ~~section 201B-A, Hawaii Revised Statutes.~~] and the same sum shall
10 be deposited into the Turtle Bay conservation easement special
11 fund.

12 (b) The [~~board of directors,~~] department of budget and
13 finance, with the approval of the governor, shall issue the
14 revenue bonds in such aggregate principal amount and under such
15 terms, conditions, and maturity dates [~~that do not require any~~
16 ~~debt service payment to]~~ such that the required payments of
17 principal and interest on the revenue bonds shall not exceed
18 \$3,000,000 in any fiscal year.

19 (c) If the [~~board of directors]~~ department of budget and
20 finance cannot issue revenue bonds in accordance with the
21 conditions of this section or section [~~201B-A]~~ 171-A or chapter



1 39, part III, Hawaii Revised Statutes, no state funds shall be
2 expended to acquire any conservation easement [~~or other real~~
3 ~~property interest~~] in Turtle Bay, Oahu."

4 SECTION 7. Act 81, Session Laws of Hawaii 2014, is amended
5 by amending section 7 to read as follows:

6 "SECTION 7. There is appropriated out of the [~~revenue bond~~
7 ~~proceeds authorized by section 6 of this Act~~] Turtle Bay
8 conservation easement special fund the sum of \$40,000,000 or so
9 much thereof as may be necessary for fiscal year 2014-2015, and
10 the same sum or so much thereof as may be necessary for fiscal
11 year 2015-2016, to carry out the purpose of [~~section 6; provided~~
12 ~~that any unexpended or unencumbered balance of the appropriation~~
13 ~~shall not lapse at the end of fiscal year 2014-2015 and shall~~
14 ~~lapse instead on June 30, 2016.~~] acquiring the conservation
15 easement in Turtle Bay, Oahu.

16 The sum appropriated shall be expended by the [~~Hawaii~~
17 ~~tourism authority~~] department of budget and finance for the
18 purpose of this Act."

19 SECTION 8. Upon acquiring the conservation easement in
20 Turtle Bay, Oahu, pursuant to this part, the department of



1 budget and finance shall transfer the conservation easement to
2 the department of land and natural resources.

3 SECTION 9. Section 201B-8.5, Hawaii Revised Statutes, is
4 repealed.

5 ~~["**[§201B-8.5]** Revenue bonds for conservation easement in~~
6 ~~Turtle Bay, Oahu.~~ (a) As authorized by section 6 of Act 81,
7 Session Laws of Hawaii 2014, the authority shall issue revenue
8 bonds to acquire a conservation easement in Turtle Bay, Oahu.
9 The public shall have perpetual public access to said
10 conservation easement. The conservation easement shall be in
11 compliance with chapter 198.

12 ~~Prior to executing the agreement to acquire the~~
13 ~~conservation easement, the authority shall:~~

- 14 ~~(1) Obtain an appraisal and perform its due diligence on~~
15 ~~the conservation easement and property rights proposed~~
16 ~~to be acquired; and~~
- 17 ~~(2) Offer to hold an informational briefing for the~~
18 ~~legislature. The offer shall be made through the~~
19 ~~president of the senate and speaker of the house of~~
20 ~~representatives.~~



1 ~~(b) For the purpose of this section, the authority shall~~
2 ~~be deemed a "department" and the acquisition of the conservation~~
3 ~~easement shall be deemed an "undertaking" under chapter 39.~~

4 ~~(c) The revenue bonds issued to acquire the conservation~~
5 ~~easement shall be secured by and payable from the transient~~
6 ~~accommodations tax revenues allocated to the Turtle Bay~~
7 ~~conservation easement special fund established pursuant to~~
8 ~~section 201B-8.6. For this purpose, the revenues allocated~~
9 ~~shall be deemed "user taxes" for the undertaking.~~

10 ~~(d) The revenue bonds shall be issued in accordance with~~
11 ~~chapter 39, part III. The authority shall request the director~~
12 ~~of finance, on behalf of the authority, to perform the duties~~
13 ~~specified under section 39-68 regarding the preparation, sale,~~
14 ~~and administration of the revenue bonds."]~~

15 SECTION 10. Section 201B-8.6, Hawaii Revised Statutes, is
16 repealed.

17 ~~["**~~§201B-8.6~~** ~~Turtle Bay conservation easement special~~~~
18 ~~**fund.** (a) There is established the Turtle Bay conservation~~
19 ~~easement special fund.~~

20 ~~(b) Transient accommodations tax revenues allocated to the~~
21 ~~Turtle Bay conservation easement special fund pursuant to~~



1 ~~section 237D-6.5 shall be deposited into the special fund. All~~
2 ~~interest earned on the moneys in the special fund shall be~~
3 ~~credited to the special fund.~~

4 ~~(c) Moneys in the Turtle Bay conservation easement special~~
5 ~~fund shall be expended to pay the debt service on revenue bonds~~
6 ~~issued to acquire the conservation easement in Turtle Bay, Oahu,~~
7 ~~pursuant to section 201B-8.5.~~

8 ~~(d) The Turtle Bay conservation easement special fund~~
9 ~~shall be exempt from the central service expenses of section 36-~~
10 ~~27 and departmental administrative expenses of section 36-30."]~~

11 SECTION 11. Act 81, Session Laws of Hawaii 2014, is
12 amended by repealing section 5.

13 ["~~SECTION 5. (a) The executive director of the Hawaii~~
14 ~~tourism authority and the director of finance shall enter into~~
15 ~~negotiations to restructure the debt owed to the department of~~
16 ~~budget and finance for the convention center so that the annual~~
17 ~~amount payable on the debt service is not more than \$16,500,000~~
18 ~~until fully retired.~~

19 ~~(b) If the debt is not restructured as required under~~
20 ~~subsection (a), no state funds, including revenue bond funds,~~
21 ~~shall be expended to acquire any conservation easement or other~~



1 ~~real property interest in Turtle Bay, Oahu, notwithstanding the~~
2 ~~authorization under section 201B-A, Hawaii Revised Statutes, and~~
3 ~~sections 6 and 7 of this Act."]~~

4 SECTION 12. All unencumbered and unexpended moneys
5 remaining on balance in the Turtle Bay conservation easement
6 special fund established under section 201B-8.6, Hawaii Revised
7 Statutes, at the close of June 30, 2015, shall be transferred to
8 the Turtle Bay conservation easement special fund established
9 under section 171-B, Hawaii Revised Statutes, in section 4 of
10 this Act.

11 PART III

12 SECTION 13. In codifying the new sections added by section
13 4 of this Act, the revisor of statutes shall substitute
14 appropriate section numbers for the letters used in designating
15 the new sections in this Act.

16 SECTION 14. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 15. This Act shall take effect on July 1, 2050.



Report Title:

Transient Accommodations Tax; Special Land and Development Fund;
BLNR; B&F; HTA; Turtle Bay; Revenue Bonds

Description:

Allocates \$3,000,000 of transient accommodations tax revenues to the special land and development fund to be expended in accordance with the long-range strategic plan for tourism. Authorizes the B&F to issue \$40,000,000 in revenue bonds and to use the proceeds to acquire a conservation easement in Turtle Bay, Oahu. Requires the B&F to transfer the conservation easement to the DLNR. Allocates transient accommodations tax revenues of \$3,000,000 annually to the B&F to pay the debt service on the revenue bonds and ongoing expenses related to the bonds. Effective 7/1/2050. (SD2)

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

