

STAND. COM. REP. NO. 876

Honolulu, Hawaii

MAR 06 2015

RE: S.B. No. 284  
S.D. 2

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 284, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE TRANSIENT ACCOMMODATIONS TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to allocate transient accommodations tax revenues of \$3,000,000 annually to the special land and development fund, to be expended pursuant to title 12, Hawaii Revised Statutes, in accordance with the long-range strategic plan for tourism developed by the Hawaii Tourism Authority.

The measure also clarifies that the transient accommodations tax allocation to the special land and development fund may be used, among other things, for state parks, beaches, and trails, and costs associated with improving enforcement of ancillary regulations.

Your Committee received written comments in support of this measure from the Department of Land and Natural Resources, the Hawaii Tourism Authority, the Hawaii Lodging and Tourism Association, The Nature Conservancy, the Land Use Research Foundation of Hawaii, and six individuals. The State-County Functions Working Group and the Tax Foundation of Hawaii provided written comments on the measure.



On February 26, 2015, your Committee voted to recommend that the measure be passed unamended. However, your Committee subsequently reconsidered its recommendation to pass the measure unamended and circulated a Proposed Senate Draft 2 and notified the public that it would be accepting testimony on the proposed draft. The proposed draft amended the Senate Draft 1 by inserting a new part that authorizes the Department of Land and Natural Resources to issue \$40,000,000 in revenue bonds and to use the proceeds to acquire a conservation easement in Turtle Bay, Oahu. The proposed draft also established a new Turtle Bay conservation easement special fund, to be administered by the department, and allocated transient accommodations tax revenues of \$3,000,000 annually to the special fund to pay the debt service on the revenue bonds and ongoing expenses related to the bonds.

Your Committee received written comments in support of the proposed draft from the Department of Budget and Finance, the Hawaii Tourism Authority, The Nature Conservancy, The Trust for Public Land, the Defend Oahu Coalition, and one individual. The State-County Functions Working Group and the Tax Foundation of Hawaii provided written comments.

Your Committee finds that the transient accommodations tax revenues are substantially derived from the visitor industry and comprise user taxes. Your Committee further finds that Oahu's North Shore is a popular visitor destination and is an essential component of Hawaii's tourism industry. Your Committee believes that the acquisition of the Turtle Bay conservation easement will support, encourage, and enhance the natural beauty of Oahu's North Shore, which in turn will contribute to increased transient accommodations tax revenues collected by the State.

Your Committee also finds that the amendments made to section 237D-6.5(b), Hawaii Revised Statutes, in parts I and II of the measure do not conflict and that the Revisor of Statutes will be able to harmonize the amendments made to that section of law by the two separate parts. These findings are intended to address technical issues noted by the Hawaii Tourism Authority.

Your Committee has amended this measure by adopting the proposed draft with the following amendments:

- (1) Establishing the Department of Budget and Finance, rather than the Department of Land and Natural



Resources, as the agency responsible for issuing revenue bonds to acquire the Turtle Bay conservation easement;

- (2) Requiring the Department of Budget and Finance, upon acquisition, to transfer the conservation easement to the Department of Land and Natural Resources;
- (3) Providing that, upon payment of all debt service on revenue bonds issued to acquire the conservation easement, any moneys left unexpended in the new Turtle Bay conservation easement special fund shall be transferred to the tourism special fund;
- (4) Repealing sections 201B-8.5 and 201B-8.6, Hawaii Revised Statutes, which, respectively, authorizes the Hawaii Tourism Authority to issue revenue bonds to acquire the Turtle Bay conservation easement and establishes the corresponding Turtle Bay conservation easement special fund;
- (5) Repealing section 5 of Act 81, Session Laws of Hawaii 2014, which relates to the Hawaii Tourism Authority's acquisition of the Turtle Bay conservation easement;
- (6) Transferring unencumbered moneys, if any, in the Turtle Bay conservation easement special fund established under section 201B-8.6, Hawaii Revised Statutes, to the new Turtle Bay conservation easement special fund established by this measure;
- (7) Making conforming amendments to the purpose section of part II of the measure, to reflect changes made to the substantive provisions of that part; and
- (8) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 284, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 284, S.D. 2.



Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



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JILL N. TOKUDA, Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB284 SDI</b>	Committee Referral: <b>TBI/WTL, WAM</b>	Date: <b>3/4/15</b>		
<input checked="" type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: <u>Pass unamended</u>				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	✓			
KOUCHI, Ronald D. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
GALUTERIA, Brickwood	✓			
HARIMOTO, Breene	✓			
INOUYE, Lorraine R.	✓			
RIVIERE, Gil	✓			
RUDERMAN, Russell E.				✓
SLOM, Sam		✓		
<b>TOTAL</b>	<b>9</b>	<b>1</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <u><i>M. D. W.</i></u>				
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\*Only one measure per Record of Votes