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# A BILL FOR AN ACT

RELATING TO TOURISM.

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

PART I

1  
2 SECTION 1. Notwithstanding any agreement between the  
3 Hawaii tourism authority and the State of the indebtedness of  
4 the Hawaii tourism authority in connection with any general  
5 obligation bonds issued pursuant to Act 7, Special Session Laws  
6 of Hawaii 1993, that is outstanding as of the effective date of  
7 this Act, an amount of \$192,450,289 or so much thereof as may be  
8 owed is hereby canceled. To the extent of the amount canceled,  
9 the Hawaii tourism authority is relieved of all liability to the  
10 State under any agreement, including for any interest due under  
11 any agreement and any other fees and charges payable in  
12 connection with any agreement, and the total amount of the  
13 agreement owed to the State pursuant to any law or agreement  
14 shall be considered to be reduced by that amount. The amount of  
15 the indebtedness canceled under this section may be treated as a  
16 public debt of the State.



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PART II

SECTION 2. Chapter 201B, Hawaii Revised Statutes, is amended by adding two new sections to part I to be appropriately designated and to read as follows:

"§201B-A Convention center repair and maintenance special fund. (a) There is established in the state treasury the convention center repair and maintenance special fund, into which shall be deposited:

- (1) A portion of the revenues from any transient accommodations tax, as provided by section 237D-6.5;
- (2) Appropriations by the legislature to the convention center repair and maintenance special fund; and
- (3) Gifts, grants, and other funds accepted by the authority.

(b) Moneys in the convention center repair and maintenance special fund may be:

- (1) Placed in interest-bearing accounts; provided that the depository in which the money is deposited furnishes security as provided in section 38-3; or
- (2) Otherwise invested by the authority until such time as the moneys may be needed; provided that the authority

1 shall limit its investments to those listed in section  
2 36-21.

3 All interest accruing from the investment of these moneys shall  
4 be credited to the convention center repair and maintenance  
5 special fund.

6 (c) Moneys in the convention center repair and maintenance  
7 special fund:

8 (1) Shall be used by the authority for repair and  
9 maintenance of the convention center; and

10 (2) May be used by the authority for capital improvements  
11 of the convention center.

12 (d) Expenditure of the moneys in the repair and  
13 maintenance special fund shall require approval of the board.

14 (e) The Hawaii tourism authority shall submit to the  
15 legislature no later than twenty days prior to the convening of  
16 each regular session a report on the expenditure of moneys from  
17 the special fund in the previous fiscal year, the balance of the  
18 moneys remaining in the special fund, and the purpose for which  
19 those moneys are to be used.

20 §201B-B Convention center emergency special fund. (a)

21 There is established outside the state treasury a convention



1 center emergency special fund to be administered by the board,  
2 into which shall be deposited the revenues prescribed by section  
3 237D-6.5(b). All investment earnings from moneys in the special  
4 fund shall be credited to the convention center repair and  
5 maintenance special fund established pursuant to section 201B-A.

6 (b) Moneys in the special fund shall be used exclusively  
7 to respond to emergencies related to the convention center.

8 Expenditure of the moneys in the convention center emergency  
9 special fund shall require an emergency declaration by the  
10 governor, authorizing expenditure of the funds, and approval of  
11 the board.

12 (c) The Hawaii tourism authority shall submit to the  
13 legislature no later than twenty days prior to the convening of  
14 each regular session a report on the expenditure of moneys from  
15 the special fund in the previous fiscal year, the balance of the  
16 moneys remaining in the special fund, and the purpose for which  
17 those moneys are to be used.

18 (d) Use of the special fund, consistent with subsection  
19 (b), shall be provided for in articles, bylaws, resolutions, or  
20 other instruments executed by the board as administrator for the  
21 special fund."



1 SECTION 3. Section 201B-8, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:

3 "(b) Moneys in the convention center enterprise special  
4 fund shall be used by the authority for the payment of [~~any and~~  
5 ~~all of the following:~~

6 ~~(1) Debt owed to the department of budget and finance~~  
7 ~~relating to the convention center, and~~  
8 ~~(2) Expenses]~~ expenses arising from any and all use,  
9 operation, maintenance, alteration, improvement, or  
10 any unforeseen or unplanned repairs of the convention  
11 center, including without limitation the food and  
12 beverage service and parking service provided at the  
13 convention center facility, the sale of souvenirs,  
14 logo items, or other items, for any future major  
15 repair, maintenance, and improvement of the convention  
16 center facility as a commercial enterprise or as a  
17 world class facility for conventions, entertainment,  
18 or public events, and for marketing the facility  
19 pursuant to section 201B-7(a)(7)."

20 SECTION 4. Section 237D-6.5, Hawaii Revised Statutes, is  
21 amended by amending subsection (b) to read as follows:



1           "(b) Except for the revenues collected pursuant to section  
2 237D-2(e), revenues collected under this chapter shall be  
3 distributed in the following priority, with the excess revenues  
4 to be deposited into the general fund:

5           (1) \$1,500,000 shall be allocated to the Turtle Bay  
6 conservation easement special fund beginning July 1,  
7 2015, for the reimbursement to the state general fund  
8 of debt service on reimbursable general obligation  
9 bonds, including ongoing expenses related to the  
10 issuance of the bonds, the proceeds of which were used  
11 to acquire the conservation easement and other real  
12 property interests in Turtle Bay, Oahu, for the  
13 protection, preservation, and enhancement of natural  
14 resources important to the State, until the bonds are  
15 fully amortized;

16           (2) [~~\$26,500,000~~] \$ \_\_\_\_\_ shall be allocated to the  
17 convention center enterprise special fund established  
18 under section 201B-8;

19           (3) \$82,000,000 shall be allocated to the tourism special  
20 fund established under section 201B-11; provided that:



- 1 (A) Beginning on July 1, 2012, and ending on June 30,  
2 2015, \$2,000,000 shall be expended from the  
3 tourism special fund for development and  
4 implementation of initiatives to take advantage  
5 of expanded visa programs and increased travel  
6 opportunities for international visitors to  
7 Hawaii;
- 8 (B) Of the \$82,000,000 allocated:
- 9 (i) \$1,000,000 shall be allocated for the  
10 operation of a Hawaiian center and the  
11 museum of Hawaiian music and dance at the  
12 Hawaii convention center; and
- 13 (ii) 0.5 per cent of the \$82,000,000 shall be  
14 transferred to a sub-account in the tourism  
15 special fund to provide funding for a safety  
16 and security budget, in accordance with the  
17 Hawaii tourism strategic plan 2005-2015; and
- 18 (C) Of the revenues remaining in the tourism special  
19 fund after revenues have been deposited as  
20 provided in this paragraph and except for any sum  
21 authorized by the legislature for expenditure



1 from revenues subject to this paragraph,  
 2 beginning July 1, 2007, funds shall be deposited  
 3 into the tourism emergency special fund,  
 4 established in section 201B-10, in a manner  
 5 sufficient to maintain [a] the following fund  
 6 [~~balance of \$5,000,000~~] balances in the tourism  
 7 emergency special fund[+]:

8 (i) \$  beginning July 1, 2018;

9 (ii) \$  beginning July 1, 2019;

10 (iii) \$  beginning July 1, 2020; and

11 (iv) \$  beginning July 1, 2021;

12 (4) \$103,000,000 shall be allocated as follows: Kauai  
 13 county shall receive 14.5 per cent, Hawaii county  
 14 shall receive 18.6 per cent, city and county of  
 15 Honolulu shall receive 44.1 per cent, and Maui county  
 16 shall receive 22.8 per cent; provided that commencing  
 17 with fiscal year 2018-2019, a sum that represents the  
 18 difference between a county public employer's annual  
 19 required contribution for the separate trust fund  
 20 established under section 87A-42 and the amount of the  
 21 county public employer's contributions into that trust





1 fund shall be retained by the state director of  
 2 finance and deposited to the credit of the county  
 3 public employer's annual required contribution into  
 4 that trust fund in each fiscal year, as provided in  
 5 section 87A-42, if the respective county fails to  
 6 remit the total amount of the county's required annual  
 7 contributions, as required under section 87A-43; [and]  
 8 (5) \$3,000,000 shall be allocated to the special land and  
 9 development fund established under section 171-19;  
 10 provided that the allocation shall be expended in  
 11 accordance with the Hawaii tourism authority strategic  
 12 plan for:

- 13 (A) The protection, preservation, maintenance, and
- 14 enhancement of natural resources, including
- 15 beaches, important to the visitor industry;
- 16 (B) Planning, construction, and repair of facilities;
- 17 and
- 18 (C) Operation and maintenance costs of public lands,
- 19 including beaches, connected with enhancing the
- 20 visitor experience [–] i



1           (6)    \$                    for fiscal years 2018-2019, 2019-2020, 2020-  
 2                                    2021, and 2021-2022 shall be allocated to the  
 3                                    convention center repair and maintenance special fund  
 4                                    established under section 201B-A; and

5           (7)    \$                    for fiscal years 2018-2019, 2019-2020, 2020-  
 6                                    2021, and 2021-2022 shall be allocated to the  
 7                                    convention center emergency special fund established  
 8                                    under section 201B-B.

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

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

16                                    PART III

17           SECTION 5. In codifying the new sections added by section  
 18 2 of this Act, the revisor of statutes shall substitute  
 19 appropriate section numbers for the letters used in designating  
 20 the new sections in this Act.



1 SECTION 6. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 7. This Act shall take effect upon its approval.



**Report Title:**

Hawaii Convention Center; Hawaii Tourism Authority; Transient Accommodations Tax; Debt; General Obligation Bonds

**Description:**

Forgives the debt owed to the State by the Hawaii Tourism Authority for Convention Center construction costs and related interest. Amends the transient accommodations tax revenue allocation to the Convention Center Enterprise Special Fund. Establishes a Convention Center Repair and Maintenance Special Fund and a Convention Center Emergency Special Fund and allocates a portion of the transient accommodations tax revenues to those funds. Amends the minimum fund balance of the Tourism Emergency Special Fund. Requires annual reports. (HB2010 HD1)

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

