A BILL FOR AN ACT

RELATING TO TOURISM.

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

SECTION 1. The legislature finds that Hawaii is vulnerable to a wide variety of natural disasters, including volcanic eruptions, tsunami, wildfires, flooding, and tropical cyclones. This vulnerability was underscored this past year, as the State experienced serious property damage from major flooding events, the close approach of Hurricane Lane, and the landfall of Tropical Storm Olivia. Although much emphasis has been placed on ensuring that our residents are prepared for natural disasters, the State also has a responsibility to ensure the safety of its visitor population. The magnitude of this responsibility is substantial, as the State hosts up to two hundred twenty thousand visitors on any given day.

The legislature notes that the Hawaii convention center is a large facility consisting of 1,100,000 square feet across multiple floors, including a two hundred thousand square foot exhibition hall with drive-on floor access and a three hundred fifty-pound per square foot floor load capacity. The convention
center also serves as the emergency operations center for the
Hawaii tourism authority to address and direct the tourism
industry during statewide emergencies. Accordingly, the
legislature finds that the convention center could serve as a
valuable resource in the case of a natural disaster or other
emergency. Specifically, the convention center could shelter
visitors to nearby Waikiki and serve as a logistics center from
which the Hawaii tourism authority could distribute key
emergency supplies.

Although the Hawaii tourism authority has access to the
tourism emergency special fund established by section 201B-10,
Hawaii Revised Statutes, this fund was not intended to be used
directly for the convention center. Therefore, the legislature
finds that additional funds must be made available to the Hawaii
tourism authority to ensure that the convention center is
properly maintained and can be used to its full potential in the
case of an emergency.

Accordingly, the purpose of this Act is to:

(1) Establish a convention center repair and maintenance
special fund for the repair and maintenance of the
Hawaii convention center;
(2) Amend the permissible uses of the convention center enterprise special fund established pursuant to section 201B-8, Hawaii Revised Statutes;
(3) Establish a convention center emergency special fund to be used to facilitate the Hawaii convention center's use as a resource for the tourism industry in the case of a disaster or other emergency; and

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;
(3) Investment earnings from moneys in the convention center emergency special fund established pursuant to section 201B-B; and

(4) 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 shall limit its investments to those listed in section 36-21.

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

(c) Moneys in the convention center repair and maintenance special fund shall be used for repair and maintenance of the Hawaii convention center; provided that moneys in the convention
center repair and maintenance special fund may also be used for
capital improvements to the Hawaii convention center.

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

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

§201B-B Convention center emergency special fund. (a)
There is established outside the state treasury a convention
center emergency special fund to be administered by the board,
to which shall be deposited the revenues prescribed by section
237D-6.5(b). All investment earnings from moneys in the special
fund shall be credited to the convention center repair and
maintenance special fund established pursuant to section 201B-A.

(b) Moneys in the special fund shall be used to facilitate
the use of the convention center as a resource for the tourism
industry in case of a natural disaster or other emergency.

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

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

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

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

"(b) Moneys in the convention center enterprise special
fund shall be used by the authority for the payment of expenses
arising from any and all use, operation, [maintenance,]
alteration, or capital improvement [or any unforeseen or
unplanned repairs] of the convention center[—] that does not
qualify as a repair or maintenance project to be funded under
the convention center repair and maintenance special fund
established pursuant to section 201B-A, including without
limitation the food and beverage service and parking service
provided at the convention center facility, the sale of
souvenirs, logo items, or other items, for any future major
repair, maintenance, and improvement of the convention center
facility as a commercial enterprise or as a world class facility
for conventions, entertainment, or public events, and for
marketing the facility pursuant to section 201B-7(a)(7)."

SECTION 4. Section 237D-6.5, Hawaii Revised Statutes, is
amended by amending subsection (b) to read as follows:
"(b) Except for the revenues collected pursuant to section
237D-2(e), revenues collected under this chapter shall be
distributed in the following priority, with the excess revenues
to be deposited into the general fund:

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

(2) $16,500,000 shall be allocated to the convention
center enterprise special fund established under
section 201B-8;

(3) $79,000,000 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 $79,000,000 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 $79,000,000 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 special fund,
established in section 201B-10, in a manner
sufficient to maintain a fund balance of
$5,000,000 in the tourism emergency special fund;

(4) $103,000,000 shall be allocated as follows: Kauai
county shall receive 14.5 per cent, Hawaii county
shall receive 18.6 per cent, city and county 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]

(5) $3,000,000 shall be allocated to the special land and
development fund established under section 171-19;
provided that the allocation shall be expended in
accordance with the Hawaii tourism authority strategic
plan for:

(A) The protection, preservation, maintenance, and
enhancement of natural resources, including
beaches, important to the visitor industry;
(B) Planning, construction, and repair of facilities;
and

(C) Operation and maintenance costs of public lands, including beaches, connected with enhancing the visitor experience;[

(6) $2,000,000 for fiscal years 2019-2020, 2020-2021, 2021-2022, and 2022-2023 shall be allocated to the convention center repair and maintenance special fund established under section 201B-A; and

(7) $5,000,000 for fiscal years 2019-2020, 2020-2021, 2021-2022, and 2022-2023 shall be allocated to the convention center emergency special fund established under section 201B-B.

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 5. In codifying the new sections added by section 2 of this Act and referenced in section 4 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

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

SECTION 7. This Act shall take effect on July 1, 2019.

INTRODUCED BY:
Report Title:
Hawaii Tourism Authority; Transient Accommodations Tax; Convention Center Repair and Maintenance Special Fund; Convention Center Emergency Special Fund; Establishment

Description:
Establishes the convention center repair and maintenance special fund and the convention center emergency special fund. Allocates a portion of the transient accommodations tax to those funds. Removes repair and maintenance as permissible uses of the convention center enterprise special fund. Requires annual reports to the Legislature.

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