A BILL FOR AN ACT

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

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

SECTION 1. The transient accommodations tax was first adopted as a state revenue source in 1986, with subsequent laws establishing various allocations and uses of the revenues. Through the years, this state revenue source has been adjusted myriad times to reflect changing economic conditions and funding priorities for programs that support our visitor industry.

Hawaii's natural environment is a major draw for visitors. Our natural resources are experienced through parks, forest reserves, hiking trails, and coastal marine resources, which are primary visitor destinations that have increasing patronage due to robust visitor numbers. However, the increasing numbers of visitors who are seeking to experience our natural environment are also diminishing the quality of our natural resources that are unique and increasingly fragile.

Further, a portion these state tax revenues have been shared with our local county jurisdictions in recognition of the impact that the visitor industry has on county provided
services, such as police, fire, emergency medical system, and essential infrastructure.

The purpose of this measure is to amend the distribution of these state tax revenues, to provide additional funding for state programs that manage and protect our natural resources, while also recognizing the need to maintain annual support for county services impacted by our visitor industry.

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

"(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)] (B) 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]
$10,000,000 shall be allocated to the special land and
development fund established under section 171-19 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[→]; 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.]
Of the remaining revenues, 23.1 per cent 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.

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 Statutory material to be repealed is bracketed and stricken.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

SECTION 3. This Act shall take effect on January 1, 2020.

INTRODUCED BY:

BY REQUEST

JAN 2 2 2019
Report Title:
Amends the distribution of state transient accommodations tax.

Description:
Amends section 237D-6.5 to increase the distribution of state tax revenues to support natural resources programs, replaces the fixed appropriation amount with a percent distribution to each county.
DEPARTMENT: Budget and Finance

TITLE: RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

PURPOSE: The purpose of this bill is to amend the distribution of revenues derived from the state transient accommodations tax.

MEANS: Amends section 237D-6.5(b), Hawaii Revised Statutes (HRS).

JUSTIFICATION: Currently, section 237D-6.5(b), provides for the distribution of revenues from the state transient accommodations tax to include: visitor industry related programs administered by the Hawaii Tourism Authority; the purchase of Turtle Bay conservation easement; and support for the protection, preservation, maintenance and enhancement of natural resources within our state public land system. This state tax has also provided an annual subsidy to the counties to off-set the impact of the visitor industry on county services.

However, the increasing numbers of visitors and residents who are seeking to experience our natural resources in state parks, beaches, and forests are diminishing the quality of these resources that are unique and increasingly fragile. These increasing demands are stressing state programs that are charged with maintaining and protecting our state resources.

This measure proposes to amend the distribution of state transient accommodations tax revenues by increasing the amount earmarked for the Special Land and Development Fund from $7,000,000 to $10,000,000 and setting a fixed percentage for distribution to the counties from the
balance of state revenues after distributions to visitor industry and natural resources programs.

Impact on the public: Residents and visitors will benefit from maintained and protected natural resources; state tourism programs and the counties will benefit from continued support for their various visitor programs.

Impact on the department and other agencies: This bill will provide additional funds to the department of land and natural resources to protect, preserve, maintain and enhance natural resources within state public lands.

GENERAL FUND: Loss to general fund in proportion to gain to Special Land and Development Fund.

OTHER FUNDS: Additional revenues to Special Land and Development Fund.

PPBS PROGRAM DESIGNATION: BUF101-AA

OTHER AFFECTED AGENCIES: Department of Land and Natural Resources; Hawaii Tourism Authority; county governments.

EFFECTIVE DATE: January 1, 2020.