

STAND. COM. REP. NO.

116

Honolulu, Hawaii

FEB 10 , 2021

RE: H.B. No. 321  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committee on Labor & Tourism, to which was referred H.B. No. 321 entitled:

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

begs leave to report as follows:

The purpose of this measure is to repeal the allocation of excess transient accommodations tax revenues that are going to the Turtle Bay Conservation Easement Special Fund, the Hawaiian Center and the Museum of Hawaiian Music and Dance, the counties, and the Special Land and Development Fund.

Your Committee received testimony in opposition to this measure from the Department of Land and Natural Resources and Mayor of the County of Maui. Your Committee received comments on this measure from the Department of Budget and Finance, Tax Foundation of Hawaii, and Kohala Coast Resort Association.

Your Committee finds that, as a result of the COVID-19 pandemic and related mitigation measures, as of September 2020, Hawaii has experienced a 71.7 percent decrease in the number of visitors by air compared to 2019. Your Committee further finds that the significant decrease in visitors to Hawaii has resulted in an extreme loss in revenues from the State's collection of transient accommodations tax. According to the Department of Business, Economic Development, and Tourism, transient

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accommodations tax revenues decreased by \$103,300,000 or 68.6 percent, in the second quarter of 2020 compared to the same quarter of 2019. Accordingly, your Committee finds that transient accommodations tax allocations should be adjusted.

Your Committee has amended this measure by:

- (1) Changing the allocations to the Convention Center Enterprise Special Fund and Tourism Special Fund to unspecified amounts;
- (2) Repealing the 0.5 per cent allocation for the Tourism Special Fund to provide funding for a safety and security budget; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Should your Committee on Finance choose to hear this measure, your Committee notes that the allocation amounts previously authorized by statute for the Convention Center Enterprise Special Fund and the Tourism Special Fund are \$16,500,000 and \$79,000,000, respectively.

As affirmed by the record of votes of the members of your Committee on Labor & Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 321, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 321, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Labor & Tourism,

  
RICHARD H.K. ONISHI, Chair

