



**TESTIMONY OF SIMEON R. ACOBA, CHAIR,
STATE-COUNTY FUNCTIONS WORKING GROUP, ON
HOUSE BILL NO. 1214,
RELATING TO THE TRANSIENT ACCOMMODATIONS TAX**

**House Committee on Legislative Management
February 11, 2015**

Chair Nishimoto and Members of the Committee:

I am Simeon R. Acoba, Chair of the State-County Functions Working Group. Thank you for the opportunity to testify in strong support of House Bill No. 1214, relating to the State-County Functions Working Group. This measure would appropriate funds to the Office of the Auditor to carry out the purposes of the Working Group.

The State-County Functions Working Group was created by Act 174 (SLH 2014) and administratively placed within the Office of the Auditor. The Working Group, which first convened in October 2014, is comprised of 13 members appointed by the Governor, the Senate President, the Speaker of the House of Representatives, each of the county mayors, and the Chief Justice. The Working Group is assigned the following responsibilities:

- 1) Evaluate the division of duties and responsibilities between the State and counties relating to the provision of public services; and
- 2) Submit a recommendation to the Legislature on the appropriate allocation of the transient accommodations tax revenues between the State and counties that properly reflects the division of duties and responsibilities relating to the provision of public services.

The Working Group is charged with submitting two reports: 1) an Interim Report, which the group delivered to the Legislature, Governor, and each of the county Mayors, on December 18,

2014; and 2) a Final Report with its findings and recommendations to the same parties 20 days prior to the convening of the 2016 Regular Session. The Working Group shall cease to exist upon the adjournment sine die of the 2016 Regular Session.

Act 174 directs that members be reimbursed for necessary expenses incurred during the performance of their duties by the Auditor, who shall submit a request to the Legislature for an appropriation equal to the reimbursements made and expected to be made. Although Act 174 directs that the requests be included in the legislative budget acts of 2015 and 2016, the Working Group's request for this year is included in this measure.

The Working Group requests \$165,000 to cover Working Group expenses, which can be broken down into two parts: actual expenses and consultant expenses.

First, based on expenses already incurred, we estimate actual expenses for the Working Group—including travel to monthly meetings for neighbor island members, parking, and interim and final report production—at approximately \$15,000.

Second, the Working Group determined that it needs consultant services to assist with analysis of transient accommodations tax policy, analysis and compilation of state and county budget and tourism-related data, final report drafting, among other responsibilities. Based on discussions at its monthly meetings, the Working Group is requesting \$150,000 for these services.

Thank you for the opportunity to testify in strong support of House Bill No. 1214. I am available for your questions.