



Statement of
George D. Szigeti
Chief Executive Officer
Hawai'i Tourism Authority
on
SB1290 Relating to the Transient Accommodations Tax
Senate Committees on Economic Development, Tourism, and Technology
and Public Safety, Intergovernmental, and Military Affairs
Wednesday, February 15, 2017
1:15 p.m.
Conference Room 414

The Hawai'i Tourism Authority (HTA) offers the following **testimony opposing** the portion of SB1290 that would earmark \$500,000 of the transient accommodations tax (TAT) revenues distributed to the Tourism Special Fund (TSF) for structural improvements to parks and public facilities. As a consequence of the allocation for structural improvements to parks and public facilities, SB1290 would reduce the earmark for the Hawaiian center and the museum of Hawaiian music and dance (the Center) at the Hawai'i Convention Center from \$1,000,000 to \$500,000. The remainder of SB1290 would set the distribution of TAT revenues to the TSF at \$82,000,000 plus inflation and adjust TAT allocations to the counties to equal 45% of the revenues remaining after all other allocations have been made. **HTA's opposition to SB1290 is limited to the earmark for structural improvements, which would correspondingly reduce the funds available for the Center.**

HTA is responsible for developing, coordinating and implementing state policies for tourism-related activities, including the preservation of Hawaiian culture and history. Part of this mission is to support programs that enhance and showcase Hawai'i's people, place and culture in order to deliver an incomparable visitor experience. While the promotion of a healthy lifestyle and physical activity at parks and public facilities is an important goal, the purpose of the TSF is not to pay for structural improvements to parks and public facilities.

The current \$1,000,000 for the planning and operation of the Center supports HTA's efforts to tell the story of Hawai'i's unique Hawaiian culture through poetry, music and dance. Reducing the fund would be detrimental to the Center, which has begun plans to preserve their stories and this history. In 2016, Hawai'i lost many of its icons who had helped to perpetuate Hawai'i's unique Hawaiian culture. We must ensure that their work is not lost to future generations. The Center is the first of its kind and unique in its mission to preserve and continue Hawaiian music and dance.

Although HTA supports other efforts to improve our public facilities, HTA respectfully suggests that those efforts would be better funded from another source. HTA looks forward to working with all State and county departments and agencies to improve the condition of the State's

natural environment. Our 'āina is important to all of us, residents and visitors alike, and we will work to ensure that it is respected and managed for Hawai'i's future. It would not be prudent, however, to take the funds needed for HTA to fulfill its mission.

Mahalo for the opportunity to offer this testimony in partial opposition.

DAVID Y. IGE
GOVERNOR



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WRITTEN ONLY

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON ECONOMIC DEVELOPMENT, TOURISM, AND
TECHNOLOGY AND PUBLIC SAFETY, INTERGOVERNMENTAL AND
MILITARY AFFAIRS
ON
SENATE BILL NO. 1290

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RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

Senate Bill (S.B.) No. 1290 adjusts the allocation of transient accommodations tax (TAT) revenues to the Tourism Special Fund for inflation and adjusts the allocation to the counties to equal 45% of the revenues remaining after all other allocations are made.

The Department of Budget and Finance has serious concerns with this measure, as it will have a significant adverse impact on the Administration's General Fund Financial Plan. The general fund loss will reduce the general fund balance, thereby limiting the Administration's flexibility in dealing with fiscal contingencies and jeopardizing the Administration's biennium budget request.

Using the Council on Revenues' January 4, 2017 forecast for TAT collections and applying the changes to Section 237D-6.5, HRS, included in S.B. No. 1290, the State general fund stands to incur a reduction of \$74.9 million for FY 18 and \$83.4 million for FY 19. Higher losses can be expected in FY 20 and beyond. S.B. No. 1290 also would cause a general fund revenue loss through the annual inflation adjustment to the \$82 million allocation to the Tourism Special Fund.

Thank you for your consideration of our comments.

From: mailinglist@capitol.hawaii.gov
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SB1290

Submitted on: 2/14/2017

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Submitted By	Organization	Testifier Position	Present at Hearing
Yuki Lei Sugimura	Individual	Support	No

Comments:

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