

September 21, 2018

MEMO TO: PEA-4(2) File

F R O M: Yuki Lei Sugimura, Chair
Policy, Economic Development, and Agriculture Committee

A handwritten signature in black ink that reads "Yuki Lei Sugimura". The signature is written in a cursive, flowing style.

SUBJECT: **TRANSMITTAL OF LEGISLATIVE PROPOSAL RELATING TO
2019 MAUI COUNTY LEGISLATIVE PACKAGE** (PEA-4(2))

The attached legislative proposal pertains to Item 4(2) on the Committee's agenda.

pea:ltr:004(2)afile02:ske

Attachment

Resolution

No. _____

APPROVING FOR INCLUSION IN THE
2019 MAUI COUNTY LEGISLATIVE PACKAGE
A STATE BILL TO ALLOCATE ADDITIONAL
TRANSIENT ACCOMMODATION TAX
REVENUES TO MAUI COUNTY

WHEREAS, the intent of the Transient Accommodation Tax (TAT), or “hotel tax,” was to help counties deal with costs to pay for visitor-related expenses such as police, firefighters, parks, and other infrastructure impacted by tourists; and

WHEREAS, the amount of TAT received by each county was capped during the Great Recession with the intent to return to the original formula once the economy stabilized; and

WHEREAS, the cap on the counties’ share of TAT and the growth of visitors mean visitor-related expenses, which have gone up by more than \$260 million from fiscal years 2007 to 2017, must now be covered by residents; and

WHEREAS, the counties collectively share \$103 million of the approximately \$450 million collected in TAT each year as follows: Kauai County, 14.5 percent; Hawaii County, 18.6 percent; City and County of Honolulu, 44.1 percent; and Maui County, 22.8 percent; and

WHEREAS, for years, neighbor-island counties have continually pressed the State Legislature for a more equitable share of TAT revenues generated; and

WHEREAS, the proposed bill would provide an additional \$14,820,000 in TAT revenue to Maui County, increasing the county’s share to \$38.3 million, and is a step closer to an amount which should rightfully be returned to the County; now, therefore,

BE IT RESOLVED by the Council of the County of Maui:

1. That the proposed State bill, attached as Exhibit “A,” to allocate additional TAT revenues to Maui County, is approved for inclusion in the 2019 Maui County Legislative Package; and

Resolution No. _____

2. That certified copies of this Resolution be transmitted to the Governor of the State of Hawaii; the President of the State Senate; the Speaker of the State House of Representatives; the County's delegation to the State Legislature; the Mayor of the County of Maui; and the Corporation Counsel.

pea:misc:004(2)areso02:ske

____.B. NO.____

A BILL FOR AN ACT

RELATING TO TAXATION

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

1 SECTION 1. Section 237D-6.5, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 " (b) Except for the revenues collected pursuant to section
4 237D-2(e), revenues collected under this chapter shall be
5 distributed in the following priority, with the excess revenues
6 to be deposited into the general fund:

7 (1) \$1,500,000 shall be allocated to the Turtle Bay
8 conservation easement special fund beginning July 1,
9 2015, for the reimbursement to the state general fund
10 of debt service on reimbursable general obligation
11 bonds, including ongoing expenses related to the
12 issuance of the bonds, the proceeds of which were used
13 to acquire the conservation easement and other real
14 property interests in Turtle Bay, Oahu, for the
15 protection, preservation, and enhancement of natural
16 resources important to the State, until the bonds are
17 fully amortized;

EXHIBIT "A"

____.B. NO.____

1 (2) \$26,500,000 shall be allocated to the convention
2 center enterprise special fund established under
3 section 201B-8;

4 (3) \$82,000,000 shall be allocated to the tourism special
5 fund established under section 201B-11; provided that:

6 (A) Beginning on July 1, 2012, and ending on June 30,
7 2015, \$2,000,000 shall be expended from the
8 tourism special fund for development and
9 implementation of initiatives to take advantage
10 of expanded visa programs and increased travel
11 opportunities for international visitors to
12 Hawaii;

13 (B) Of the \$82,000,000 allocated:

14 (i) \$1,000,000 shall be allocated for the
15 operation of a Hawaiian center and the
16 museum of Hawaiian music and dance at the
17 Hawaii convention center; and

18 (ii) 0.5 per cent of the \$82,000,000 shall be
19 transferred to a sub-account in the tourism
20 special fund to provide funding for a safety
21 and security budget, in accordance with the
22 Hawaii tourism strategic plan 2005-2015; and

____.B. NO.____

1 (C) Of the revenues remaining in the tourism special
2 fund after revenues have been deposited as
3 provided in this paragraph and except for any sum
4 authorized by the legislature for expenditure
5 from revenues subject to this paragraph,
6 beginning July 1, 2007, funds shall be deposited
7 into the tourism emergency special fund,
8 established in section 201B-10, in a manner
9 sufficient to maintain a fund balance of
10 \$5,000,000 in the tourism emergency special fund;

11 (4) \$103,000,000 shall be allocated as follows: Kauai
12 county shall receive 14.5 per cent, Hawaii county
13 shall receive 18.6 per cent, city and county of
14 Honolulu shall receive 44.1 per cent, and Maui county
15 shall receive 22.8 per cent; provided that commencing
16 with fiscal year 2018-2019, a sum that represents the
17 difference between a county public employer's annual
18 required contribution for the separate trust fund
19 established under section 87A-42 and the amount of the
20 county public employer's contributions into that trust
21 fund shall be retained by the state director of
22 finance and deposited to the credit of the county

.B. NO.

1 public employer's annual required contribution into
2 that trust fund in each fiscal year, as provided in
3 section 87A-42, if the respective county fails to
4 remit the total amount of the county's required annual
5 contributions, as required under section 87A-43; [and]
6 (5) \$3,000,000 shall be allocated to the special land and
7 development fund established under section 171-19;
8 provided that the allocation shall be expended in
9 accordance with the Hawaii tourism authority strategic
10 plan for:
11 (A) The protection, preservation, maintenance, and
12 enhancement of natural resources, including
13 beaches, important to the visitor industry;
14 (B) Planning, construction, and repair of facilities;
15 and
16 (C) Operation and maintenance costs of public lands,
17 including beaches, connected with enhancing the
18 visitor experience[-]; and
19 (6) Beginning July 1, 2018, and ending December 31, 2030,
20 in addition to any amounts allocated pursuant to
21 paragraph (4), the following amounts shall be
22 allocated to the counties of Kauai, Hawaii, and Maui:

____.B. NO.____

- 1 (A) The county of Kauai shall receive \$9,425,000;
2 (B) The county of Hawaii shall receive \$12,090,000;
3 and
4 (C) The county of Maui shall receive \$14,820,000;
5 provided that the moneys allocated pursuant to this
6 paragraph shall be expended on projects authorized
7 under a county's general plan, development plan, or
8 tourism strategic plan. Each county receiving moneys
9 pursuant to this paragraph shall submit to the
10 legislature, no later than twenty days prior to the
11 convening of each regular session, a report that
12 details how the moneys allocated pursuant to this
13 paragraph were expended and the plan under which the
14 expenditure falls.

15 All transient accommodations taxes shall be paid into the
16 state treasury each month within ten days after collection and
17 shall be kept by the state director of finance in special
18 accounts for distribution as provided in this subsection.

19 As used in this subsection, "fiscal year" means the twelve-
20 month period beginning on July 1 of a calendar year and ending
21 on June 30 of the following calendar year."

____.B. NO.____

1 SECTION 2. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 3. This Act shall take effect upon its approval;
4 provided that this Act shall be repealed on December 31, 2030,
5 and section 237D-6.5(b), Hawaii Revised Statutes, shall be
6 reenacted in the form in which it read on the day prior to the
7 effective date of this Act.