

COUNCIL OF THE COUNTY OF MAUI  
**COMMITTEE OF THE WHOLE**

February 19, 2010

**Committee  
Report No.** \_\_\_\_\_

Honorable Chair and Members  
of the County Council  
County of Maui  
Wailuku, Maui, Hawaii

Chair and Members:

Your Committee of the Whole, having met on February 4, 2010, makes reference to County Communication No. 09-17, from Michael J. Molina, Chair of your Committee, regarding matters relating to the Hawaii State Association of Counties (HSAC).

By correspondence dated January 26, 2010, Councilmember Joseph Pontanilla, HSAC Treasurer, requested consideration of an HSAC resolution entitled "RESOLUTION URGING THE GOVERNOR AND THE STATE LEGISLATURE TO MAINTAIN THE COUNTIES' SHARE OF THE TRANSIENT ACCOMMODATIONS TAX". The purpose of the resolution is to urge the Governor and the State Legislature to preserve and maintain the counties' share of Transient Accommodations Tax (TAT) revenues.

Councilmember Pontanilla explained that at its meeting of January 19, 2010, the HSAC Executive Committee agreed to seek the approval from all four counties for the HSAC resolution. He noted that the revenue generated by the TAT is distributed to the counties' general fund as follows: 7.8 percent for Kauai County, 5.5 percent for Hawaii County, 3.2 percent for the City and County of Honolulu, and 3.9 percent for Maui County.

Your Committee notes that there are numerous State bills under consideration by the Legislature that seek to either repeal or significantly reduce the counties' share of TAT revenue. Your Committee noted that the loss of TAT revenue would have devastating impacts on Maui County's budget, including crippling the County's ability to improve and maintain its parks and roadways, sufficiently equip and train emergency-response personnel, or provide continued funding for promotion and marketing efforts of the visitor industry.

Your Committee expressed its appreciation for the HSAC Executive Committee's efforts to maintain the counties' share of TAT revenue.

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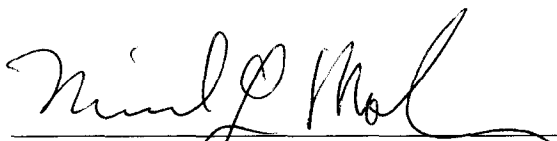
**Committee**  
**Report No.** \_\_\_\_\_

Your Committee voted 6-0 to recommend approval of the HSAC resolution entitled "RESOLUTION URGING THE GOVERNOR AND THE STATE LEGISLATURE TO MAINTAIN THE COUNTIES' SHARE OF THE TRANSIENT ACCOMMODATIONS TAX". Vice-Chair Mateo, and members Baisa, Kaho'ohalahala, Medeiros, Pontanilla, and Victorino voted "aye". Committee Chair Molina and Committee members Johnson and Nishiki were excused.

Your Committee of the Whole RECOMMENDS the following:

1. That the Hawaii State Association of Counties (HSAC) resolution, attached hereto, entitled "RESOLUTION URGING THE GOVERNOR AND THE STATE LEGISLATURE TO MAINTAIN THE COUNTIES' SHARE OF THE TRANSIENT ACCOMMODATIONS TAX" be APPROVED; and
2. That a copy of this committee report be TRANSMITTED to the HSAC Executive Committee.

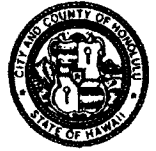
This report is submitted in accordance with Rule 7 of the Rules of the Council.

  
\_\_\_\_\_  
MICHAEL J. MOLINA, Chair



# Hawai'i State Association of Counties

Counties of Kaua'i, Maui, Hawai'i and City and County of Honolulu



RESOLUTION URGING THE GOVERNOR AND THE STATE LEGISLATURE TO MAINTAIN THE COUNTIES' SHARE OF THE TRANSIENT ACCOMMODATIONS TAX.

WHEREAS, the transient accommodations tax is a tax levied by the state on the proceeds derived from furnishing transient accommodations; and

WHEREAS, in the 1990 legislative session, the Hawaii state legislature enacted Act 185 which gave the counties a share of the transient accommodations tax; and

WHEREAS, according to Conference Committee Report 207, the purpose of Act 185 was to provide a more equitable method of sharing state revenues with the counties rather than continuing with the system existing at the time whereby the counties requested financial assistance through grants in aid from the state; and

WHEREAS, in Conference Committee Report 207, it was acknowledged that many of the burdens imposed by tourism fall on the counties including the costs of providing police and fire protection, maintaining county parks, beaches, water systems, roads, sewer systems and other tourism related infrastructure; and

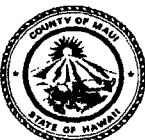
WHEREAS, the county share of the tax also provides more stability to county finances and enables improved budgeting and planning; and

WHEREAS, 44.8% of the total transient accommodations tax collected by the state is distributed to the counties and allocated as follows:

Kauai County	-	14.5%
Hawaii County	-	18.6%
City and County of Honolulu	-	44.1%
Maui County	-	22.8%

and

WHEREAS, on Kauai the transient accommodations tax accounts for approximately 7.8% of Kauai's general fund budget, on Hawaii the transient accommodations tax accounts for approximately 5.5% of Hawaii County's general fund budget, on Oahu the transient accommodations tax accounts for approximately 3.2% of Honolulu's general fund budget, and on Maui the transient accommodations tax accounts for approximately 3.9% of Maui's general fund budget; and



WHEREAS, in her press release on December 21, 2009, detailing her plans to balance the state budget for the fiscal biennium 2009-2011, the governor proposes to suspend the counties' allocation of the transient accommodations tax, thus keeping state revenue that would otherwise go to the counties; and

WHEREAS, maintaining the current allocation of the transient accommodations tax would allow the counties to continue providing essential government services to visitors and residents without significantly raising property taxes; now, therefore,

BE IT RESOLVED by the Hawaii State Association of Counties that it urges the governor and the state legislature to maintain the current allocation of the counties' share of the transient accommodations tax; and

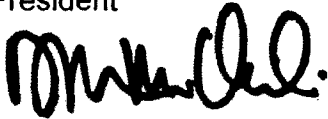
BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to the the governor, the president of the state Senate, and the speaker of the House of Representatives.



DEREK KAWAKAMI  
President



NESTOR GARCIA  
Vice President



DENNIS ONISHI  
Secretary



JOSEPH PONTANILLA  
Treasurer