

COUNCIL OF THE COUNTY OF MAUI  
**POLICY AND INTERGOVERNMENTAL  
AFFAIRS COMMITTEE**

August 19, 2014

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

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

Chair and Members:

Your Policy and Intergovernmental Affairs Committee, having met on July 28, 2014, and August 11, 2014, makes reference to County Communication 14-176, from Council Chair Gladys C. Baisa, relating to 2015 Hawaii State Association of Counties ("HSAC") legislative proposals.

By correspondence dated July 30, 2014, Councilmember Michael P. Victorino transmitted a proposed resolution entitled "APPROVING FOR INCLUSION IN THE 2015 HAWAII STATE ASSOCIATION OF COUNTIES LEGISLATIVE PACKAGE A STATE BILL RELATING TO THE COUNTIES' SHARE OF TRANSIENT ACCOMMODATIONS TAX REVENUE" ("TAT resolution"). The purpose of the proposed TAT resolution is to approve for inclusion in the 2015 HSAC Legislative Package a proposed State bill to restore the counties' share of transient accommodations tax ("TAT") revenue to 44.8 per cent of the TAT revenue collected.

By correspondence dated August 1, 2014, Councilmember Victorino transmitted a proposed resolution entitled "APPROVING HAWAII STATE ASSOCIATION OF COUNTIES' LEGISLATIVE PRIORITIES FOR THE 2015 STATE LEGISLATIVE SESSION" ("Legislative priorities resolution"). The purpose of the proposed Legislative priorities resolution is to approve as HSAC's priorities for the 2015 State Legislative Session, legislation relating to the following: the transient accommodations tax, a retail sales tax, the general excise tax, open government (including the Sunshine Law and Uniform Information Practices Act), transportation, and capital improvement projects.

Your Committee notes Mel Rapozo, President, HSAC, provided a timetable for the 2015 HSAC Legislative Package. Councilmember Rapozo advised the deadline to receive proposals from each county for inclusion in the 2015 HSAC Legislative Package is August 29, 2014.

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Your Committee further notes only those proposals approved by all four councils will be included in the HSAC package for introduction to the 2015 State Legislature.

With regard to the proposed TAT resolution, your Committee emphasized the importance of TAT revenue to the counties, and how critical a show of solidarity on the measure is to its success. Your Committee recommended the resolution be revised to depict the amount of the projected increase that would result in Fiscal Year 2015 if the 44.8 per cent share to the counties is restored.

Your Committee notes, based on the current projected TAT revenue of \$379.7 million for Fiscal Year 2015, the counties' 44.8 per cent share would be approximately \$170.1 million, or \$63.1 million more than the \$103 million allowed by the current cap. The County of Maui receives 22.8 per cent of the overall counties' allocation. Therefore, if the 44.8 per cent share is restored, TAT revenue for Maui County for Fiscal Year 2015 would increase by about \$15.3 million, from \$23.5 million to \$38.8 million.

With regard to the proposed Legislative priorities resolution, your Committee noted the importance of having priorities identified that are supported by all four counties.

Your Committee noted the need to revise both proposed resolutions to incorporate approval as to form and legality by the Department of the Corporation Counsel.

Your Committee voted 9-0 to recommend adoption of the proposed resolutions as revised. Committee Chair Hokama, Vice-Chair Couch, and members Baisa, Carroll, Cochran, Crivello, Guzman, Victorino, and White voted "aye".

Your Committee is in receipt of revised proposed resolutions, approved as to form and legality by the Department of the Corporation Counsel, incorporating your Committee's recommended revisions.

Your Policy and Intergovernmental Affairs Committee **RECOMMENDS** the following:

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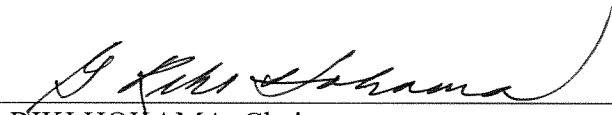
1. That Resolution \_\_\_\_\_, attached hereto, entitled “APPROVING FOR INCLUSION IN THE 2015 HAWAII STATE ASSOCIATION OF COUNTIES LEGISLATIVE PACKAGE A STATE BILL RELATING TO THE COUNTIES’ SHARE OF TRANSIENT ACCOMMODATIONS TAX REVENUE”, be ADOPTED; and
  
2. That Resolution \_\_\_\_\_, attached hereto, entitled “APPROVING HAWAII STATE ASSOCIATION OF COUNTIES’ LEGISLATIVE PRIORITIES FOR THE 2015 STATE LEGISLATIVE SESSION”, be ADOPTED.

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This report is submitted in accordance with Rule 8 of the Rules of the Council.

  
\_\_\_\_\_  
G. RIKI HOKAMA, Chair

pia:cr:14003(6)aa:cmn

# Resolution

No. \_\_\_\_\_

APPROVING FOR INCLUSION IN THE 2015 HAWAII  
STATE ASSOCIATION OF COUNTIES LEGISLATIVE  
PACKAGE A STATE BILL RELATING TO THE  
COUNTIES' SHARE OF TRANSIENT  
ACCOMMODATIONS TAX REVENUE

WHEREAS, the transient accommodations tax ("TAT") is a tax levied on the proceeds derived from furnishing hotel rooms and other transient accommodations; and

WHEREAS, Act 185 (1990) gave the counties a share of TAT revenue; and

WHEREAS, according to Conference Committee Report 207 (1990), the purpose of Act 185 was to provide a more equitable method of returning revenue to the county where the revenue was earned; and

WHEREAS, prior to Act 185 the counties received financial assistance from the State through discretionary grants-in-aid; and

WHEREAS, the counties' share of TAT revenue provides more stability to county finances and enables improved budgeting and planning; and

WHEREAS, Act 156 (1998) provided that 44.8 per cent of the TAT revenue collected would be allocated to the counties; and

WHEREAS, Act 103 (2011) placed an annual cap of \$93,000,000 on the counties' share of TAT revenue; and

WHEREAS, Act 161 (2013) made permanent the annual cap of \$93,000,000 on the counties' share of TAT revenue; and

WHEREAS, Act 174 (2014) temporarily raised the cap to \$103,000,000 for both Fiscal Year 2014-2015 and Fiscal Year 2015-2016; and

WHEREAS, the counties request restoration of 44.8 per cent of the revenue collected pursuant to Act 156 (1998); and

**Resolution No. \_\_\_\_\_**

WHEREAS, based on current projected TAT revenue of \$379,700,000 for Fiscal Year 2015, the counties' 44.8 per cent share would be approximately \$170,100,000; now, therefore,

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

1. That the proposed State bill, attached as Exhibit "A", to restore the counties' share of transient accommodations tax revenue to 44.8 per cent, is approved for inclusion in the 2015 Hawaii State Association of Counties ("HSAC") Legislative Package; and
2. That a certified copy of this resolution be transmitted to the HSAC Executive Committee.

APPROVED AS TO FORM AND LEGALITY

A handwritten signature in black ink, appearing to read 'E. Kushi, Jr.', is written over a horizontal line. The signature is cursive and somewhat stylized.

Edward S. Kushi, Jr.  
First Deputy Corporation Counsel  
County of Maui

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A BILL FOR AN ACT

RELATING TO TRANSIENT ACCOMMODATIONS TAX.

**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) Revenues collected under this chapter shall be  
4 distributed as follows, with the excess revenues to be deposited  
5 into the general fund:

6           (1) \$33,000,000 shall be allocated to the convention center  
7           enterprise special fund established under section 201B-  
8           8;

9           (2) \$82,000,000 shall be allocated to the tourism special  
10           fund established under section 201B-11; provided that:

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

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

**EXHIBIT "A"**

\_\_\_\_.B. NO. \_\_\_\_\_

1 (i) \$1,000,000 shall be allocated for the  
2 operation of a Hawaiian center and the museum  
3 of Hawaiian music and dance at the Hawaii  
4 convention center; and

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

10 (C) Of the revenues remaining in the tourism special  
11 fund after revenues have been deposited as  
12 provided in this paragraph and except for any sum  
13 authorized by the legislature for expenditure from  
14 revenues subject to this paragraph, beginning July  
15 1, 2007, funds shall be deposited into the tourism  
16 emergency trust fund, established in section 201B-  
17 10, in a manner sufficient to maintain a fund  
18 balance of \$5,000,000 in the tourism emergency  
19 trust fund;

20 (3) [~~\$103,000,000 for fiscal year 2014-2015, \$103,000,000~~  
21 ~~for fiscal year 2015-2016, and \$93,000,000 for each~~  
22 ~~fiscal year thereafter~~] 44.8 per cent of the revenues



\_\_\_\_.B. NO. \_\_\_\_\_

1           collected under this chapter shall be allocated as  
2 follows: Kauai county shall receive 14.5 per cent,  
3 Hawaii county shall receive 18.6 per cent, city and  
4 county of Honolulu shall receive 44.1 per cent, and  
5 Maui county shall receive 22.8 per cent; provided that  
6 commencing with fiscal year 2018-2019, a sum that  
7 represents the difference between a county public  
8 employer's annual required contribution for the  
9 separate trust fund established under section 87A-42  
10 and the amount of the county public employer's  
11 contributions into that trust fund shall be retained by  
12 the state director of finance and deposited to the  
13 credit of the county public employer's annual required  
14 contribution into that trust fund in each fiscal year,  
15 as provided in section 87A-42, if the respective county  
16 fails to remit the total amount of the county's  
17 required annual contributions, as required under  
18 section 87A-43; and

19           (4) Of the excess revenues deposited into the general fund  
20 pursuant to this subsection, \$3,000,000 shall be  
21 allocated subject to the mutual agreement of the board  
22 of land and natural resources and the board of directors

\_\_\_\_.B. NO. \_\_\_\_\_

1 of the Hawaii tourism authority in accordance with the  
2 Hawaii tourism authority strategic plan for:

3 (A) The protection, preservation, and enhancement of  
4 natural resources important to the visitor  
5 industry;

6 (B) Planning, construction, and repair of facilities;  
7 and

8 (C) Operation and maintenance costs of public lands  
9 connected with enhancing the visitor experience.

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

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

17 SECTION 2. Statutory material to be deleted is bracketed  
18 and in strikethrough. New statutory material is underscored.

19 SECTION 3. This Act shall take effect upon its  
20 approval.

21 INTRODUCED BY: \_\_\_\_\_

22 paf:kcw:14-211a

# Resolution

No. \_\_\_\_\_

## APPROVING HAWAII STATE ASSOCIATION OF COUNTIES' LEGISLATIVE PRIORITIES FOR THE 2015 STATE LEGISLATIVE SESSION

WHEREAS, the bylaws of the Hawaii State Association of Counties ("HSAC") allow for the adoption of legislative priorities, if approved by the four county councils, prior to or during each Legislative Session; and

WHEREAS, an HSAC Executive Committee officer or designee may lobby or testify, on HSAC's behalf, on measures relating to HSAC's legislative priorities; and

WHEREAS, legislation relating to the transient accommodations tax, a retail sales tax, the general excise tax, open government (including the Sunshine Law and the Uniform Information Practices Act), transportation, and capital improvement projects are priorities for all four counties; now, therefore,

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

1. That it hereby urges HSAC to adopt legislative priorities for the 2015 State Legislative Session;
2. That it approves as HSAC's legislative priorities for the 2015 State Legislative Session, legislation relating to the following: the transient accommodations tax, a retail sales tax, the general excise tax, open government (including the Sunshine Law and Uniform Information Practices Act), transportation, and capital improvement projects; and
3. That certified copies of this resolution be transmitted to the HSAC Executive Committee; and Alan M. Arakawa, Mayor, County of Maui.

APPROVED AS TO FORM AND LEGALITY



Edward S. Kushi, Jr.  
First Deputy Corporation Counsel  
County of Maui