

# Hawai`i State Association of Counties (HSAC)

Counties of Kaua`i, Maui, Hawai`i and City & County of Honolulu

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March 14, 2016

TO: The Honorable Tom Brower, Chair  
House Committee on Tourism

FROM: Michael P. Victorino  
HSAC President



SUBJECT: **HEARING OF FEBRUARY 16, 2016; TESTIMONY IN OPPOSITION TO SB 2987 SD 2, RELATING TO TRANSIENT ACCOMMODATIONS TAX**

Thank you for the opportunity to testify on behalf of the Hawaii State Association of Counties in **opposition** to this measure. The purposes of this measure are to establish an annual allocation of Transient Accommodations Tax revenue to the counties in the amount of \$103 million and to create a State-County Functions Working Group in 2022 to recommend the appropriation allocation of TAT revenue between the State and counties.

HSAC opposes this measure for the following reasons:

1. It is in the best interest of Hawaii residents for the counties to receive a formula-based percentage of the TAT rather than a fixed or capped amount. The proposed capped amount is not adequate to provide services in response to growing visitor demands. HSAC supports increasing the counties' share of the TAT.
2. The State-County Functions Working Group created under Act 174 (2014) has conducted a thorough study of the history and purpose of the TAT. The Working Group has concluded it would be fair for the counties to get 45 percent of available TAT revenue, with the State getting 55 percent. Creating another Working Group at taxpayers' expense is unnecessary.

Mahalo for your consideration.

*HSAC:FY2016:16Testimony:SB2987b\_mkz*