

Hawai`i State Association of Counties (HSAC)

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

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February 13, 2017

TO: The Honorable Richard H.K. Onishi, Chair
House Committee on Tourism

FROM: Stacy Crivello
HSAC President

SUBJECT: **HEARING OF FEBRUARY 14, 2017; TESTIMONY IN SUPPORT OF
HB 317, RELATING TO THE TRANSIENT ACCOMMODATIONS TAX**

Thank you for the opportunity to testify on behalf of the Hawaii State Association of Counties in **support** of this measure. The purpose of this measure is to lift the cap and adjust the TAT allocation to the counties to equal 45 percent of the amount of revenues remaining after all other allocations are made.

This measure is included in the 2017 Hawaii State Association of Counties Legislative Package. Therefore, I submit this testimony on HSAC's behalf.

HSAC supports this measure for the following reasons:

1. This measure supports the work done in 2015 by the State-County Functions Working Group, tasked by the Legislature to recommend an appropriate allocation of the transient accommodations tax revenues between the State and counties. The comprehensive study proposed a 55-45 percent split based on a review of state and county functions. Instead of adopting the working group's recommendation, the 2016 Legislature set a fixed amount of \$103 million to be divided among the counties rather than allocating funds on a percentage basis.
2. Without a fair share of the TAT, county residents are burdened by expenses that should be paid for by the visitors' tax. Operational costs have increased dramatically for county-maintained services such as water and sewer service; police, fire and ocean safety protection; development and upkeep of most roads; and park development and maintenance.
3. The burden on the counties to pay for visitor-related expenses is unsustainable without additional financial support. Therefore, the counties support lifting the fixed cap in favor of using a fair formula for the distribution of TAT.

Mahalo for your consideration.

HSAC:FY2017:17Testimony:HB317a_mkz