

Hawai`i State Association of Counties (HSAC)

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

200 S. High Street, Wailuku, Hawaii 96793 (808) 270-7665

www.hicounties.com



March 28, 2017

TO: The Honorable Sylvia Luke, Chair
House Committee on Tourism

FROM: Stacy Crivello
HSAC President 

SUBJECT: **HEARING OF MARCH 30, 2017; PROVIDING COMMENTS ON SB 1290, SD 2, HD 1, RELATING TO THE TRANSIENT ACCOMMODATIONS TAX**

Thank you for the opportunity to provide comments on behalf of the Hawaii State Association of Counties. The current version of this measure would reduce the counties' share of the transient accommodations tax revenue back to \$93 million.

Over the years, HSAC has fought for a more equitable distribution of the TAT and returning a fair share to the counties. I am providing comments on behalf of the Hawaii State Association of Counties:

1. Over the years HSAC has fought for a more equitable distribution of the TAT, the current statute follows this distribution schedule to the counties:
 - a. \$93 million in 2013
 - b. \$103 million in 2014
 - c. \$103 million in 2015
 - d. \$103 million in 2016
 - e. \$93 million in 2017

If the legislature doesn't act, the counties will lose \$10 million in revenue. This is unacceptable and against what HSAC has been fighting for over the past years.

2. HSAC has supported the measure's original intent of a 55-45 percent split of the remaining TAT. We shall continue to advocate for a fair, percentage-based formula for the TAT distribution. However, **we are amenable to supporting the bill's Senate Draft 2, which would allocate \$108 million to the counties.**
3. If the legislature doesn't act on the county allocation of the TAT, **county residents will continue to be unfairly 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.

Mahalo for your consideration.