

# Hawai`i State Association of Counties (HSAC)

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

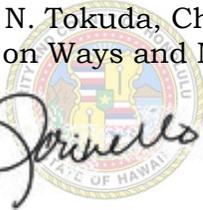
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February 27, 2017

TO:  The Honorable Jill N. Tokuda, Chair  
Senate Committee on Ways and Means

FROM: Stacy Crivello  
HSAC President  

SUBJECT: **HEARING OF FEBRUARY 27, 2017; PROVIDING COMMENTS ON SB 1290 SD1, RELATING TO THE TRANSIENT ACCOMMODATIONS TAX**

Thank you for the opportunity to provide comments on behalf of the Hawaii State Association of Counties. The purpose of this measure is to (1) adjust the allocation of transient accommodations tax revenues to the tourism special fund for inflation; and (2) adjust the allocation to the counties to equal 45 percent of the amount of revenues remaining after all other allocations are made.

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. **HSAC supports the measure's 45 percent allocation to the counties** of the remaining TAT revenue. The distribution is consistent with 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.
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. **HSAC supports lifting the fixed cap** in favor of using a fair formula for the distribution of TAT. This would provide consistency, stability and add predictability in view of the need to invest visitor programs. We fully agree in the bill's intent to increase or decrease the share proportionately with the amount of TAT collected.

Mahalo for your consideration.

*HSAC:FY2017:17Testimony:SB1290b\_mkz*