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February 7, 2020

Representative Richard H.K. Onishi, Chair
Representative Daniel Holt, Vice Chair
Committee on Tourism and International Affairs

Dear Chair Onishi, Vice Chair Holt, and Committee Members:

RE: HB 1946 Relating to the Transient Accommodations Tax

HB 1946 would delete \$103M in TAT revenue that currently is earmarked for the four counties and replace it with an unspecified cap for each county. Whether any county would receive the full amount, or something less than the new cap, would depend on that county's ability to convince the Director of Finance that the county had made expenditures in five specified categories. The State and the counties ought to deal with each other as respectful partners, all of whom are striving to achieve what is in the best interests of the people they serve.

As to the specifics of HB 1946, I share with you the following:

- Some of the five reimbursable areas really don't have a direct nexus to the visitor industry that is paying this tax, namely cesspool conversion and public mass transit. You could argue mass transit would get rental cars off the road, but the reality is we have mass transit and it is primarily used by our local residents. Additionally, we have GET to help pay for this expense. Cesspool conversion falls under the Department of Health (State). Tasking us to take care of that problem while restricting the uses of the TAT is simply not fair.
- The counties continue to have financial burdens with the ever increasing ERS rates, which on July 1, 2020 will be 24% for General Employees and 41% for Police and Fire.
- Our TAT amount has remained relatively flat for the last 10 years. We have already had to find other ways to balance our budget – which includes significant amounts to promote tourism and pay for services enjoyed by our visitors.
- Cesspool conversion – we would need billions of dollars to convert all the cesspools on our island. We can use the entire TAT revenue from the State and it still would not be enough to convert the cesspools.
- It would be a terrible waste of time and manpower to bill for things that the money is already going towards.

We need to work together for the common good. We would like to see more TAT money flow to the counties. We do not support HB 1946.

Respectfully Submitted,


Harry Kim
MAYOR