

DAVID Y. IGE
GOVERNOR OF
HAWAII



SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

Testimony of
SUZANNE D. CASE
Chairperson

Before the Senate Committees on
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
and
WATER AND LAND

Monday, February 10, 2020
3:00 PM

State Capitol, Conference Room 414

In consideration of
SENATE BILL 2696
RELATING TO GREEN FEES

Senate Bill 2696 proposes to appropriate funds to the Office of Planning to develop a feasibility and implementation plan focused on the establishment of a green fees program. **The Department of Land and Natural Resources (Department) supports this measure and offers the following comments.**

Hawaii's natural resources are huge economic assets, an essential piece of our tourism industry, and support the well-being of our communities. A University of Hawai'i study examined the various services provided by Oahu's Ko'olau forests— including drinking water recharge, flood prevention, water quality, carbon storage, biodiversity, and cultural, aesthetic, recreational, and commercial values. These services were calculated to have a net present value of between \$7.4 and \$14 billion.¹ Coral reefs annually protect \$836 million in averted damages to property and economic activity in Hawai'i.² Despite the value of our forests and oceans, Hawai'i invests less than 1% of the total state budget into maintaining these assets.

¹ Roumasset, J., J.B. Kaiser, N. Krause, D. Mecham and J. Wooley. 1997. Draft Environmental Valuation and the Hawaiian Economy. University of Hawai'i Economic Research Organization, UH-Mānoa.

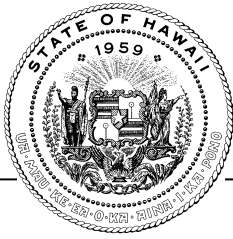
² Storlazzi, C.D., Reguero, B.G., Cole, A.D., Lowe, E., Shope, J.B., Gibbs, A.E., Nickel, B.A., McCall, R.T., van Dongeren, A.R., Beck, M.W., 2019, Rigorously valuing the role of U.S. coral reefs in coastal hazard risk reduction: U.S. Geological Survey Open-File Report 2019-1027.

The establishment of green fees in several other tourism focused economies, has allowed places like the Republic of Palau, Galapagos Islands, New Zealand, and the Maldives, among others, to more substantially invest in their natural resources - reducing the overall impact of tourism on their environments, improving the quality of visitor experiences, and supporting community stewardship of these special places. In all cases, visitors and many residents do not mind paying a green fee because they know it goes back to caring for the beautiful places and resources they have come to enjoy. In 2001, the Department conducted a study to determine Hawaii's willingness to support increased funding for watershed protection. Respondents were presented with various means by which the increased funds could be raised (general funds, taxes, or fees). A majority supported the use of environment-related taxes (7.4 out of 10), or a visitor-related tax (8.0 out of 10).³

The establishment of a green fee is an important piece to closing the gap between existing and needed funding for the management of Hawaii's natural resources. This in conjunction with innovative financing mechanisms, such as carbon offsets for reforestation and improved forest management, would move Hawai'i considerably forward in addressing climate change and Hawaii's tourism economy. A green fee program would bolster the State's existing investments in natural resource management and help fill Hawaii's conservation funding gap.

Thank you for the opportunity to comment on this measure.

³ Department of Land and Natural Resources. November 2011. The Rain Follows the Forest: A Plan to Replenish Hawaii's Source of Water.



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DAVID Y. IGE
GOVERNOR

MARY ALICE EVANS
DIRECTOR
OFFICE OF PLANNING

Statement of
MARY ALICE EVANS
Director, Office of Planning
before the
**SENATE COMMITTEE ON WATER AND LAND
AND
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM**
Monday, February 10, 2020
3:00 PM
State Capitol, Conference Room 414

in consideration of
SB 2696
RELATING TO GREEN FEES.

Chairs Kahele and Wakai, Vice Chairs Keith-Agaran and Taniguchi, and Members of the Senate Committees:

The Office of Planning supports the intent of SB 2696, with comments, for a feasibility and implementation plan focused on the establishment of a green fees program, for the explicit purpose of closing the conservation funding gap and meeting the goals of the Hawai'i Climate Change Mitigation and Adaptation Initiative and the Aloha+ Challenge Natural Resource Management goals.

The Office of Planning has been actively working on sustainable development and climate adaptation to meet the needs of the present without compromising the ability of future generations to meet their own needs. Though, the Office of Planning has a limited capacity and does not have the resources to staff or fund such a feasibility study and implementation plan. Such a feasibility study and implementation plan would need to be contracted by the Office of Planning through a competitive request for proposal.

The Office of Planning notes that the feasibility study and implementation plan proposed by SB 2696 is very extensive, including but not limited to: 1) An analysis and breakdown of Hawai'i's conservation funding gap and unfunded conservation liabilities; 2) An analysis of current natural resource and climate change funding throughout all state departments and agencies; 3) An examination of all existing tax and fee structures to support climate mitigation efforts; 4) An examination of all existing tax and fee structures placed on visitor accommodations and Hawai'i's tourism industry; 5) A discussion of the advantages/disadvantages of increasing, decreasing, or reallocating taxes relative to establishing a green fee; 6) Development of proposed green fee structures to close a conservation funding

gap over a 5-year period; 7) Consideration of a dedicated bond issuance or other financing mechanism; 8) Identification of short- and long-term impacts on Hawai‘i’s tourism industry and an overall economic outlook, including market impacts, economic and workforce considerations; and, 9) The development of a 10-year implementation plan with a rollout of fees and fee schedule, benchmarks and indicators, and mandatory impact-reporting, beginning no later than 2022.

These extensive directives will require additional resources beyond the bill’s \$300,000 appropriation. The Office of Planning estimates an appropriation of \$600,000 to be more feasible for the intended feasibility study and implementation plan described in SB 2696.

The Office of Planning’s existing statutory authority allows for the Office of Planning to convene working groups with stakeholders, and section (b) of SB 2696 may be unnecessary. The Office of Planning defers to the Office of Information Practices as to whether the entire Hawai‘i Climate Change Mitigation and Adaptation Commission, which is subject to Chapter 92, Hawai‘i Revised Statutes, can serve on the proposed advisory group in section (b) of SB 2696.

The Office of Planning appreciates the preamble of SB 2696, specifically, that “the legislature seeks to better understand if and how green fees can accelerate support for these efforts, while ensuring that implementation is fair and beneficial to all.” The Office of Planning appreciates the emphasis of social equity and social justice for the fair treatment of Hawai‘i’s people as our state contemplates future actions to meet climate change mitigation and adaptation and natural resource management goals.

Thank you for the opportunity to testify on this measure.



LATE

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 202
HONOLULU, HAWAII 96813-3065
TELEPHONE: (808) 768-5010 • FAX: (808) 768-5011

KYMBERLY MARCOS PINE
COUNCILMEMBER, DISTRICT 1

Re: Testimony in Support with Amendments - Senate Bill 2696

I am in support of SB 2696, however, I would like to offer some amendments.

I am pleased to see the State considering this pass program and hope that the County of Honolulu can partner with the state to enhance the benefits for pass purchasers and increase revenues so we can better protect our environment and improve our services for all. I would like to offer some amendments for the measure:

Proposed amendments:

- 1) Provide that the Counties will receive a portion of the “Green Fees,” should they be adopted. The Counties are responsible for providing most of the services and infrastructure that visitors utilize during their vacations to Hawaii – this includes park and beach maintenance, emergency services, ocean safety, road and sewer maintenance and improvements, refuse collection and more. If a fee structure is adopted, the Counties must receive a portion of this revenue in order to continue to provide and improve these services since visitor arrivals continue to increase each year.
- 2) Section 2 (9)(b) Please amend to begin no later than 2021 and add that relevant County agencies will be included in the advisory group (i.e. Chairs of the Council committees relating to Business, Economic Development and Tourism, Agency Heads of Economic Development, and other county leaders). The management of our tourism and protection of our natural resources needs to be addressed soon, we cannot wait any longer. The Counties feel the impact of tourism and should be included in these discussions.

Recently, Paul Brewbaker, came to the Council and shared with us that visitor arrivals are increasing but spending per visitor has decreased. This means that residents are bearing the financial burden of overtaxed infrastructure, increased traffic, environmental exploitation and increased use of resources.

As the Honolulu City Council Chair of the Business, Economic Development and Tourism Committee, tourism management and environmental sustainability have been a priority and I hope to work with state lawmakers on this issue. I introduced measures at the City Council urging the state legislature to adopt visitor impact fees (Resolution 19-268) and urging the

state to require that tour, airline and cruise operations show educational videos for visitors about our culture and environment (Resolution 19-227). I also introduced Bill 3, which establishes a “Keep Hawai‘i Hawai‘i” discount pass program with a special revenue fund, provided by Bill 68. When visitors or locals choose to purchase the pass the revenue would go to a special fund to provide resources for emergency services, park and beach maintenance and infrastructure improvements. Bill 3 anticipates future partnerships with the state and perhaps private industry to enhance benefits and revenues.

Due to constitutional constraints under the Interstate Commerce Clause, the state and the counties cannot impose mandatory fees upon visitors, thus the program must be voluntary.

Thank you for prioritizing tourism management and sustainability. Partnerships between the state and the counties is crucial to preserve and protect our islands.

With Aloha,

Kym Pine
Councilmember
City and County of Honolulu



HAWAI'I LODGING & TOURISM
A S S O C I A T I O N

LATE

Testimony of

Mufi Hannemann
President & CEO

Hawai'i Lodging & Tourism Association

Senate Committees on:

Energy, Economic Development, and Tourism
Water and Land

Senate Bill 2696 – Relating to Green Fees

Chair Wakai, Chair Kahele, and members of the Committees, mahalo for the opportunity to submit testimony on behalf of the Hawai'i Lodging & Tourism Association, the state's largest private sector visitor industry organization.

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, representing more than 50,000 hotel rooms and nearly 40,000 lodging workers —supports the feasibility study on a green fees program as outlined in Senate Bill 2696.

The Hawai'i Lodging & Tourism Association (HLTA) appreciates the initiatives that are being explored by the State Legislature to address the preservation of our environment and our natural resources. Through the feasibility study, with oversight by the Hawai'i Tourism Authority and the Department of Land & Natural Resources, we will be able to identify our status in closing the conservation funding gap. The study also proposes to analyze current funding for natural resources and climate change, tax and fee structures that currently exist to support climate change mitigation efforts, and also, takes a look at the taxes and fees imposed on the visitor industry. With more and more of the TAT being diverted to the general fund, this exercise will hopefully shed some light and clarity on how those funds are being used to help our community.

Through the proposed feasibility study, we will also be able to identify our current status in meeting the goals set forth by the Hawai'i Climate change mitigation and adaptation initiative. We also appreciate the fact that HTA will represent the hospitality industry and play a major role in the deliberations of this measure. For these reasons, we support the study proposed in Senate Bill 2696.

Mahalo for the opportunity to submit testimony.

SB-2696

Submitted on: 2/6/2020 7:50:51 PM

Testimony for WTL on 2/10/2020 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dyson Chee	Testifying for Hawaii Youth Climate Coalition	Support	No

Comments:



Chamber of Commerce HAWAII

The Voice of Business

Testimony to the Senate Committees on Energy, Economic Development, and Tourism, and Water and Land

Monday, February 10, 2020 at 3:00 P.M.
Conference Room 414, State Capitol

LATE

RE: SB 2696, RELATING TO GREEN FEES

Chairs Wakai and Kahele, Vice Chairs Taniguchi and Keith-Agaran, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 2696, which requires the Office of Planning to conduct a feasibility study on assessing tourism green fees.

The Chamber is Hawaii's leading statewide business advocacy organization, representing 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber recognizes the threat that climate change poses to our state. Hawaii's business community is committed to reasonable, rational and practical solutions to this threat.

In the coming years, Hawaii's economy faces the threat of economic loss due to effects of climate change. Innovative, outside the box solutions will be required to stem the tide of its effects. Estimates of Hawaii's conservation funding gap as high as \$360 million annually – green fees could be a source of funding that can fill this deficit.

This study would be the first step in helping to establish critical investments towards our natural resources and continue to make Hawaii an ideal destination to visit.

Thank you for this opportunity to provide testimony in support of SB 2696.

SB-2696

Submitted on: 2/10/2020 8:59:48 AM

Testimony for WTL on 2/10/2020 3:00:00 PM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
John Morgan	Testifying for Kualoa Ranch	Support	No

Comments:

Aloha,

While I am very wary of new taxes on our visitors and residents, i support the need to evaluate the condition of, and proper care for, our natural resources.

Sincerely,

John Morgan



February 7, 2020

Senator Kai Kahele, Chair
Senator Gilbert Keith-Agaran, Vice Chair
Senate Committee on Water and Land
Senator Glenn Wakai, Chair
Senator Brian Taniguchi, Vice Chair
Senate Committee on Energy, Economic Development and Tourism
Hawaii State Legislature

Testimony in Support of SB2696

Dear Senators Kahele, Keith-Agaran, Wakai and Taniguchi, Members of the Senate Committee on Water and Land, and Senate Committee on Energy, Economic Development and Tourism,

Thank you for the opportunity to provide testimony in support of SB2695.

The Kohala Coast Resort Association (KCRA) is in support of appropriating funds for a feasibility study for a green fees program, for the explicit purpose of closing the conservation funding gap for the Department of Land and Natural Resources.

We appreciate that this study intends to assess the myriad of fees already paid by our visitors (from the TAT and GET – to airline fees and rental car fees) and the allocations of those fees within state and county government budgets; to also looking at the impacts of residents on our natural resources, as well as exploring opportunities for residents to support preservation and natural resources protection initiatives.

KCRA is a collection of master-planned resorts and hotels situated north of the airport which represents more than 3,500 hotel and timeshare accommodations and an equal number of resort residential units. This is approximately 35 percent of the accommodations available on the Island of Hawai`i. KCRA member properties annually pay more than \$20 million in TAT, \$20 million in GET and \$11 million in property taxes.

We encourage your support of this measure.

Sincerely,

A handwritten signature in black ink that reads "Stephanie P. Donoho". The signature is written in a cursive, flowing style.

Stephanie Donoho
Administrative Director

SB-2696

Submitted on: 2/9/2020 2:00:26 AM

Testimony for WTL on 2/10/2020 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Azuma Chrupalyk	Individual	Support	No

Comments:

SB-2696

Submitted on: 2/9/2020 11:03:05 AM

Testimony for WTL on 2/10/2020 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dylan P. Armstrong	Individual	Support	No

Comments:

Testimony in **SUPPORT** of:
SB2696 Relating to Green Fees

Submitted by:
Emelia von Saltza
67-419 Kukea Circle
Waialua, HI 96791



WTL/EET Hearing Held
February 10th, 2020

Dear Chair Wakai, Chair Kahele, Vice Chair Keith-Agaran, Vice Chair Taniguchi, Senator Nishihara, Senator Inouye, Senator Keohokalole, Senator Fevella, Senator Riviere,

My name is Emelia von Saltza; I'm an environmental economist and north shore resident, and I am testifying in **support of SB2696, Relating to Green Fees.**

Thanks to the efforts and vision of the Hawaii State Legislature, Hawaii has been a national and global leader in the fight against climate change and the battle to protect our natural resources. In 2017, we were the first state in the nation to enact legislation that implements portions of the Paris agreement. In 2018, Hawaii took strong action to protect our ocean resources and fragile marine ecosystems by banning sunscreens with oxybenzone and octinoxate.

Hawaii took these strides because we recognized one essential truth: we cannot disentangle our environment from our economy. If our natural resources degrade and decline, so does our overall quality of life and the strength of our economy. ***Nature is our Taj Mahal.*** Visitors rank nature and the ocean as the top two details that make their trip to Hawaii excellent (Hawaii Tourism Authority, 2017). It is ***our shared responsibility, our collective kuleana, both resident and visitor,*** to ensure the protection and survival of our greatest asset, so that our natural resources continues to protect and sustain future generations.

The funding for natural resource management has not kept pace with the stresses and impacts on our environment. Each year that we delay adequately funding these efforts the interest on that debt to nature grows. ***SB2696 is a balanced and focused approach*** that engages all stakeholders in identifying ways to close our conservation gap and hold everyone accountable to ensuring we protect and preserve our precious natural resources.

An example of our growing deficit is water management. Our forests are our water factories; they provide us with fresh water at little cost. Yet a changing climate is causing variable and declining rainfalls in Hawaii. Invasive species drive out our native water-efficient species, putting vast strain on our aquifers. The water that remains is hazardously contaminated from cesspools and poor waste management. Rather than irrigating golf courses and resort lawns with more reuse water, the majority of treated water is injected into the ocean. If we don't invest in our forests, we'll have to put millions into transport pipes and desalination plants. Our resident population must address these issues, but so must the additional hundreds of thousands of visitors a day that contribute to this pressure.

One of the State's 2030 Aloha+ Targets is to increase fresh water capacity by improving forest watershed management and increasing reuse water. ***We have a decade left to achieve***

this and other targets related to critical terrestrial, marine, and freshwater thresholds, yet there is no clear financing path to achieve these globally recognized ambitions.

These systematic declines are the invisible impacts of rising human pressure and insufficient management. Forest watersheds are not the only example. ***In the past century we've lost 25% of our beaches, and another 70% continue to erode. We're the endangered species capitol of the world. Coral reefs annually protect \$836 million worth of buildings and economic activity in Hawai'i; these invaluable infrastructures were given to us for free, but we are not paying adequate yearly maintenance dues on them.*** This requires a balanced approach to better understand the state of our conservation and climate budget deficit and how to close it, with all stakeholders.

Hawai'i faces challenges beyond the environment, such as housing, healthcare, and affordability. As the State addresses many urgent issues, ***we urge legislators to continue to prioritize the environment as it underpins every aspect of life and wellbeing on our islands.***

Mahalo for the opportunity to testify,

Emelia von Saltza

A handwritten signature in black ink, appearing to read 'Emelia', written in a cursive style.