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HAWAII



SUZANNE D. CASE
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LAND
STATE PARKS

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

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**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the House Committee on
WATER & LAND**

**Tuesday, February 2, 2021
9:00 AM**

State Capitol, Via Video Conference, Conference Room 430

**In consideration of
HOUSE BILL 369
RELATING TO THE TRANSIENT ACCOMMODATIONS TAX**

House Bill 369 proposes to increase the allocation of funds from transient accommodations tax revenue to the Special Land and Development Fund to improve certain state resources and services. **The Department of Land and Natural Resources (Department) strongly supports this measure provided that its passage does not replace or adversely impact priorities indicated in the Executive Budget request.**

Greater investment is warranted and needed in Hawaii's natural, environmental, and cultural resources. The stewardship and restoration of Hawaii's resources is critical in maintaining the State's culture, economy, and quality of life for both residents and the visitor industry. Additionally, Hawaii's global brand, as noted by the visitor industry, is fundamentally based upon beaches, our stunning natural resources and Hawai'i's unique culture and sense of community.

As the Department is the State's largest single landowner with multiple mandates to protect these resources, pre COVID record setting patronage was impacting sensitive natural, cultural, and historic park resources, trails, ocean and coastal resources and waters and due to sheer numbers, public safety is jeopardized due to numbers of unskilled recreational users and nature hazards. Impacts were exacerbated by insufficient staffing and operating funds to fulfill statutory mandates for resource protection, public safety, and optimizing the public's experience in heavily visited resource attractions. The reduction of out of state visitors due to COVID-19 allows for an opportunity to reboot and revamp management protocols in anticipation of the restoration of the visitor industry.

Understandably, the current allocation of the Transient Accommodation Tax (TAT) has been suspended due to severe reduction in hotel patronage. However, if the TAT is once again allocated to the department in the amount of this measure – there is an ample nexus to reinvesting it into programs and management.

The lack of current fiscal resources for key department programs justifies the allocation of the TAT for two primary reasons:

1. Natural and cultural resources are being compromised due to insufficient capacity to manage – exacerbated by the COVID-19 shutdown, local use increased and there is now slowly increasing and continued out of state visitor patronage and use; and
2. The branding of Hawaii as a scenic and attractive resource destination may be tarnished due to the decay of experience absent improved management and safety and as such compromise its competitive edge on the global marketplace where the trends in consumer travel favor locations with comparable and more pristine resources.

The Department has considered the priorities in distributing and optimizing the use of the TAT in relation to investing in these resources. Targeted reinvestment of the TAT includes but is not limited to park operations, management and contracted lifeguard services, beach restoration and monitoring due to impacts of sea level rise and unauthorized armoring of the shoreline and critically attempting to maintain basic law enforcement to enhance public safety and reduce vandalism and unauthorized public uses,

Reinvestment in the Department’s natural and cultural assets using TAT funds generated by the visitor industry is a warranted and prudent policy measure due to the need to offset the impacts of the consumption, access and impact to Hawaii’s unique natural and cultural resource - and to sustain the natural capital of Hawaii’s tourist economy.

Thank you for the opportunity to comment on this measure.

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Vice-Chair
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Director of Council Services
Traci N. T. Fujita, Esq.

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February 1, 2021

TO: Honorable David A. Tarnas, Chair
House Committee on Water and Land

FROM: Alice L. Lee
Council Chair 

DATE: February 2, 2021

SUBJECT: **OPPOSITION TO HB 369, RELATING TO TRANSIENT ACCOMMODATION TAX**

Thank you for the opportunity to testify in **OPPOSITION** to this important measure. The purpose of this measure is to increase the allocation of funds from Transient Accommodations Tax revenue to the Special Land and Development Fund to improve certain State resources and services.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I OPPOSE this measure for the following reasons:

1. The bill limits TAT funds to counties. The TAT is a vital source of our revenue and directly supports visitor services, such as county beaches and other parks, public safety, and streets and highways.
2. With the economy down and all levels of government struggling to maintain vital services, now is not the time to take funds away from the counties.
3. While I agree that State resources and services need improvement, the necessary funding should come from another source, rather than at the expense of our shared constituents.

For the foregoing reasons, I **OPPOSE** this measure.



January 31, 2021

Representative David Tarnas, Chair
Representative Patrick Branco, Vice Chair
House Committee on Water and Land
Hawaii State Legislature

Support of HB369

Dear Representative Tarnas, Representative Branco and Members of the House Committee on Water and Land,

The Kohala Coast Resort Association (KCRA) is in support of HB369, increasing the allocation from \$3,000,000 to \$5,000,000 in Transient Accommodations Taxes (TAT), to support the protection, preservation, maintenance, and enhancement of natural resources at our state parks, beaches, and trails. Working in conjunction with the Hawaii Tourism Authority's strategic plan, and the strategic plans for each of the islands, we believe this is an important use of TAT to Malama 'Aina.

We believe these additional TAT revenues should be allocated from the state's share of the TAT currently flowing into the general fund, and not from the specific allocations to the Hawaii Tourism Authority, nor the counties.

KCRA is a collection of master-planned resorts and hotels, situated north of the Ellison Onizuka Kona International Airport at Keahole, 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 visitor accommodations available on the Island of Hawai'i. KCRA member properties annually pay more than \$25 million in TAT, \$25 million in GET and \$11 million in property taxes.

Thank you for your favorable consideration of HB369.

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

HB-369

Submitted on: 2/1/2021 8:15:35 AM

Testimony for WAL on 2/2/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Zachary LaPrade	Individual	Support	No

Comments:

State parks and beaches bear most of the brunt of visitor travel, and they should receive an allocation from the TAT, especially since travelers are coming to the island to spend time in these exact areas. If it wasn't for state parks and beaches, visitors would not be coming to Hawaii.