

Honolulu, Hawaii  
, 2022

APR 08

RE: S.B. No. 775  
S.D. 2  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committees on Labor & Tourism and Finance, to which was referred S.B. No. 775, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE TRANSIENT ACCOMMODATIONS TAX,"

beg leave to report as follows:

The purpose of this measure is to:

- (1) Provide a mechanism to adjust the transient accommodations tax rate based on visitor arrivals for a calendar year; and
- (2) Require the Hawaii Tourism Authority to determine, and the Department of Business, Economic Development, and Tourism to publish, visitor arrivals annually.

Your Committees received testimony in support of this measure from Climate Protectors Hawai'i and Hawai'i Reef and Ocean Coalition, Hawai'i Alliance for Progressive Action, Kauhako Ohana Association, Ka Leo O Nā 'Opio, Protea Zero Waste Store, Hawaii Impact Consulting, and numerous individuals. Your Committees received testimony in opposition to this measure from one individual.



Prior to the hearing on this measure, your Committees posted and made available for public review a proposed H.D. 1, which also amends the transient accommodations tax and does the following:

- (1) Establishes a Natural Resource Management Special Fund to address impacts to natural resources and management of natural and open space resources that are important to residents and the visitor industry;
- (2) Establishes a Natural Resource Management Commission to guide and approve the disbursement of monies deposited into the Natural Resource Management Special Fund;
- (3) Allocates annually, \$30,000,000 in transient accommodations tax revenues to the Natural Resource Management Special Fund;
- (4) Allocates \$60,000,000 in transient accommodations tax revenues to the Hawaii Tourism Authority;
- (5) Repeals the transient accommodations tax allocation of \$3,000,000 to the Special Land and Development Fund; and
- (6) Appropriates funds.

Your Committees received testimony in support of the proposed H.D. 1 from the Hawai'i Tourism Authority, Resources Legacy Fund, Surfrider Foundation Hawaii Region, Kohala Coast Resort Association, The Nature Conservancy, Wastewater Alternatives & Innovations, Sustainable Coastlines Hawai'i, Kupu, Zero Waste Oahu, 'Āina Aloha Economic Futures, Hawaiian Airlines, Hawai'i Wildlife Fund, Kua'āina Ulu 'Auamo, Mālama Pūpūkea-Waimea, Wild Kids, Friends of Hanauma Bay, Maui Chamber of Commerce, Maui Hotel & Lodging Association, Hawai'i Lodging & Tourism Association, The Trust for Public Land, and numerous individuals. Your Committees received testimony in opposition to the proposed H.D. 1 from the Department of Budget and Finance and one individual. Your Committees received comments on the proposed H.D. 1 from the Department of Land and Natural Resources; Department of Business, Economic Development, and Tourism; and Tax Foundation of Hawaii.

Your Committees find that, similar to the S.D. 2 version of the measure, the proposed H.D. 1 uses transient accommodations tax revenues to reduce the cost burden and negative impacts from



tourism and record numbers of visitors to Hawaii. Your Committees further find that establishing a Natural Resource Management Special Fund to address impacts to natural resources, including offsetting adverse environmental impacts caused by resident and visitor use; protecting, restoring, or enhancing terrestrial or marine natural resources; increasing the resilience and adaptation of Hawaii's natural and open space resources with environmentally beneficial strategies to reduce the adverse impacts of climate change; removing and controlling invasive species and propagating and planting native species; and addressing deterioration and removal of dilapidated buildings on state land, is an appropriate and much-needed use of transient accommodations tax revenues.

Your Committees have amended this measure by adopting the proposed H.D. 1 and further amending the measure by:

- (1) Adding state agencies to the entities that may receive grants from the Natural Resource Management Special Fund;
- (2) Inserting an amount of \$60,000,000 for the appropriation of transient accommodations tax revenues to the Hawaii Tourism Authority;
- (3) Changing the effective date of the measure to upon approval; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Labor & Tourism and Finance that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 775, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 775, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on  
behalf of the members of the  
Committees on Labor & Tourism  
and Finance,



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SYLVIA LOKE, Chair



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RICHARD H.K. ONISHI, Chair





