

DAVID Y. IGE
GOVERNOR



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
ROSS M. HIGASHI
EDUARDO P. MANGLALLAN
PATRICK H. MCCAIN
EDWIN H. SNIFFEN

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 12, 2022
1:00 p.m.
State Capitol, Teleconference

S.B. 2054
RELATING TO CLIMATE CHANGE MITIGATION

Senate Committees on Agriculture & Environment

The Department of Transportation (DOT) offers **comments** on this bill which assesses a climate change mitigation impact fee on every customer who rents, leases, or utilizes a rental vehicle.

The DOT agrees with the intent of this bill to help with climate change mitigation. However, any additional fees to on-airport rental car users may decrease rental car transactions. This will result in lower revenue for other assessed charges on rental car transactions such as the Motor Vehicle Surcharge Tax, Vehicle License Fee and General Excise Tax.

Also, at this time, there aren't many green alternatives to rental vehicles such as rental of electric vehicles and a robust public transit system.

Thank you for the opportunity to provide testimony.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTY-FIRST LEGISLATURE, 2022**

ON THE FOLLOWING MEASURE:

S.B. NO. 2054, RELATING TO CLIMATE CHANGE MITIGATION .

BEFORE THE:

SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

DATE: Wednesday, February 9, 2022 **TIME:** 1:00 p.m.

LOCATION: State Capitol, Room 224, Via Videoconference

TESTIFIER(S): Holly T. Shikada, Attorney General, or
Julie H. China, Deputy Attorney General

Chair Gabbard and Members of the Committee:

The Department of the Attorney General offers the following comments.

The purpose of the bill is to assess a climate change mitigation impact fee for persons renting, leasing, or utilizing tourism-related vehicles in the State, to be used toward protecting Hawaii's natural resources and environment, which are essential to the quality of life of residents and the State's tourism-based economy. The bill will assess a daily climate mitigation impact fee on every motor vehicle rental. The bill also establishes within the state treasury, a climate change mitigation special fund. The fees generated by the bill will be deposited into the general fund from July 1, 2022, until July 1, 2024, and, thereafter, will be deposited into the climate change mitigation special fund.

We believe that the fee cannot be deposited into the general fund during the two-year period of July 1, 2022, to June 30, 2024 (page 3, lines 6 to 8) because fees can only be used for the purpose for which they are collected. *State v. Medeiros*, 89 Hawai'i 361, 366, 973 P.2d 736, 741 (1999). In this case the purpose of the fee is to offset the impacts of rental motor vehicles on the environment. There is no explanation of how depositing the fees into the general fund will be used to offset such impacts.

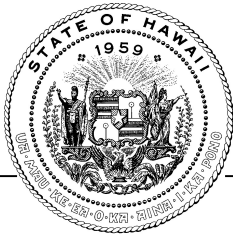
One example of how fees may be spent is the Hanauma Bay Nature Preserve entrance fee that was litigated in *Daly v. Harris*, 215 F. Supp. 2d 1098 (Haw. 2002), and affirmed by the Ninth Circuit Court of Appeals, 117 Fed. Appx. 498 (9th Cir. 2004). *Daly*

involved the \$3 user fee for non-Hawaii residents to enter Hanauma Bay. The proceeds are deposited into the Hanauma Bay Nature Preserve fund and money from the fund is designated for four specific purposes: (1) for the operation, maintenance, and improvement of the Hanauma Bay Nature Preserve; (2) for educational and orientation programs for visitors to the preserve; (3) for a carrying capacity study of the preserve and other studies relating to the environmental condition of the preserve; and (4) if funds are available, for the operation, maintenance, and improvement of park facilities at Koko Head District Park, Maunalua Bay Beach Park, Koko Head Rifle Range, and Koko Crater Botanical Garden. *Daly*, 215 F. Supp. 2d at 1101-1102. The court upheld the Hanauma Bay entrance fee because it is being used to preserve Hanauma Bay.

To remedy the issue noted above, we recommend proposed section 171-A(c), Hawaii Revised Statutes, be amended to have all of the fees deposited to the credit of the climate change mitigation special fund and eliminate the deposit of any of the fees into the general fund (page 3, lines 6-7). We suggest the following new wording:

(c) All fees collected pursuant to subsection (a) shall be deposited to the credit of the climate change mitigation special fund established pursuant to section 171-B.

Thank you for the opportunity to testify.



**STATE OF HAWAII
OFFICE OF PLANNING
& SUSTAINABLE DEVELOPMENT**

DAVID Y. IGE
GOVERNOR

MARY ALICE EVANS
DIRECTOR

235 South Beretania Street, 6th Floor, Honolulu, Hawaii 96813
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Statement of
MARY ALICE EVANS
Director, Office of Planning and Sustainable Development
before the
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENTAL PROTECTION
Wednesday, February 9, 2022
1:00 PM
State Capitol, Conference Room 224
in consideration of
SB 2054
RELATING TO CLIMATE CHANGE MITIGATION

Chair Gabbard, Vice Chair Nishihara, and Members of the Senate Committee on Agriculture and Environmental Protection:

The Office of Planning and Sustainable Development (OPSD) supports the intent of this measure and **offers the following comments** on SB 2054. This bill seeks to assess a climate change mitigation impact fee on every customer who rents, leases, or utilizes a rental motor vehicle. Establishes a climate change mitigation special fund within the Department of Land and Natural Resources, specifies that the impact fees collected shall be deposited to the credit of the general fund; provided that, beginning 7/1/2024, the impact fees shall be deposited to the credit of the climate change mitigation special fund.

The Office of Planning and Sustainable Development notes that “climate change mitigation” is defined by the International Organization for Standardization (ISO) as “the human intervention to reduce greenhouse gas emissions.”¹

The State of Hawai‘i likewise established a strong foundation of greenhouse gas reduction policies through statutory targets to: establish a greenhouse gas emissions cap to match 1990 emissions levels by 2020; achieve a 100% Renewable Portfolio Standard by 2045; and achieve a Zero Emissions Clean Economy by 2045.

Climate change mitigation will require a multi-agency approach throughout the State of Hawai‘i, including but not limited to the hard work of following state agencies:

- Department of Accounting and General Services,
- Department of Agriculture,
- Department of Health,
- Department of Land and Natural Resources,
- Department of Transportation,
- State Office of Planning and Sustainable Development,
- Public Utilities Commission,
- State Energy Office,
- State Greenhouse Gas Sequestration Task Force, and the
- Climate Change Mitigation and Adaptation Commission.

The funds collected by the proposed “climate change mitigation special fund” will be needed for more than one state agency to achieve our state’s many climate change mitigative and sustainability statutory targets and goals.

¹ The International Organization of Standards (ISO Guide 84:2020) “Guidelines for Addressing Climate Change in Standards.”



Testimony of the
Hawai'i State Association of Counties
on
S.B. No. 2054
Relating to Climate Change Mitigation.
Wednesday, February 9, 2022, 1 p.m.

The Hawai'i State Association of Counties (HSAC) strongly supports S.B. 2054, which establishes a Climate Change Mitigation Special Fund into which shall be deposited:

- A climate change mitigation impact fee on every rental motor vehicle is to be deposited;
- Appropriations made by the Legislature; and
- Private donations and contributions.

The climate mitigation impact fee shall be paid to the Department of Land and Natural Resources and deposited into the Climate Change Mitigation Special Fund used for:

- Climate change mitigation;
- Environmental management and planning;
- Environmental conservation;
- Management and protection of natural resources and ecosystems;
- Environmental awareness and education; and
- Sustainable tourism practices.

Natural resources are what make the Hawaiian Islands a special place for our residents and an attractive destination for visitors. The growing impact of the number of people on our natural resources requires that we invest in the conservation and restoration of Hawaii's resources.

S.B. 2054 establishes an impact fee on rental motor vehicles, a large number of which are rented by visitors, to be used to, among other things by the Department of Land and Natural Resources for the management and protection of natural resources and ecosystems, and the establishment of sustainable tourism practices.

The Hawai'i State Association of Counties strongly supports S.B. 2054, and requests your favorable consideration of this measure.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Climate Change Mitigation Impact Fee; Climate Change Mitigation Special Fund

BILL NUMBER: SB 2054, HB 1451

INTRODUCED BY: SB by KOUCHI by request, HB by SAIKI by request (Hawaii State Association of Counties Package)

EXECUTIVE SUMMARY: Assesses a climate change mitigation impact fee on every customer who rents, leases, or utilizes a rental motor vehicle. Establishes a climate change mitigation special fund. Specifies that the impact fees collected shall be deposited to the credit of the general fund; provided that, beginning 7/1/2024, the impact fees shall be deposited to the credit of the climate change mitigation special fund.

SYNOPSIS: Adds a new section to chapter 171, HRS, imposing a climate change mitigation impact fee against every rental motor vehicle customer. (Apparently, the enforcing agency is the Department of Land and Natural Resources.) The fee is assessed at \$___ per day or any portion of a day that the vehicle is rented.

Defines “rental motor vehicle” as (1) Any gas powered vehicle that is rented or leased or offered for rent or lease in the State, whether for personal or commercial use, for a period of six months or less; (2) Any vehicle, including vans, minibuses, and buses used for the purpose of transporting persons or luggage for pleasure or sightseeing trips, or transporting persons to pleasure or sightseeing cruises or destinations; and (3) A moped as defined in section 286-2; provided that the moped is rented or leased by a rental motor vehicle customer. The term does not include any vehicle that is used solely for the purpose of transporting individuals to and from a place of work or a public or private school or of transporting persons with disabilities.

Adds another new section to chapter 171, HRS, to establish the climate change mitigation special fund, into which the mitigation impact fees will be deposited beginning July 1, 2024.

EFFECTIVE DATE: Upon Approval

STAFF COMMENTS: As a technical matter, we recommend that this type of fee be placed in chapter 251, HRS, with the existing rental motor vehicle and tour vehicle surcharge tax (RVST). It would not be efficient for DoTAX and DLNR to separately collect the RVST and the proposed fee.

We also note that the fee is assessed against the rental vehicle customers, not the businesses renting them. Without some mechanism to have the lessors collect and pay over the fee, going after all of the customers may be an insurmountable problem.

The proposed measure would add another tax increase and would perpetuate the earmarking of rental motor vehicle and tour vehicle surcharge tax revenues. Yes, our highways and bridges

need work, and the fuel tax that now feeds the highway fund has proven to be less stable as more and more consumers start using alternative fuel vehicles, electric vehicles, and hybrids. But does that justify burdening the visitor industry with yet another tax and without going through the normal appropriation and budgeting process that also considers sweltering primary schools, underfunded state pensions, or the unique costs of intercollegiate athletics?

Next, it should be remembered that revenues diverted for a special purpose, in this case to fund climate change mitigation, will not be counted against the state's spending ceiling or debt limit and will obscure the state's true financial condition.

Digested: 2/7/2022



Robert Muhs, Esq.

Vice President Government Affairs

T - 973 496-3532

Robert.muhs@avisbudget.com

Senator Mike Gabbard, Chair
Senator Clarence Nishihara, Vice Chair
Committee on Agriculture and Environment

Wednesday, February 9, 2022; 1:00 p.m.
Via Videoconference

RE: **SB 2054 Relating to Climate Change Mitigation – In Opposition**

Aloha Chair Gabbard, Vice Chair Nishihara and members of the committee:

Avis Budget respectfully opposes SB 2054, which assesses a climate change mitigation impact fee on every customer who rents, leases or utilizes a rental motor vehicle and establishes a climate change mitigation special fund.

Avis Budget is aligned with the UN Sustainable Development Goals in climate change by advancing low carbon mobility solutions and community resilience. We are committed to sustainable transportation solutions. Avis Budget optimizes our fleet by leveraging connected car technology and have introduced more fuel efficient and low emission vehicles into the fleet as well.

In 2019, the legislature increased the amount of the rental motor vehicle surcharge tax from \$3.00 to \$5.00. Last session, the legislature passed HB 485 CD1 (Act 237) which increased the tax by \$.50 each year from 1/1/2022 to 12/31/2027. In addition, Hawaii rental car customers pay a rental motor vehicle customer facility charge of \$4.50 per day. The total surcharge amount before GET is among the highest in the country.

Avis Budget Group's Hawaii operations suffered a significant revenue loss due to the pandemic and we are still recovering. An additional fee, which is unspecified in the bill, could lead to an overall decline of transaction days, adding to our financial hardship. We request that the industry be allowed to fully recover before a new additional fee be considered.

Thank you for the opportunity to submit testimony.



SanHi

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: February 8, 2022

TO: Senator Mike Gabbard
Chair, Committee on Agriculture and Environment

FROM: Matthew Tsujimura

RE: **S.B. 2054, Relating to Climate Change Mitigation**
Hearing Date: Wednesday, February 9, 2022 at 1:00 p.m.
Conference Room: 224

Dear Chair Gabbard, Vice Chair Nishihara, and members of the Senate Committee on Agriculture and Environment:

We submit this testimony on behalf of Enterprise Holdings, which includes Enterprise Rent-A-Car, Alamo Rent-A-Car, National Car Rental, and Enterprise Commute (Van Pool).

Enterprise **opposes** S.B. 2054. Relating to Climate Change Mitigation, which assesses a climate change mitigation impact fee on every customer who rents, leases, or utilizes a rental motor vehicle. The bill further deposits the fees into the general fund between July 1, 2022 through July 1, 2024, at which time the impact fees will be deposited into a newly created climate change mitigation special fund.

As it is, the state already collects from rental car customers substantial sums of money to be used for state purposes. Just last year, the Governor signed Act 237 into law which increased the rental motor vehicle surcharge tax from \$5 to \$8. S.B. 2054 now proposes to add yet another fee of unspecified amount onto each transaction. We do not feel that it is justified to solicit additional contributions from renters, and feel that it will alienate our customers.

The tax burden on rental cars to support state priorities is also already quite disproportionate to what other vehicles pay. While rental cars only comprise about 5% of the total vehicles in the State, the rental car surcharge tax represents approximately 26% of the total funds in the highway special fund.

Enterprise understands the State's concerns about climate change impacts, and already offers a voluntary contribution for research to offset carbon emissions on each contract.

However, Enterprise is very concerned that creating a new fee as proposed in S.B. 2054 singles out an industry to solve the budget deficit and climate change, when the industry is already contributing more than its fair share to the State.

For the above reasons, we oppose this bill and respectfully request that it be held.
Thank you for the opportunity to submit testimony on this bill.

SB-2054

Submitted on: 2/4/2022 8:59:20 PM

Testimony for AEN on 2/9/2022 1:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Gerard Silva	Individual	Oppose	No

Comments:

Stop Riping the people off. You people do not realize that most of you will not be comeing Back!

Council Chair
Alice L. Lee

Vice-Chair
Keani N.W. Rawlins-Fernandez

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
Gabe Johnson
Kelly Takaya King
Michael J. Molina
Tamara Paltin
Shane M. Sinenci
Yuki Lei K. Sugimura



Director of Council Services
Traci N. T. Fujita, Esq.

Deputy Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

February 5, 2022

TO: Honorable Mike Gabbard, Chair
Senate Committee on Agriculture and Environment

FROM: Alice L. Lee
Council Chair

DATE: February 5, 2022

SUBJECT: **SUPPORT FOR SB 2054, RELATING TO CLIMATE CHANGE
MITIGATION**

Thank you for the opportunity to testify in **SUPPORT** of this important measure. The purpose of this measure is to assess a climate change mitigation impact fee for persons renting, leasing, or utilizing tourism-related vehicles in the State, to be used toward protecting natural resources.

This measure is part of the Hawaii State Association of Counties' Legislative Package. Therefore, I offer this testimony on the Maui County Council's behalf.

I **SUPPORT** this measure for the following reasons:

1. Ground transportation contributes significantly to Hawaii's share of greenhouse gas emissions. The fee to be established by this measure would incentivize more sustainable forms of transportation and mitigate the effects of climate change.
2. Managing the impacts of tourism on climate change and the environment are essential to the State and counties.
3. This measure is a form of tourism management that can help to ensure quality of life for residents, the health of the environment, and the continued value of the visitor experience.

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

SB-2054

Submitted on: 2/6/2022 9:49:12 AM

Testimony for AEN on 2/9/2022 1:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Henry Curtis	Testifying for Life of the Land	Support	No

Comments:

Life of the Land supports this measure.



Email: communications@ulupono.com

SENATE COMMITTEE ON AGRICULTURE & ENVIRONMENT
Wednesday, February 9, 2022 — 1:00 p.m.

Ulupono Initiative supports SB 2054, Relating to Climate Change Mitigation.

Dear Chair Gabbard and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food; renewable energy and clean transportation; and better management of freshwater and waste.

Ulupono supports SB 2054, which assesses a climate change mitigation impact fee on every customer who rents, leases, or utilizes a rental motor vehicle; establishes a climate change mitigation special fund; specifies that the impact fees collected shall be deposited to the credit of the general fund; and, the impact fees shall be deposited to the credit of the climate change mitigation special fund beginning 7/1/2024.

Ulupono supports the State's efforts to better manage its natural resources through additional funding. The Aloha + Challenge guides the State to implement sustainable change by setting goals across six priority areas – clean energy transportation, local agriculture, natural resource management, solid waste reduction, green workforce and education, and smart sustainable communities.

While this measure identifies an impact fee placed on visitors to support natural resource management, we believe it may be in the State's interest to expand the eligible funding categories include those dealing with visitors travel to and within our natural resources. Specifically, it is important to ensure that the transportation options to our parks and beaches aren't inadvertently contributing to our overall statewide emissions. This could include such projects as improving bicycle, pedestrian, and transit access to our natural resources, improving electric vehicle charging infrastructure for visitor transportation vehicles, etc. As one of the larger documented impacts of the visitor industry, it is important that these types of projects be included as needed to help our natural resources thrive.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT
ON
SENATE BILL NO. 2054

**February 9, 2022
1:00 p.m.
Room 224 and Videoconference**

RELATING TO CLIMATE CHANGE MITIGATION

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill (S.B.) No. 2054: establishes a climate change mitigation impact fee for customers renting, leasing, or utilizing a rental motor vehicle to support climate change mitigation, environmental management, and natural resources protection; and creates the Climate Change Mitigation Special Fund for this purpose that would generate revenues beginning July 1, 2024, through legislative appropriations, climate change mitigation impact fees, donations, and contributions. S.B. No. 2054 does not appropriate any funds.

As a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work, and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or

activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding S.B. No. 2054, it is difficult to determine whether the proposed special fund would be self-sustaining or demonstrates a clear nexus between the benefits sought and charges made upon users.

Thank you for your consideration of our comments.



Maui Hotel & Lodging
ASSOCIATION

Testimony of
Lisa H. Paulson
Executive Director
Maui Hotel & Lodging Association

Committee on Labor and Tourism
Senate Bill 2054: Relating to Climate Change Mitigation
February 9, 2022, 1:00 pm
Conference Room 224

The Maui Hotel & Lodging Association is the legislative arm of the visitor industry for Maui County. We represent over 160 property and allied business members and over 19,000 rooms. **MHLA opposes Senate Bill 2054**, which assesses a climate change mitigation impact fee on every customer who rents, leases, or utilizes a rental motor vehicle. This will establish yet another fee or tax assessed to residents and tourists alike. As it is currently written, this measure would also affect the ground transportation rental industry and unintentionally impact Hawai'i residents who look to rent vehicles for various reasons.

Suppose the measure intends to offset the amount of carbon dioxide and greenhouse gases in our atmosphere. In that case, any fees should be more fairly levied against the entire driving populace rather than a small section of the business sector.

Hawaii's tourism industry has already engaged and focused on sustainability and conservation practices. For years, businesses in and around tourism in Hawai'i have executed projects and changed policies to be better stewards of our environment and will continue to do so without implementing these types of measures.

Establishing a new fee aimed at visitors will further cement Hawaii's status among the costliest places to run a business. It would be ill-timed as the industry continues its efforts to recover from the economic effects of the COVID-19 pandemic.

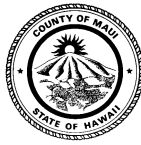
Thank you for the opportunity to provide this testimony.

Council Chair
Alice L. Lee

Vice-Chair
Keani N.W. Rawlins-Fernandez

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
Gabe Johnson
Kelly Takaya King
Michael J. Molina
Tamara Paltin
Shane M. Sinenci
Yuki Lei K. Sugimura



Director of Council Services
Traci N. T. Fujita, Esq.

Deputy Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

February 8, 2022

TO: Committee on Agriculture and Environment
Senator Mike Gabbard, Chair
Senator Clarence K. Nishihara, Vice Chair

FROM: Kelly Takaya King, Maui County Councilmember

HEARING: February 9, 2022 at 1:00 p.m., Senate Conference Room 224 & via
Videoconference

SUBJECT: **Testimony in support of SB2054 RELATING TO CLIMATE
CHANGE MITIGATION**

Dear Honorable Chair Gabbard, Vice Chair Nishihara, and Committee Members,

I would like to voice my support for SB2054 which will assess an impact fee on customers who rent, lease or utilize a rental motor vehicle and establish a climate change mitigation special fund. This measure will help to address some of the impacts of tourism which are burdening Hawai'i's infrastructure and natural environment and significantly contributing to greenhouse gas emissions and climate change.

By implementing fees on rental vehicles, the State will place the economic impact where it can be best absorbed, and at the same time encourage less polluting forms of transportation such as mass transit. Appropriately, the resulting fees will be used to manage, plan, conserve the environment and protect the State's natural resources and systems, address climate change mitigation, create environmental awareness and education, and sustainable tourism practices. This is a needed and sensible measure that deserves support.

As a member of the Maui County Council who chairs the Climate Action, Resilience and Environment Committee, a member of the Local Government Advisory Committee to the U.S. Environmental Protection Agency, and a board member of ICLEI USA, I work on the county, state, national and international

February 8, 2022
Page 2

levels to combat climate change and to protect the environment. Like all of you, I am acutely aware of the need for meaningful and immediate action to address the growing and varied threats to our State's natural environment, and this bill presents an opportunity to raise funds to be used for the some of the problems so many rental vehicles create.

Please pass SB2054.

Mahalo nui loa,

A handwritten signature in cursive script that reads "Kelly T. King".

Kelly Takaya King, Maui County Council
Chair, Climate Action, Resilience and Environment Committee
Vice Chair, Hawai'i State Association of Counties



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

Testimony of
Mufi Hannemann
President & CEO
Hawai'i Lodging & Tourism Association

Senate Committee on Agriculture & Environment
Senate Bill 2054: Relating to Climate Change Mitigation
February 8, 2022

Chair Gabbard, and members of the Committee, 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—opposes Senate Bill 2054 as it would establish yet another fee or tax that would be assessed to residents and tourists alike. As it is currently written, this measure would also disproportionately affect the ground transportation rental industry and unintentionally impact Hawai'i residents who look to rent vehicles for a variety of reasons.

While the measure's preamble notes that the “legislature recognizes that fees with an environmental focus are meant to manage the impacts of tourism... [and] are essential to the State's management efforts,” the measure would inevitably affect local customers who rent cars for various reasons such as moving homes or transporting large items on an irregular basis. If the measure's intent is to solely offset the amount of carbon dioxide and greenhouse gases in our atmosphere, any fees should be more fairly levied against the entire driving populace rather than a small section of the business sector.

As it stands, the local tourism industry has maintained a keen focus on sustainability and conservation practices. For years, businesses in and around tourism in Hawai'i have executed projects and changed policies to be better stewards of our environment, and we will continue to do so without the implementation of these types of measures.

Moreover, establishing a new fee aimed at visitors would also further cement Hawaii's status as being among the costliest places to run a business and would be ill-timed as the industry continues its efforts to recover from the economic effects of the COVID-19 pandemic.

For these reasons, HLTA opposes Senate Bill 2054.

Mahalo for the opportunity to provide this testimony.