

Honolulu, Hawaii

**FEB 16**, 2024

RE: H.B. No. 2406  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 2406 entitled:

"A BILL FOR AN ACT RELATING TO STATE FINANCES,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish the Climate Health and Environmental Action Special Fund in the Department of Land and Natural Resources to minimize the impacts of, and respond to, climate crises;
- (2) Levy an additional \$25 tax on transient accommodations; and
- (3) Narrow the Transient Accommodations Tax exemption for accommodations furnished at no charge or on a complimentary or gratuitous basis to accommodations for the purpose of providing emergency housing to persons displaced as a result of a state of emergency or state disaster.

Your Committee received testimony in support of this measure from the Office of the Governor; Department of Taxation; Department of Land and Natural Resources; Hawaii Green



Infrastructure Authority; Hawai'i Emergency Management Agency; Hyperspective; Kauai Climate Action Coalition; Care for 'Āina Now Coalition; Hawai'i Reef and Ocean Coalition; Climate Protectors Hawaii; Wild Kids; Care About Climate; Imua Alliance; Democratic Party of Hawai'i; Kahana Foundation; Citizens' Climate Lobby Hawaii; Trust for Public Land; Farmers Voice Hawai'i; The Nature Conservancy; Re-use Hawai'i; Hawai'i Climate Change Mitigation and Adaption Commission; Delphi Cinema LLC; and numerous individuals. Your Committee received testimony in opposition to this measure from the Grassroot Institute of Hawaii; Starn, O'Toole, Marcus & Fisher; Hawai'i Hotel Alliance; and four individuals. Your Committee received comments on this measure from the Hawai'i Tourism Authority; Tax Foundation of Hawaii; Hawai'i Lodging & Tourism Association; Maui Chamber of Commerce; and American Hotel and Lodging Association.

Your Committee finds that the State does not have the necessary resources to implement climate crisis prevention measures and effectively respond to these crises when they occur. Your Committee further finds that the State's natural resources and environment are heavily used by persons visiting the State. This measure establishes the Climate Health and Environmental Action Special Fund, levies an additional \$25 tax on transient accommodations, and allocates revenues from the Transient Accommodations Tax to the Fund. Your Committee notes that this measure should be considered together with other measures moving through the legislative process that similarly impose green fees via an increase in the transient accommodations tax.

Your Committee has amended this measure by:

- (1) Changing the amount of funds allocated from the Transient Accommodations Tax to the Mass Transit Special Fund to an unspecified percentage;
- (2) Changing the amount of funds allocated from the Transient Accommodations Tax to the Climate Health and Environmental Action Special Fund to an unspecified amount;
- (3) Changing the appropriations to unspecified amounts;



- (4) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee respectfully requests your Committee on Finance, should it deliberate on this measure, to consider an appropriation amount of \$500,000 into and out of the Climate Health and Environmental Action Special Fund.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2406, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2406, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Energy &  
Environmental Protection,



NICOLE E. LOWEN, Chair



