

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

House Committee on Finance

Friday, February 23, 2024

11:30 a.m.

State Capitol, Conference Room 308, and Videoconference

Supports Intent

H.B. No. 2081, H.D. 1, Relating to Government

Chair Yamashita, Vice Chair Kitagawa, and members of the House Committee on Finance:

Thank you for the opportunity to testify in support of the intent of H.B. No. 2081, H.D. 1, Relating to Government. This measure would increase the overall Transient Accommodations Tax (TAT) rate from 10.25 percent to 11.25 percent; and impose the increased TAT rate on the gross rental or gross rental proceeds derived from furnishing transient accommodations beginning on July 1, 2024, and on the fair market rental value of a resort time share vacation unit beginning on January 1, 2025. H.B. No. 2081, H.D. 1 also changes the amount of TAT revenue deposited into the Mass Transit Special Fund; requires an additional \$50 TAT to be levied per night for each furnishing of transient accommodations; and appropriates funds to the Department of Land and Natural Resources to protect, manage, and restore the State's natural resources.

The Office of the Governor maintains the immediacy of protecting and preserving Hawaii's natural resources. We appreciate the several legislative proposals this session to address the impacts of climate change and the impacts on our environment by visitors and residents who benefit from Hawaii's natural resources. We also recognize that the costs of protecting and preserving Hawaii's natural resources must be shared by all who reap these benefits.

While the appropriation in H.B. No. 2081, H.D. 1 would further efforts to protect, manage, and restore the State's natural resources, the Office of the Governor respectfully requests that this Committee instead consider H.B. No. 2406, H.D. 1, Relating to State Finances, which would ensure that a portion of the revenues from the TAT be allocated to the Climate Health and Environmental Action Special Fund (Special Fund) established by the bill. The Office of the Governor supports the approach in H.B. No. 2406, H.D. 1 as the Special Fund would be dedicated to revenues designated to minimize the impacts of, and respond to, climate crises.

Testimony of Office of the Governor
H.B. No. 2081, H.D. 1
February 23, 2024
Page 2

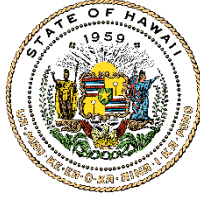
In addition, H.B. No. 2406, H.D. 1 would also impose an additional \$25 tax on transient accommodations; appropriate funds for the Special Fund to minimize the impacts of, and respond to, climate crises; and exempt from the TAT, accommodations furnished at no charge or a complimentary or gratuitous basis to accommodations for providing emergency housing to persons displaced as a result of a state of emergency or state disaster. There is a compelling and urgent need to provide increased and dedicated funds to prevent climate crises and address the shortage of affordable housing in our State.

The Office of the Governor looks forward to continued work with the Legislature on bills to address the gravity of climate change and ensure there are resources dedicated to protecting, managing, and restoring the State's natural resources.

Thank you very much for the opportunity to provide testimony on this measure.

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621
HONOLULU, HAWAII 96809

Testimony of
DAWN N. S. CHANG
Chairperson

Before the House Committees on
FINANCE

Friday, February 23, 2024
11:30 AM

State Capitol, Conference Room 308, Via Videoconference

In consideration of
House Bill 2081 HD1
RELATING TO GOVERNMENT

House Bill 2081 HD1 increases the transient accommodation tax rate. This bill requires an additional \$50 transient accommodation tax to be levied per night for each furnishing of transient accommodation. This bill also appropriates funds to the Department of Land and Natural Resources (Department). **The Department supports this measure.**

Hawai'i's natural and cultural resources provide our drinking water and sustain all life on our islands, are huge economic assets and prime attractions of our tourism industry, and support the well-being, health, and identity of our communities. A University of Hawai'i study examined the various services provided by O'ahu's Ko'olau forests - including drinking water recharge, flood prevention, water quality, carbon storage, biodiversity, cultural, aesthetic, recreational, and commercial values. These services were calculated to have a net present value of between \$7.4 and \$14 billion. Coral reefs – the first line of defense to large ocean swells - annually protect \$836 million in averted damages to property and economic activity in Hawai'i. Despite the value of our forests and oceans, Hawai'i invests less than 1% of the total State budget into maintaining these assets. Additional funding is needed to bridge the gap needed to fully manage these resources.

Finally there is a typo in Section 2, referring to "costal lands" on page 5, line 3 we believe this is meant to read "coastal lands" and request the language be corrected.

Mahalo for the opportunity to testify on this measure.

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT

RYAN K.P. KANAKA'OLE
FIRST DEPUTY

DEAN D. UYENO
ACTING DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
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HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS



TESTIMONY OF DANIEL NĀHO'OPI'I
INTERIM PRESIDENT & CEO, HAWAII TOURISM AUTHORITY
BEFORE THE HOUSE COMMITTEE ON FINANCE
Friday, February 23, 2024 11:30 a.m.
In consideration of
HB 2081 HD 1
RELATING TO GOVERNMENT

Aloha Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee,

The Hawai'i Tourism Authority (HTA) appreciates the opportunity to offer comments on HB2081 HD1, to increase the Transient Accommodations Tax rate, require an additional \$50 transient accommodation tax to be levied per night for each furnishing of transient accommodations, and appropriate funds to the Department of Land and Natural Resources (DLNR) for protection, management, and restoration of the State's natural resources.

The ethic of mālama – care and stewardship – is the core of our visitor education efforts. Hawai'i's environment is a treasure, and it is our collective kuleana to protect it for the generations to come. Fulfilling that responsibility takes funding. We agree with the intent of this legislation to fund natural resource stewardship as it is in alignment with our Strategic Plan priorities in the Natural Resources pillar, as well as action items in our community-generated Destination Management Action Plans.

There are several proposals before the Legislature this session for a green fee or tax, and we are continuing to solicit feedback and examine which model makes the most sense for the industry. Whichever model this Legislature decides upon to facilitate visitor contributions to the care of our natural resources, we advocate the timely and transparent reinvestment of those collections into improving the experience for kama'āina and visitors alike enjoying our natural environment – the more direct the better.

We stand ready to assist in educating visitor industry stakeholders and visitors on the implications of this measure, and we defer to our colleagues at the Department of Taxation as well as DLNR on matters related to its implementation.

Mahalo for the opportunity to provide these comments.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
Ka 'Oihana 'Auhau
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 2081, H.D. 1, Relating to Government.

BEFORE THE:

House Committee on Finance

DATE: Friday, February 23, 2024

TIME: 11:30 a.m.

LOCATION: State Capitol, Room 308

Chair Yamashita, Vice-Chair Kitagawa, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding H.B. 2081, H.D. 1, for your consideration.

H.B. 2081, H.D. 1, amends section 237D-2, Hawaii Revises Statute (HRS), which governs imposition and rates of the transient accommodation tax (TAT). The bill increases the overall TAT rate from 10.25 percent to 11.25 percent. The measure would impose the increased TAT rate on the gross rental or gross rental proceeds derived from furnishing transient accommodations beginning on July 1, 2024, and on the fair market rental value of a resort time share vacation unit beginning January 1, 2025.

The measure also establishes an additional tax of \$50 per night for each furnishing of a transient accommodation, regardless of whether the transient accommodation is furnished for cash, charge, points, miles, or rewards.

Finally, the measure amends the amount to be deposited into the mass transit special fund to an unspecified percentage. H.B. 2081, H.D. 1 has an effective date of January 1, 3000.

The Department appreciates that many of its proposed amendments were adopted by the Committees on Tourism and Water and Land, including amendments that clarify

how the \$50 TAT will be imposed and amendments that would streamline TAT revenue allocations.

The Department, however, requests that section 237D-2(a) be amended by imposing the new TAT rate on January 1, 2025 instead of July 1, 2024. The Department also requests that if a functional effective date is inserted in section 5 of the bill, that the effective date be January 1, 2025. This will allow the Department sufficient time to make the necessary form, instruction, and system changes to implement the 1 percent increase in TAT, the new \$50 per night TAT, and the change to the revenue allocation.

Thank you for the opportunity to provide comments on this measure.



February 2, 2024

Representative Kyle Yamashita, Chair
Representative Lisa Kitigawa, Vice Chair
Committee on Finance
Hawaii House of Representatives
Hawaii State Legislature

Opposition to HB2081 HD1

Dear Chair Yamashita, Vice Chair Kitigawa, and Members of the Committee on Finance,

Thank you for the opportunity to provide our testimony in opposition to HB2081 HD1.

In 2018, the Hawaii State Legislature increased the state transient accommodations tax (TAT) to 10.25% to support the Honolulu Rail project. Then, in 2021, even though the visitor industry was still reeling from the impacts of forced shutdowns during the COVID-19 pandemic, the Hawaii State Legislature gave the counties the authority to collect their own TAT. That new 3% county TAT was to offset the portion of TAT which the state had previously given to the counties to mitigate the impacts of visitors on local resources. The state then kept a larger percentage of overall TAT collections in the general fund. In January 2022, just two short years ago, the counties began collecting that additional 3% - bringing total TAT collections up to 13.25%

HB2081 HD1 now proposes raising the TAT by another 1%, or establishing a minimum tax collection of \$50/per person, to support the Department of Land and Natural Resources (DLNR). **We oppose this increase, but not the investment in our natural resources.**

Billions of dollars in TAT from visitors has flowed into the state's general fund during the last 5 years. These funds were originally intended to be directed to state and county departments to offset visitor impacts, however since TAT currently flows directly to the general fund it is impossible to track the impact these funds have on our infrastructure and beautification projects. For example In 2009, when the TAT was 7.25%, only 3.7% of collections went into the general fund. In 2018, when the TAT became 10.25%, 56.8% of collections went into the general fund. And in 2023, more than \$1 billion was collected in state TAT, and more than 90% went into the general fund. **Please use the TAT you already collect to adequately protect, maintain and preserve our natural resources.**

Hawaii already has a reputation of having the highest visitor taxes of any destination in the world. Not only are there taxes on visitor accommodations, but visitors must also pay the general excise tax (GET), landing fees and taxes at our airports, rental car fees and taxes on our roads, ocean tourism fees to support coral reef management, parking fees at Hapuna Beach and Akaka Falls State Parks – the list goes on and on. This proposed increase could further hamper our economic recovery, which is still not at the same levels as pre-pandemic and was severely impacted by the wildfires last summer.

In addition, Hawaii residents and visitors both deserve a full accounting of the total fees that visitors pay when they come to our state and where those fees are currently allocated.

Until a full accounting of the allocation of visitor taxes is provided, we cannot support another raise in the TAT.

KCRA members pay more than \$40 million each year in state and county TAT, and \$40 million in state and county GET. On behalf of our 5,000 employees, and our 20,000 family members, we thank you for considering our opposition to HB2081 HD1.

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



Statement of:
Todd J. Robertson
Hyperspective
Before the
Committee on Finance

Individual Testimony in **Support of HB2406 HD1, HB2081 HD1, HB2778 HD1**

Aloha Honorable Members of the Committee,

My name is Todd Robertson and I am submitting written testimony on behalf of myself and my company, Hyperspective in strong **support of HB2406 HD1, HB2081 HD1, HB2778 HD1**, all of which would increase funding potential from visitors to go toward our local needs and 'āina. Our underinvestment in our environment is causing costly devastation, from firestorms, floods, and threats to public safety. I have been a resident of the State of Hawai'i and the City and County of Honolulu for more than 25 years, and I care deeply about our island community, the well-being of our people, and the 'āina to which we all have the kuleana/responsibility to care for.

Being an island community, completely remote from other places, we face enumerable challenges in the protection of our reefs, our coastal environments, and our communities from multiple threats, as well as all of the endemic species that have existed here far longer than humans. These challenges are exacerbated by climate change which will come with massive financial pitfalls.

Visitors do play a major role in the stresses on our environment and local communities, and therefore, they must play a financial role in the solutions needed to deal with those stresses. If passed, HB2406 HD1, HB2081 HD1, HB2778 HD1 could play a role in the distribution of much-needed funds to protect and preserve our state's resources. Please be a part of protecting our 'āina, helping to restore our ecosystems, and managing our natural resources for a more resilient and sustainable community by passing this bill.

As our leaders you hold the privilege of directly supporting this, doing what is best for our communities, and creating a legacy of making Hawai'i safer and better for our future. Passing this bill will send a strong message to our community that you are committed to that cause. Please help to change the negative moniker "Hawai'i is the extinction capital of the world" to a more positive "Hawai'i leads the world in protecting our resources."

This bill must be passed immediately, as the growing threats and challenges will not wait. Thank you for the opportunity to testify on this important bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd J. Robertson", written over a white background.

Todd J. Robertson
President/CEO, Hyperspective

HYPERSPECTIVE STUDIOS, INC.
643 ILALO STREET
HONOLULU, HI 96813

MAIL TO:
P.O. BOX 893636
MILILANI, HI 96789

HYPERSPECTIVE.COM
808.353.3618



Aloha Chair, Vice Chair and Committee,

I am writing in opposition of HB2081

On Behalf of KOSTRA as an individual

I live on the island of Ohau

I strongly oppose this bill. Taxing Tourists is a bad policy as tourism is vital to our economy in so many ways. Tourist are bringing DOLLARS to spend on many things besides rooms. Taxing tourists will only encourage travel to other warm climates. Why do we need another 1% fee going to the mass transit system?

FIRST - STRIKE this entire section. We do NOT need another 1% increase

ter (4) 10.25 per cent on the fair market rental value for the period beginning on January 1, 2025, and thereaf.

SECOND - STRIKE this entire section.....How are you going to track PER NIGHT? HOW will you track other forms such as points miles, etc. Will all award and mile programs be required to track? Who will enforce this addition Fee.

Another fee

(f) In addition to the taxes imposed under subsections (a), (c), and (e), there is levied and shall be assessed and collected each month a tax of \$50 per night on each furnishing of a transient accommodation, including transient accommodations furnished for cash or charge, or in exchange for points, miles, or other amounts provided through a membership, loyalty, or rewards program."

The Description mentions:

Appropriates funds to DLNR for protection, management, and restoration of the State's natural resources.

Confusing as the other comment request the funds go to Mass Transit. WHICH it is?

Respectfully submitted
Victoria Johnson



HAWAII

1164 Bishop St., Ste. 1512
Honolulu, HI 96813
tpl.org

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Pūlama Lāna'i

Dr. Rachel Sprague
Pūlama Lāna'i

Jan Sullivan
Oceanit

Trust for Public Land's Testimony Supporting HB 2406 HD 1, HB 2081, and HB 2778 HD 1 House Committee on Finance Friday, February 23, 2024, 11:30 a.m., Rm. 308

Aloha Chair Yamshita, Vice-Chair Kitagawa and Committee Members:

Trust for Public Land **strongly supports** HB 2406 HD 1, HB 2081 HD1, and HB 2778 HD 1, all of which propose to increase funding from visitors for caring for our 'āina. Our chronic underinvestment in our cultural and natural resources has and will to continue to cause costly devastation -- firestorms, floods, and threats to public safety, lives, and livelihoods. We must begin addressing the future and surmounting costs of environmental disasters by investing in resilience and restoration solutions **today**. Mālama 'āina is our best insurance policy.

How we protect and manage our natural resources management and restoration and prevent and mitigate climate crises like the Maui fires, will determine whether our children and future generations inherit a healthy, safe, and beautiful environment – one upon which our visitor economy also depends. Our tourism dependent economy and our natural/cultural resources are inextricably linked – climate disasters like the Maui fires have devastating effects on our families and our economy. For too long, needed and critical investments in our natural/climate infrastructure have been deferred for lack of funding. CAN is a coalition of individuals and organizations committed to supporting measures to that will fund better management of the state's natural and cultural resources and responses to our looming climate crisis. We estimate that an additional \$360 million annually is needed to close the budget shortfall in protecting our islands against climate threats and impacts to tourism.

Trust for Public Land therefore strongly supports HB 2406 and urges the Committee to support its passage. Mahalo for this opportunity to testify. Unfortunately, I cannot be present to testify in person or Zoom due to a pre-existing scheduling conflict.

Mahalo –

Lea Hong
Hawai'i State Director
Edmund C. Olson Trust Fellow



TESTIMONY FROM THE DEMOCRATIC PARTY OF HAWAII

HOUSE COMMITTEE ON FINANCE

FEBRUARY 23, 2024

HB 2081, HD1, RELATING TO GOVERNMENT

POSITION: SUPPORT

The Democratic Party of Hawaii **supports** HB 2081, HD1, relating to government. Pursuant to the “Environment and Energy” section of the official Democratic Party of Hawaii platform, the party believes “that all people have the right to live in a clean, healthy and safe environment. We believe that the preservation of our natural environment and its ecological well being is essential to ensuring a safe, healthy, bountiful life for future generations in Hawaii. We support policies that create a more sustainable society. We support the restoration, preservation, and protection of native ecosystems.”

According to a report produced by the Hawaii Climate Change Mitigation and Adaptation Commission, global sea levels could rise more than three feet by 2100, with more recent projections showing this occurring as early as 2060. In turn, over the next 30 to 70 years, approximately 6,500 structures and 19,800 people statewide will be exposed to chronic flooding.

Additionally, an estimated \$19 billion in economic loss would result from chronic flooding of land and structures located in exposure areas. Finally, approximately 38 miles of coastal roads and 550 cultural sites would be chronically flooded, on top of the 13 miles of beaches that have already been lost on Kaua'i, O'ahu, and Maui to erosion fronting shoreline armoring, like seawalls.

As we work to reduce carbon emissions and stave off the worst consequences of climate change, we must begin preparing for the adverse impact of sea level rise on our shores. We are now quantifying the speed at which we must act. We cannot continue to develop the 25,800-acre statewide sea level rise exposure area—one-third of which is designated for urban use—without risking massive structural damage and, potentially, great loss of life.

Last year, we witnessed the impact of the climate emergency on our shores. On August 8, 2023, wildfires swept across Maui and killed at least 100 people, making it one of the nation's deadliest natural disasters. The spread of the fires has been attributed to climate change conditions, such as unusually dry landscapes and the confluence of a strong high-pressure system to the north and Hurricane Dora to the south. The wildfires destroyed over 2,200 structures, including numerous residential buildings, historic landmarks, and school facilities. In September 2023, a report from the United States Department of Commerce estimated the total economic damage of the wildfires to be roughly \$5.5 billion. Investing in renewable energy generation could not be more urgent, given the growing threat of climate-induced catastrophes to our island home.

Therefore, we should take steps to accelerate Hawai'i's efforts to address climate change and develop a clean economy, including by implementing "green fees" that ensure our state's visitors pay their fair share to sustain our 'āina. New Zealand, the Maldives, Cancun, and Venice, and numerous other countries have green fee programs for visitors, which vary from \$1 per night to a \$100 entrance fee for the purpose of environmental conservation. **Palau's per-tourist investment in its natural environment is \$92, New Zealand's is \$188, and the Galapagos Islands' is \$373. Hawai'i's is just \$9 per tourist**, according to a report from Conservation International's Green Passport initiative. We need to catch up. For the sake of our keiki, we cannot afford to wait to solidify strategies to preserve our island home for generations to come.

Mahalo nui loa,

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Co-Chair, Legislative Committee
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Co-Chair, Legislative Committee
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TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMODATIONS; Tax Hike Including \$50 Per Night Surcharge

BILL NUMBER: HB 2081 HD 1

INTRODUCED BY: House Committees on Tourism and Water & Land

EXECUTIVE SUMMARY: Increases the transient accommodation tax rate. Requires an additional \$50 transient accommodation tax to be levied per night for each furnishing of transient accommodations. Appropriates funds to DLNR for protection, management, and restoration of the State's natural resources.

SYNOPSIS: Amends section 237D-2(a), HRS, to levy the TAT from 9.25% to 10.25% for periods beginning on July 1, 2024, and thereafter. (Note that this rate is currently overridden by that in subsection (e), discussed below.)

Amends section 237D-2(c), HRS, to levy the TAT on occupants of a resort time share vacation unit from 9.25% to 10.25% beginning on January 1, 2025.

Notwithstanding the amendments to the rates as noted above, amends section 237D-2(e) to increase the rate to 11.25% beginning on January 1, 2018 and ending December 31, 2030; provided that [unspecified]___% is deposited quarterly into the mass transit special fund established under section 248-2.7. The remaining tax revenues shall be deposited into the general fund in accordance with section 237D-6.5(b).

Adds a new subsection (f) that imposes an additional \$50 per night on each furnishing of a transient accommodation, including transient accommodations furnished for cash or charge, or in exchange for points, miles, or other amounts provided through a membership, loyalty, or rewards program.

Section 2 of the bill appropriates \$_____ out of the general fund for the fiscal year 2024-2025 to be expended by the department of land and natural resources to protect, manage and restore the State's natural resources.

EFFECTIVE DATE: July 1, 2024.

STAFF COMMENTS: In law prior to 2009, the TAT was levied at the rate of 7.25% on most transient accommodations. Act 61, SLH 2009, increased the TAT rate to 8.25% between 7/1/09 and 6/30/10 and to 9.25% between 7/1/10 to 6/30/15. Act 161, SLH 2013, made permanent the TAT rate of 9.25% and changed the allocations of TAT from a percentage basis to a specific dollar amount.

This proposed increase in TAT will be borne largely by visitors. With the recent ability of counties to impose their own TAT charge, Hawaii already has the highest accommodation tax in the country. Although the bill's proponents may think that this is simply picking the pockets of

our tourists to remediate our beleaguered environment, there may be ripple effects from further squeezing our tourists. What policy makers need to realize is that the more they extract from the economy in taxes and fees, the more economic performance declines. To put it specifically, tourists can't vote for our lawmakers at the ballot box but they can vote with their feet. We aren't the only resort island destination in the world, and the tourists know this. As economic performance declines, so do tax revenues.

When comparing this measure with other bills this session proposing TAT increases, note that this bill proposes a surcharge of \$50 per night regardless of the value of the accommodations. The Administration bill GOV-03 (HB 2406 / SB 3095), proposing what we call "Visitor Green Fee 2.0," calls for a surcharge of \$25 *per stay*.

If this bill is to move forward, this Committee might want to consider whether the \$50 per night also applies to complimentary accommodations awarded because the guest has made other purchases from the hotel, such as accommodations for the married couple for free when the wedding reception is held in the hotel. The current wording of subsection (f) does not seem to provide a clear answer to that situation.

Digested: 2/21/2024

Feb. 23, 2024, 11:30 a.m.

Hawaii State Capitol

Conference Room 308 and Videoconference

To: House Committee on Finance

Rep. Kyle T. Yamashita, Chair

Rep. Lisa Kitagawa, Vice Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

RE: TESTIMONY IN OPPOSITION TO HB2081 HD1 — RELATING TO TAXATION

Aloha Chair Yamashita, Vice-Chair Kitagawa and Committee Members,

The Grassroot Institute of Hawaii would like to offer its comments in opposition to [HB2081 HD1](#), which would increase the current state transient accommodations tax rate to 11.25%. In addition to that increase, the bill would also levy a tax of \$50 per night on each furnishing of a transient accommodation.

This proposed tax increase is intended to be used for the protection of the state's natural resources. That is a laudable goal, but that must be balanced against the damage that this tax increase would cause to Hawaii businesses and the state's economy as a whole.

Support for a TAT increase is often based on the notion that the tax hike will fall more heavily — or even exclusively — on tourists. However, the TAT also directly affects Hawaii residents who need to stay in local transient accommodations when traveling interisland or simply seeking to enjoy a "staycation."

Beyond that, a large body of research demonstrates that increasing taxes on tourists can also affect both the competitiveness of Hawaii's tourism industry and the health of local businesses that depend upon tourism dollars — which means the tax affects most, if not all, Hawaii residents, albeit in some cases indirectly.

A 2017 European Union study on the impact of taxation on tourism in Europe found that high tourism taxes, passed on to tourists through higher prices, affected the competitiveness of particular destinations.¹ Coastal and leisure destinations in particular were most adversely affected by increases in tourism taxes, especially compared to locations that were more focused on business travelers.

In addition, occupancy taxes such as Hawaii's TAT were singled out as inequitable and especially frustrating to tourists. The EU study recommended that countries that depend heavily on tourism should reduce their tourism taxes in order to increase competitiveness.

Even unique destinations are not immune from the effect of taxation on international arrivals. A study of the Maldives, a country that earns as much of 70% of its revenue from tourism taxes, found that a 10% increase in tourism taxes reduces demand by 5.4%.²

To put it plainly, increasing tourism taxes decreases the number of visitors. Moreover, policymakers cannot assume that tourism taxes will not have an additional effect on visitor spending. It is only common sense to assume that tourists will compensate for higher tourism taxes by adjusting their budgets and spending less on dining, activities or shopping.

This is borne out by a study of the effect of an air passenger duty on the budget allocations of United Kingdom tourists. The study found that tourists compensated for the higher taxes by decreasing destination expenditures on items such as accommodations and food.³

Thus, increasing tourism taxes will ultimately hurt Hawaii's restaurants, stores and hotels, as tourists decrease their expenditures to compensate for the state's higher taxes.

This is on top of the fact that Hawaii already has some of the world's highest tourism taxes,⁴ making any additional hike a threat to the continued health of the industry and the businesses that depend on it.

Tourism is such a critical part of the state's economy that even industries that are not directly linked to tourism are linked to businesses that are.

¹ PricewaterhouseCoopers LLP, "[The Impact of Taxes on the Competitiveness of European Tourism](#)," European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, October 2017.

² Festus Fatai Adedoyin, Neelu Seetaram and George Filis, "[The Effect of Tourism Taxation on International Arrivals to a Small, Tourism-Dependent Economy](#)," Journal of Travel Research, Vol. 62, Iss. 1, pp. 135-153.

³ Haiyan Song, Neelu Seetaram and Sunh Ye, "[The effect of tourism taxation on tourists' budget allocation](#)," Journal of Destination Marketing and Management, March 2019, pp. 32-39.

⁴ Alison Fox, "[These Cities — Including 3 in the U.S. — Have the Most Expensive Tourist Taxes in the World. Study Shows](#)," Travel + Leisure, Aug. 12, 2022.

In addition, as mentioned above, we should not ignore the fact that it is not only tourists who pay the TAT. For example, neighbor island residents who stay on Oahu for medical care and families in need of a temporary dwelling after a natural disaster must book either a hotel or a short-term rental. Likewise, medical professionals must stay somewhere while practicing in Hawaii.

In other words, a TAT increase and minimum charge will have a negative effect on the health of the state's tourism industry, its economy and its cost of living in general.

Hawaii residents have suffered enough from endless tax hikes and fees. This is not the time to make Hawaii a more expensive place to live and do business.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

Citizens' Climate Lobby Hawaii
hi.ccl.lobby@gmail.com
cclhawaii.org



February 22, 2024

SUPPORT FOR HB2081 HD1 – Climate Health and Environmental Action Special Fund

Dear Chair Yamashita, Vice Chair Kitigawa, and Members of the Finance Committee:

Citizens' Climate Lobby (CCL) Hawaii supports HB2081 HD1, which “Increases the transient accommodation tax rate. Requires an additional \$50 transient accommodation tax to be levied per night for each furnishing of transient accommodations. Appropriates funds to DLNR for protection, management, and restoration of the State's natural resources.”

CCL Hawaii comprises over 1000 members across Hawaii. We advocate for effective, efficient, and fair climate legislation. We support **HB2081 HD1** as it addresses the need to adapt to climate change. Listening to any talk by Dr. Chip Fletcher, one quickly realizes Hawai'i has great financial needs to address and adapt to the current and impending changes brought on by global warming – from sea level rise to the impacts of changing weather conditions on our reefs, flora, and fauna. This bill would help provide some of the necessary funding to lessen these impending impacts.

Protecting our natural resources makes financial sense as it will

- help ensure a clean water supply for our Islands, which also will save our water utilities millions of dollars and reduce costs to ratepayers;
- increase the value of a Hawai'i vacation;
- aid our fishing industry; and
- bolster and maintain our reefs thus protecting our beaches and shoreline infrastructure.

Thank you for this opportunity to testify.

Please support HB2081 HD1.

Respectfully,
Citizens' Climate Lobby Hawai'i



February 23, 2024

House Committee on Finance
Chair Representative Kyle Yamashita
Vice Chair Lisa Kitagawa
Members of the Committee
Via Electronic Transmission

Re: The Imperative of Allocating Adequate Funding to Protect Natural Resources
Support HB 2081 HD1, Relating to Government

Aloha!

Thank you for the opportunity to support HB 2081 HD1, Relating to Government. Taking care of our 'āina and making funding available for preventive measures to protect, restore and nurture our land and ocean is the best insurance policy against wildfires, floods, and other disasters.

We all saw the devastating effects of the wildfires on Maui last August. No one wants another wildfire, flood or any other disaster in our islands. Insurance helps us in the aftermath of a disaster. The Care for 'Āina Now coalition believes it is equally as important for our state to have funds dedicated to protecting and restoring our natural resources to prevent or mitigate the effects of climate events. This proactive, preventive approach to stewardship of our islands requires an investment in our 'āina.

The Maui wildfires have now amplified to every resident, and indeed the world, that no region in the world is immune to the impact of this climate crisis. We are a coalition of individuals and organizations committed to supporting better management of the state's natural resources. We estimate that an additional \$360 million annually is needed to close the current budget shortfall in protecting our islands against climate threats and the impacts of tourism. At its most basic level, this funding is necessary for wildfire prevention strategies.

Natural resources are the lifeblood of our pae 'āina, providing us with the essentials for survival and the foundation for Hawai'i's economy, our very society. These resources include clean air and water, fertile soil, living coral reefs, stable coastlines and beaches, biodiversity and healthy forests. We commend the legislature, cognizant of the local and global threats to these riches, for declaring Hawai'i to be the first state in the nation to declare a climate emergency. Protecting and restoring these resources is a moral, economic, and ecological imperative.

Based on the foregoing, we support this bill and strongly advocate for dedicating a significant portion of the revenue generated to funding for DLNR so that Hawai'i can:

- Remove flammable nonnative plants and restore sites with less flammable native plants.
- Restore coral reefs to help protect our beaches and coastal communities from sea level rise and storm surges, while also protecting the fisheries that draw tourists and sustain local residents.
- Restore watershed forests that protect our water quality and supplies, in addition to reducing the risks of fire.
- Provide grants to local communities to assist them in managing and restoring natural resources, including reducing their fire risks.

Preventing damage to natural resources is often more cost-effective than trying to restore them once they have been degraded. For example, restoring a polluted stream can be far more expensive than preventing pollution in the first place. Wildfire prevention can be significantly more cost-effective than paying for the cost of responding to wildfires and restoring damaged communities and natural resources. Legislators who allocate funding for protection and restoration are, in essence, making a sound long-term investment in their constituents, well-being, and the environment.

We have a moral responsibility to protect the natural resources that sustain life on our islands. Future generations depend on the decisions we make today. Legislators have a unique role in shaping policies that reflect our ethical obligation to safeguard the environment for all living beings.

In conclusion, there are numerous compelling reasons why legislators should approve funding to protect, restore, and manage Hawai'i's magnificent and irreplaceable natural resources. Disaster resilience, climate change mitigation, clean water and air, sustainable agriculture, economic benefits, public health, long-term cost savings, biodiversity conservation, and ethical responsibility all underscore the importance of such investments. By allocating the necessary funds, legislators can secure a brighter and more sustainable future for all. It is a responsibility that cannot be ignored, and the benefits far outweigh the costs.

We look forward to working with you to ensure that our natural resources are at the forefront of policy-leaders' minds and that the state budget reflects these priorities.

Mahalo,

Care for 'Āina Now Coalition

Website: careforainanow.org

Contact: aloha@careforainanow.org

HB-2081-HD-1

Submitted on: 2/22/2024 9:07:45 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Arwen Revere	Wild Kids Hawai'i	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa, and Honorable Members of the Committee,

My name is Arwen Revere, and I am a member of the student-led environmental organization Wild Kids, which I am representing today. We are submitting written testimony in strong support of HB2406 HD1, HB2018 HD1, and HB2778 HD1, all of which would increase funding potential from visitors to go towards our local needs and 'āina. Our underinvestment in our environment is causing costly devastation, from firestorms, floods, and threats to public safety. As young people growing up in Hawai'i, we believe that investing in our environment today is the only way to protect it for the future.

Increasing funding for our natural resources is a pathway to a future where our keiki are safe, our environment is healthy, and residents and visitors benefit from the ecosystems we care for. This future requires funding, and all three of these measures can generate the additional funding needed to provide climate relief, climate response, and preventative restoration. As a non-profit, Wild Kids sees the value in funding critical conservation efforts.

HB2406, HB2081, and HB2778 are all a critical step to ensuring visitors are paying their fair share for the places they use, visit, and experience during their time here.

If passed, we ask that a portion of the increased revenue be dedicated to implementing environmental solutions for State and community programs working to restore our natural and cultural resources across the State. We believe that these solutions and programs are our best shot at avoiding future disasters and their subsequent costs. Funding projects such as these would not only benefit the natural environment but also the communities where the projects are based.

As elected officials, you have the power to safeguard the future of your children, grandchildren, and beyond. Please pass HB2406 HD1, HB2018 HD1, and HB2778 HD1.

Mahalo for the opportunity to testify,

Arwen Revere on behalf of Wild Kids Hawai'i



2/23/2024

FIN Committee
Hawai'i State Capitol
Honolulu, Hawai'i 96813

Dear Chair Yamashita, Vice Chair Kitagawa, and Honorable Members of the Committee,

Position: Support HB2081 HD1

The Surfrider Foundation is a national nonprofit organization dedicated to the protection and enjoyment of our ocean, waves, and beaches. Surfrider maintains a network of over 150 chapters and academic clubs nationwide, including 4 chapters in the Hawaiian Islands. The Surfrider Foundation focuses on many aspects of the environment such as coastal protection, plastic pollution, and water quality.

The Surfrider Foundation, Hawai'i region, is testifying in **strong support of HB2081 HD1**, which would increase the transient accommodation tax (TAT) rate, require an additional \$50 TAT to be levied per night for each furnishing of transient accommodations, and appropriate funds to DLNR for protection, management, and restoration of the State's natural resources.

Our beaches, parks, reefs, forests, hiking trails, and other natural resources are paramount to sustaining our way of life and, similarly, our economic engine. These resources are intertwined with our visitor sector, as the tourism economy depends on Hawai'i's iconic natural resources. However, our home is facing escalating visitor impacts, climate change, and localized threats to our ecosystems. As of 2023, Hawai'i only invests \$9 per tourist back in the environment, and less than 1% of the state budget goes towards conservation. We currently face an estimated conservation funding gap of \$360 million per year.

HB2081 HD1 would establish an innovative funding stream to support the critical conservation efforts needed to maintain Hawai'i as a healthy, sustainable region for future generations to enjoy, as well as a visitor destination. A transformational investment in Hawai'i's natural resources through a visitor green fee program provides a pathway to build environmental and economic resilience for our local communities and our visitor industry. **We support this measure along with HB2406 HD1 and HB2778 HD1, which together would increase funding potential from visitors to go towards our local needs and 'āina.**

For the past few years, the Surfrider Foundation has been actively involved in Hawai'i's green fee efforts. This is the opportunity to build on the success of the natural resources allocation of the Honolulu Transient Accommodation Tax passing in 2021 and strong momentum from green fee bills in years past (notably SB304 in 2023 to establish a green fee which garnered an astounding amount of community support and made it to the final stages of conference committees). Thank you for your consideration of this testimony in support of HB2081 HD1, submitted on the behalf of the Surfrider Foundation's 4 Chapters in Hawai'i and all of our members who live in the state and visit to enjoy the many coastal recreational opportunities offered by all of the islands' coastlines.

Sincerely,

Camile Cleveland
Volunteer Policy Coordinator
Surfrider Foundation, O'ahu Chapter



February 23, 2024

TO: Chair Kyle Yamashita
Vice-Chair Lisa Kitagawa
Members of the House Committee on Finance

FR: AMERICAN RESORT DEVELOPMENT ASSOCIATION – HAWAII (ARDA-Hawaii)

RE: HB 2081, HD1 – RELATING TO GOVERNMENT

Hearing date: February 23, 2024, at 11:30 AM

Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the House Committee on Finance:

Mahalo for allowing me to submit testimony on behalf of ARDA-Hawaii in **OPPOSITION to HB 2081, HD1 – RELATING TO GOVERNMENT**. ARDA-Hawaii is the local chapter of the trade association for the timeshare industry. There are currently 98 resorts and more than 15,000 timeshare units throughout Hawaii. Timeshare is an important and stabilizing part of the tourism industry and Hawaii's economy, supporting economic development and job creation throughout the state. Timeshare owners are consistent and dependable visitors who bring substantial tax dollars to Hawaii and who continue to visit Hawaii even during periods of economic downturn. In fact, the timeshare industry in Hawaii enjoys **high occupancy levels (90+ percent) during good times and bad**, with visitors staying for an average of 9 days in length every visit, employs **5,000+ hard working local employees in Hawaii** and is a major economic driver contributing **\$55-70 million each year in state and county taxes**.

HB 2081, HD1, would substantially increase the transient accommodations tax (TAT) rate by 1% from 9.25% to 10.25% (and 11.25% until 2030). In addition to this significant hike in the TAT rate the HD1 added another punitive \$50 per night tax on each unit. Although ARDA supports the protection and restoration of Hawaii's natural resources, we are deeply concerned about the significant negative impacts that increasing the TAT rate once again in less than a decade, plus an additional tax, may have on the time share industry and tourism in general. Timeshare owners already contribute significantly to public facilities and government services through the payment of state and local taxes, without posing the same tax collection problems that other transient accommodations such as home rentals do.

In addition, no state other than Hawaii even charges a transient accommodations tax on owner use of time share units. Increasing the cost of owning a time share in Hawaii even more will cause the viability of this vital sector of the tourism industry to decline and drive prospective visitors to choose to purchase and vacation elsewhere. For these reasons, ARDA opposes an additional increase in the TAT rate by 1% and the additional \$50 per unit additional tax, as proposed in HB 2081, HD1, and strongly urges the committee to defer this bill. Mahalo for the opportunity to testify.

Respectfully submitted,

Mitchell A. Imanaka, President
ARDA Hawaii



Testimony Before The
House Committee on Finance (FIN)
IN SUPPORT OF HB2081 HD1
February 23, 2024, 11:30 a.m., Room 308 & Zoom

We are Olan Leimomi Fisher and Kevin Chang, Kua'āina Advocate and Executive Director, respectively, testifying on behalf of [Kua'āina Ulu 'Auamo \(or KUA\)](#). "Kua'āina Ulu 'Auamo" stands for "grassroots growing through shared responsibility," and our acronym "KUA" means "backbone." **Our mission is to connect and empower communities to improve their quality of life through the collective care for their biocultural (natural and cultural) heritage, serving as a "backbone organization" that supports creative, community-driven solutions to problems stemming from environmental degradation.** Hawai'i's biocultural resources continue to be negatively impacted by political, economic, and social changes, and the increasing dangers of climate change make fostering and empowering resilient communities acutely critical.

Currently KUA supports three major networks of: (1) almost 40 mālama 'āina (caring for our 'āina or "that which feeds") community groups collectively referred to as E Alu Pū (moving forward together); (2) over 60 loko i'a (fishpond aquaculture systems unique to Hawai'i) and wai 'ōpae (anchialine pool systems) sites in varying stages of restoration and development, with numerous caretakers, stakeholders, and volunteers known as the Hui Mālama Loko I'a ("caretakers of fishponds"); and (3) the Limu Hui made up of over 50 loea (traditional experts) and practitioners in all things "limu" or locally-grown "seaweed." **Our shared vision is to once again experience what our kūpuna (ancestors) referred to as 'ĀINA MOMONA – abundant and healthy ecological systems that sustain our community resilience and well-being.**

KUA supports HB2081 HD1 as an incremental step towards 'āina momona.

This bill would increase the transient accommodation tax rate, requiring an additional \$50 to be levied per night for each furnishing of transient accommodations, and appropriating funds to the Department of Land and Natural Resources (DLNR) for protection, management, and restoration of the state's natural resources.

A recent survey on public support for the care of our biocultural resources found that 95% of Hawai'i voters believe that it is our kuleana to care for the ocean for future generations, and 82% support giving local communities a clear role in managing marine areas. Furthermore, 89% of those surveyed agree that we must increase our investment in our precious land, water, and animals, including our biocultural resources. We believe HB2081 HD1 is a critical step to ensuring visitors are paying their fair share for the places they use, and the experiences and resources they enjoy during their time in our home.

This bill also uplifts and highlights the significant contributions of Hawai'i residents, especially those in rural and Native Hawaiian communities, beyond paying taxes for environmental care. Native Hawaiian cultural values and stewardship practices already hold

many of the solutions to prevent and mitigate the climate crisis. Engaging our local communities in direct environmental management and governance, often in collaboration with our underfunded DLNR, is key to overcoming the many challenges of climate change. As such, **if this measure is passed, we strongly urge that a dedicated portion of funding specifically support and empower community-based individuals and groups as essential partners with governmental agencies in restoring, protecting, and caring for our shared biocultural resources.**

A primary function of KUA includes support for the development of an ‘auwai, or a system of resources, tools, bridges, relationships, and networks that cultivate and elevate our communities’ efforts to greater levels of collective impact in the care of our biocultural resources. A core catalyst for the flow in this ‘auwai includes increasing the percentage of our economy, both public and private, which helps manage and regenerate the condition of the ‘āina that sustains us. Understanding the growth in the environmental sector has become increasingly important for KUA, which is why we worked in partnership with the University of Hawai‘i Economic Research Organization and a number of other partners (DLNR, Kupu, TNC, KS, OHA, etc.), in tracking natural resource workforce development as a key part of a “Green Economy.”

Our young people today are calling for a rebalanced approach to living on our isolated and fragile island ecosystems that have for decades been subjected to an overly extractive economic approach to life – largely through tourism. They want our government to rebalance this overuse and exploitation with better, thoughtful care for our ‘āina that feeds us. They want an island culture that no longer takes for granted the environmental subsidies that allow us to thrive. Indeed, island communities that draw tourists from around the world are the canaries in the coal mine for being overrun with travelers and impacts by global climate change. Similar to other island communities taking critical steps to support their biocultural resources like in the Galapagos, New Zealand, and Palau that have already developed green fee programs. Hawai‘i must join this effort and be on the right side of history.

Looking to the future, our communities are raising the kupa‘āina who want jobs focused on mālama ‘āina. Young people want to be able to stay home, care for their home, and raise their keiki in the same place they have loved and cared for their whole lives. Particularly in the conservation sector, more young people are calling for opportunities with livable wages. The abundance of applications that recently inundated and exceeded the capacity of the DOCARE Academy enrollment portal is a strong indicator. **We appreciate the necessary, creative, and collaborative approaches our state supports that build the capacity and skills of the next generation with intention, and in a way that benefits ongoing community efforts to support ecosystem regeneration.**

The communities we work with are committed to ensuring the long-term health of our biocultural resources. They have depended on them for generations. **We believe our environment, the foundation of our very existence, is about long-term investment and a vision of ‘āina momona.** To get there it requires, among other things, taking the steps toward greater self-sufficiency including development of innovative and sustainable career pathways, mindsets, relationships, and resource flows for mālama ‘āina. Passing this bill out of your committee will open an essential ‘auwai system toward reaching this vision.

Mahalo nui loa for considering our testimony. Please **PASS** HB2081 HD1.

Aloha ‘Āina Momona no nā kau ā kau.



House Committee on Finance
Friday, February 23, 2024
Testimony in Strong Support of H.B. 2081, Relating to Government

Aloha Chair Yamashita, Vice Chair Kitagawa, and Honorable Members of the House Committee on Finance,

Mahalo for the opportunity to testify in **strong support** of **H.B. 2081, Relating to Government**. If enacted, this bill could help our state reverse years of under-management of natural and cultural resources through the allocation of funds from the Transient Accommodations Tax.

Kupu was founded in Hawai‘i in 2007. From humble beginnings Kupu has grown into Hawai‘i’s largest youth-focused conservation nonprofit with a growing presence in green job training broadly. Today Kupu manages over a dozen programs, which provide youth and young adults with opportunities to learn, serve, and work in ways that restore our environment and uplift their potential. Kupu and its participants have done substantial mālama ‘āina (care and protection of land and waters) in Hawai‘i, including the removal of over 151,000 acres of invasive species, planting of over 1.6 million native plants, and training and employment provided to over 5,600 young adults.

From more than 15 years of hands on work with hundreds of partners and thousands of youth, we have seen that when there is funding and opportunity, kama‘āina, especially youth, are eager to care for the environment, and excited about career paths that allow them to give back to the land that sustains us. While there is good work being done across the islands, we see that the amount of conservation work being done today is simply not enough to keep our islands safe from wildfire, or to sustain the beauty, environmental health, and quality of life upon which our entire economy relies.

We urge the committee to pass H.B. 2081, as well as other mechanisms that could provide the funding needed to prevent future wildfires and otherwise begin to reverse years of natural resource under-management. These include H.B. 2406 and H.B. 2778, for which we have also submitted testimony in support. Passing all of these measures provides the legislature with maximum options as you determine, in your wisdom, which funding mechanism or mechanisms are most appropriate at this time.

Mahalo hou, thank you again, for the opportunity to testify in **strong support** of **H.B. 2081**.

Mālama Pono,

Kāwika Riley

Kāwika Riley, PhD

Vice President, Kupu



**Coalition Letter in Support of Funding for Natural Resource Stewardship & Restoration
Coalition for Care for ‘Āina Now**

Testimony in Support of HB2081, HB2406, and HB2778
House Committee on Finance | Friday February 23, 2024 at 11:30am

Aloha e Chair Yamashita, Vice Chair Kitagawa, and Members of the House Finance Committee,

Our coalition of organizations and small businesses listed below are writing in **strong support of HB2081, HB2406, and HB2778 to generate funding for natural resource protection and restoration.** Previously known as the Hawai‘i Green Fee Coalition, the **Care for ‘Āina Now Coalition** is on a mission to enhance visitor stewardship, conserve our cultural and natural resources, and invest in our ‘āina to keep our community safe.

The health of Hawai‘i’s environment is inextricably linked to the health of our people, communities, and future generations. Our natural and cultural resources provide over \$6 billion in value to our economy each year, yet have been chronically neglected and stewardship of these resources have been underfunded for decades. It’s been estimated that we currently face a conservation funding gap of \$360 million/year. Today, this underinvestment continues to be a liability and risk to public safety. The more time that passes without healing our environment, the more lives, places, and communities are at risk of being harmed.

Our primary focus is adequate, permanent funding for the Department of Land and Natural Resources to support stewardship and restoration of our natural resources. There are simple ways our State can safeguard our ‘āina and people this year, including passing legislation that ensures visitor taxes go back to our environment through the TAT, and allocating funds for wildfire prevention and ecosystem resilience. These will help Hawai‘i chart a new course that can sustain us.

This coalition, which works on the frontlines of natural and cultural resource management across the State, applauds the legislature for continuing to consider these solutions. We urge you to consider the crucial need for sustainable, broad-based investment to meet the immense challenges our environment faces, offset the impact left by nearly 10 million annual visitors, and invest in the long-term health of our communities. Hawai‘i’s natural resources are invaluable to the livelihoods of our local residents and integral drivers of our statewide economy as well as our visitor industry.



travel2change

Poll results from January 2023 reveal 89% of voters believe we must increase investment in our land, water, wildlife, and natural resources. The following priorities will help our State offset visitor impact: supporting broad funding of our natural and cultural resources, uplifting community groups to implement solutions to offset visitor impacts, and increasing the health and resilience of places frequented by residents and visitors.

These 48 organizations and businesses support taking care of our environment so that Hawai'i can continue to nourish and care for us and future generations

1. Agripelago
2. Blue Planet Foundation
3. Care About Climate
4. Conservation International
5. Delphi Cinema
6. Excurinsure
7. Fish Pono—Save Our Reefs
8. Friends of Hanauma Bay
9. Full Circle Farm
10. FutureSwell
11. Good Food Movement
12. Hawai'i Alliance for Community-Based Economic Development (HACBED)
13. Hawai'i Alliance for Progressive Action (HAPA)
14. Hawai'i Impact Collaborative
15. Hawai'i Land Trust
16. Hawai'i Reef and Ocean Coalition
17. Hawai'i Wildlife Fund
18. Hawai'i Youth Climate Coalition
19. Kailua Beach Adventures
20. Kanu Hawai'i
21. Kingdom Pathways
22. Kua'āina Ulu 'Auamo (KUA)
23. Kuleana Coral Restoration
24. Kupu



Maui Hotel & Lodging
ASSOCIATION

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

House Committee on Finance
House Bill 2081 HD1: Relating to Government
February 23, 2024, 11:30 am
Conference Room 308

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry for Maui County. We represent over 180 property and allied business members and 22,000 employees. **MHLA OPPOSES House Bill 2081 HD1**, which increases the transient accommodation tax rate. Requires an additional \$50 transient accommodation tax to be levied per night for each furnishing of transient accommodations. Appropriates funds to DLNR for protection, management, and restoration of the State's natural resources.

MHLA strongly opposes raising the Transient Accommodations Tax. This would further burden visitors with high costs, as counties recently implemented a 3% TAT increase just two years ago, bringing the total tax on accommodation to nearly 18% when combined with the general excise tax. This makes Hawai'i one of the highest-taxed destinations, which could jeopardize our competitiveness in the global market. We are still in recovery mode from the impacts of COVID-19 and last year's devastating wildfires. The additional TAT will further strain recovery efforts for Maui County's key economic engine. Secondly, we object to the provision setting a minimum TAT amount of \$50, which discriminates against properties with rates below \$380 a night. Many budget-friendly properties would suffer from reduced business if this provision were enacted.

If the proposed TAT increase aims to provide additional funds to DLNR, MHLA has consistently advocated for using impact user fees. We believe that carefully structured user fees collected at the state's most frequented sites should be directly allocated to those sites' operation, maintenance, and environmental protection. We prefer to ensure that these fees directly benefit the attractions where they are collected rather than being pooled into the general fund. Furthermore, there is a strong nexus to the tourism industry, and it clearly demonstrates value and benefits to our residents.



Maui Hotel & Lodging
ASSOCIATION

Research demonstrates that increasing taxes on tourists can affect both the competitiveness of Hawaii's tourism industry and the health of local businesses that depend upon tourism dollars — which means the tax affects most, if not all, Hawaii residents, albeit in some cases indirectly

For these reasons stated above, we are **OPPOSED** to this Bill.

Thank you for the opportunity to provide this testimony.



The Nature Conservancy, Hawai'i and Palmyra
923 Nu'uuanu Avenue
Honolulu, HI 96817

Tel (808) 537-4508
Fax (808) 545-2019
nature.org/HawaiiPalmyra

**Testimony of The Nature Conservancy
Support for HB 2081 HD1, Relating to Government
Committee on Finance
February 23, 2024, 11:30 a.m.
Conference Room 308 & Videoconference**

Aloha Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

The Nature Conservancy (TNC) **supports** HB 2081 HD1, relating to government, which requires an additional \$50 transient accommodation tax to be levied per night for each furnishing of transient accommodations. Appropriates funds to DLNR for protection, management, and restoration of the State's natural resources.

Hawai'i faces surmounting environmental challenges like wildfires, disappearing coastlines, bleached coral reefs, and an underinvestment in the management of these natural and cultural resources. HB 2081 HD1 is a critical step, and aligns with the majority of Hawai'i voters who support visitors paying their appropriate contribution for the places and resources they use, visit, and experience during their time here, including these resources. As an island region, our community safety is at risk the more years we go without significant funding toward environmental protection and restoration. Hawai'i is in immediate need of additional resources to conserve and protect our ecosystems, native species, coastlines, and the community livelihoods that depend on these resources. There is immense public support for this initiative, and HB 2081 HD1 is a clear pathway to protecting, restoring, and enhancing Hawai'i for our local communities and the visitors we share it with, for future generations and beyond.

Mahalo for the opportunity to testify in **support** of HB 2081 HD1.

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HAWAI'I LODGING & TOURISM
ASSOCIATION

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

**House Committee on Finance (FIN)
HB2081 HD1 RELATING TO GOVERNMENT
Friday, February 23, 2023
POSITION: OPPOSE**

Chair Yamashita and members of the Committee,

On behalf of the Hawai'i Lodging & Tourism Association, representing 700 members, nearly 50,000 hotel rooms, and 40,000 lodging workers, we respectfully **oppose** HB2081 HD1 Relating to Government. This bill proposes increasing the Transient Accommodations Tax (TAT) rate from 10.25% to 11.25%, an overall increase of 9.3%. The bill also allocates funds to the Department of Land and Natural Resources (DLNR) for the purpose of protecting, managing, and restoring the State's natural resources.

We note that the latest version of this bill removes the alternative minimum tax (AMT) and replaces it with an additional \$50 TAT per night on each furnishing of a transient accommodation.

We strongly oppose raising the Transient Accommodations Tax. This would further burden visitors with high costs, as counties recently implemented a 3% TAT increase just two years ago, bringing the total tax on an accommodation to nearly 19% when combined with the general excise tax. This makes Hawai'i one of the highest taxed destinations, which could jeopardize our competitiveness in the global market, especially with the slow return of our top international market, Japan. Hawai'i relies heavily on leisure travel versus business travel, which has visitors paying for these additional taxes out of their own pockets.

Let's take a \$300 per night room rate, as an example. Another 19% in taxes would add \$57 nightly to that rate. Along with the proposed \$50 per night, this would cost a visitor about \$407 for each night of their stay. At this time, we cannot afford to discourage travel to our state.

According to Chief State Economist Eugene Tian during a recent Pacific Asia Travel Association (PATA) forum, "the economy for the U.S. is going to slow down in 2024. The economic growth projection for the U.S. was about 2.4% in 2023, and it's going down to 1.6% in 2024 and 1.7% in 2025." Mr. Tian also stated that Hawai'i's non-tourism sectors have fully recovered to 100%, but Hawai'i's tourism sector is at only about 90% recovery. He and other industry experts have predicted that our state's tourism industry won't recover to pre-pandemic levels until after 2025.

We are still in recovery mode from the global pandemic and the Maui wildfires, and now is not the right time to obstruct the rebuilding of our visitor industry by imposing more taxes.

If the proposed TAT increase aims to provide additional funds to DLNR, our stance has always been to instead implement impact fees at heavily visited sites, with funds directly supporting their operation and



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

maintenance. I refer to the successful model I developed while serving on the Honolulu City Council for Hanauma Bay, where visitor fees contribute to its preservation and visitor education. This approach has proven effective and has already been replicated at other state attractions.

For these reasons, we respectfully oppose this measure.

Mahalo for considering our testimony.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
Friday, February 23, 2024 AT 11:30 A.M.**

To The Honorable Kyle T. Yamashita, Chair
The Honorable Lisa Kitagawa, Vice Chair
Members of the Committee on Finance

OPPOSE HB2081 HD1 RELATING TO GOVERNMENT

The Maui Chamber of Commerce **OPPOSES HB2081 HD1.**

The Chamber understands the intent of this bill – to use visitor contributions for the care of our natural resources. However, we have major concerns. This proposed increase to 10.25% in TAT will be borne exclusively by visitors. Hawaii already has the highest accommodation tax in the country. Adding an additional \$50 on top of the proposed TAT increase will greatly affect our visitor industry. Although the bill's proponents may think that this is simply taxing our tourists to help mitigate impacts on the environment, there may be ripple effects from further assessing our tourists; the more we extract from the economy in taxes and fees, the more economic performance declines.

Hawaii already has a reputation of having one of the highest visitor taxes of any destination in the world. Not only are there taxes on visitor accommodations, but visitors must also pay the general excise tax (GET), landing fees and taxes at our airports, rental car fees and taxes on our roads, ocean tourism fees to support coral reef management, parking fees at State Parks – the list goes on and on. This proposed increase would generate headlines around the globe, further hampering our economic recovery, which is still not at the same levels as pre-pandemic and was severely impacted by the wildfires last summer.

Tourists can't vote for our lawmakers at the ballot box but they can vote with their feet. We aren't the only resort island destination in the world, and the tourists know this. As economic performance declines, so do tax revenues.

For these reasons, we **OPPOSE HB2081 HD1.**

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

HB-2081-HD-1

Submitted on: 2/22/2024 9:37:03 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Shawn Moore	0889019 BC Ltd	Oppose	Written Testimony Only

Comments:

As representative for 0889019 BC Ltd. I would like to express how damaging this bill would be to the owners of short term rental property on Maui. While it would certainly increase revenues for the state, the end result would be a decrease in occupancy county wide or a serious increase in costs per night for tourists, either way I fear this bill will result in less tourism and that would hurt the economy on the island, ultimately resulting in lost jobs in cleaning, maintenance and property management. If the goal of the state is to get more people to stop coming to the already expensive islands of Hawaii and reduce jobs to depress the economy and get more people to leave the islands because they can't afford to work and live here then I can understand this bill more. If this is not the goal then I see no value as the state already collects tax.



HB2081 HD1

Aloha Chair Yamashita, Vice Chair Kitagawa, and Honorable Members of the Committee,

On behalf of our thousands of supporters, we kindly ask you to **support HB 2081 HD1**.

Increased investment in the management of the islands' natural and cultural resources is crucial. With severe weather events, coral bleaching, and erosion already impacting Hawai'i and predicted to become worse due to the climate crisis, we need stronger safeguards to ensure we are prepared to face these challenges.

If passed, we also ask that a portion of the increased revenue be allocated towards implementing environmental solutions for State and community programs working to restore our natural and cultural resources across the State. These solutions and programs are our best shot at avoiding future disasters and their subsequent costs.

Natalie Parra
Co-Founder at Keiko Conservation
Campaign Director at Oceanic Preservation Society

HB-2081-HD-1

Submitted on: 2/23/2024 10:21:49 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Andy Evers	Coral Tree Residences Collection	Oppose	Written Testimony Only

Comments:

Aloha All,

I am writing to oppose the proposed legislation to increase taxes and fees for our visitors. We are already one of the highest taxed states for visitors and guests to come to our islands. By increasing the fee percentage or requiring each guest to pay \$50 would have a direct impact on the flow of visitors to Hawaii. We are already seeing a large decline in travelers and trying to recover from the Maui wildfires. The perception is already that visitors feel that Hawaii is becoming too expensive and we are seeing trends of them going to less expensive destinations. This is a slippery slope and will take years to change the perception. The more you increase costs the harder it will be to win back visitors.

Mahalo,

Andy Evers, Managing Director - Hawaii

Coral Tree Residences Collection properties

HB-2081-HD-1

Submitted on: 2/21/2024 4:06:00 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Ellen Godbey Carson	Individual	Support	Written Testimony Only

Comments:

I support this bill's increase in our transient accommodations tax. Rental of our scarce real estate to persons who do not live here causes tragic consequences for those who cannot afford housing and must leave Hawaii. Increasing this tax helps level the playing field and diminish the incentive for people to rent out their homes as transient accommodations.

Thank you for consideration of my testimony

Ellen Carson,

Honolulu Hawaii

HB-2081-HD-1

Submitted on: 2/21/2024 4:38:58 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Usha Kilpatrick	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa, and Honorable Members of the Committee,

My name is Usha Kilpatrick and I am submitting written testimony in strong support of HB2406 HD1, HB2018 HD1, and HB2778 HD1, all of which would increase funding potential from visitors to go towards our local needs and ‘āina. It is clear our underinvestment in our environment is causing costly devastation, from firestorms, floods, and threats to public safety. Our best chance at avoiding the future and surmounting costs of environmental disasters is investing in resilience and restoration solutions today. Conservation is our best insurance policy.

I live on Hawai`i Island and work with The Healy Foundation as the Hawai`i Program director. In this work I am aware of the dedicated, talented community organizations working to care for our `āina, and am equally aware of the sometimes crippling shortfall in resources needed to engage in the work and tackle the monumental challenges we are facing.

Increasing funding for our natural resources is a pathway to a future where our keiki is safe, our environment is healthy, and residents and visitors benefit from the ecosystems we care for. This future requires funding, and all three of these measures can generate the additional funding needed to provide climate relief, climate response, and preventative restoration. Our community safety is at risk the more years we go without significant funding toward environmental protection and restoration. The cost of another year of inaction is too high.

We face surmounting environmental challenges like wildfires, disappearing coastlines, bleached coral reefs, and an underinvestment in the management of these natural and cultural resources. HB2406, HB2081, HB2778 are all a critical step to ensuring visitors are paying their fair share for the places they use, visit, and experience during their time here, including these resources that need investment.

If passed, we ask that a portion of the increased revenue be dedicated to implement environmental solutions for State and community programs working to restore our natural and cultural resources across the State, as these solutions and programs are our best shot at avoiding future disasters and their subsequent costs.

As elected leaders you have a responsibility this year to help safeguard our communities and environment from the threat of the climate crisis. There is immense public support for visitors paying their fair share to protect our ‘āina, I urge the committee to pass all of these measures that would resource our State agencies and community organizations with the funding to protect our ‘āina, restore our ecosystems, and manage our natural resources to build resilience and public safety.

Thank you for your service and for your dedication to our future

Mahalo for the opportunity to testify,

Usha Kilpatrick

HB-2081-HD-1

Submitted on: 2/21/2024 8:40:17 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Tim Kim	Individual	Support	Written Testimony Only

Comments:

I'm in full support of this bill

HB-2081-HD-1

Submitted on: 2/21/2024 9:37:26 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Keith Neal	Individual	Support	Written Testimony Only

Comments:

Support fo of HB2081

Visitors to Hawaii have the kuleana to reduce and mitigate their impact on air, land and water.

Thank you for your consideration,

Keith Neal

Waimea

HB-2081-HD-1

Submitted on: 2/22/2024 1:12:23 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Johanna Stone	Individual	Support	Written Testimony Only

Comments:

I support this bill. We need a tourist tax and it needs to be WAY more than \$25, an appropriate amount is \$500 per tourist, including keiki. This is because WE end up paying to have to rescue ignorant, entitled tourists who insist on harassing our elders whom you might call "wild life" and "nature", and they use our resources while contributing to desecration upon our ecosystems.

HB-2081-HD-1

Submitted on: 2/22/2024 7:25:48 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Joe Schneckenburger	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose this bill which would hurt the local economy and local people much more than tourists. Tourists can choose to go to another state or country to avoid the high taxes leaving locals to have less business and more taxes.

HB-2081-HD-1

Submitted on: 2/22/2024 7:41:19 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Deb Price	Individual	Oppose	Written Testimony Only

Comments:

President Biden was cutting DOWN on junk fees - these fees and taxes are excessive - please do not further tax the american public! The cost of living here on Maui is exhorbitant already, and this will further inflation here for us and businesses just trying to survive and pay our mortgages/bills - businesses will leave this island, which we all rely on

HB-2081-HD-1

Submitted on: 2/22/2024 7:55:18 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Samantha Mislinski	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa, and Honorable Members of the Committee,

I am Samantha Cole Mislinski, and I am submitting written testimony in strong support of HB2406 HD1, HB2018 HD1, and HB2778 HD1. I acknowledge that the state is currently facing a massive deficit in its budget of about \$1 billion due to the costs of the Lahaina fire. I ask that you consider the economic potential to generate revenue that would help pay the cost of the fire and will help invest in strategies that will help prevent another Lahaina and, in the long term, save the state millions, if not billions, in climate change-related damage.

Climate change is the biggest concern to our Island home, and I am terrified that we are not doing enough to prevent and prepare ourselves. Climate change will impact every aspect of our economy, housing, the tourism industry, and the people of Hawai‘i. Climate change will negatively impact every current issue that the State faces, and by investing in our environment, we can help mitigate all of the impacts and save the State money. Right now, Hawai‘i spends about 1% on the environment. 1% of the State’s budget is clearly not enough, and we are seeing the damage both economically and to the people. The impacts of climate are here, now, and not some abstract future problem that we have time to solve later. We are out of time. Doing nothing will only increase the costs of climate change later and will put a financial burden on our keiki. The time to act is now, not tomorrow or next year. If we don’t act now, the future bill will be higher, and we will lose more lives. **Our best chance at avoiding the future where there will be more Lahainas and more death and destruction while surmounting the costs of environmental disasters is investing in resilience and restoration solutions today.** Conservation is our best insurance policy.

Increasing funding for our natural resources is a pathway to a future where our keiki are safe, our environment is healthy, and residents and visitors benefit from the ecosystems we all care for and depend upon. This future requires funding, and all three of these measures can generate the additional funding needed to provide climate relief, climate response, and preventative restoration. Our community safety is at risk the more years we go without significant funding

toward environmental protection and restoration. **The cost of another year of inaction is too high. The cost will not only be in money or infrastructure but will be human lives.**

HB2406, HB2081, and HB2778 are all a critical first step to ensuring visitors pay their fair share for the places they use, visit, and experience during their time here, including these resources that need investment. We desperately need funding to protect our environment and to ensure future bills of climate change, like the one from Lahaina will be less.

If passed, we ask that a portion of the increased revenue be dedicated to implementing environmental solutions for State and community programs working to restore our natural and cultural resources across the State. This will help create a new high-paying industry that would help keep our residents here and help them return. It is a shame that there are more Native Hawaiians living in other states than Hawai'i. We are stronger together. These bills are a step in creating a healthy Hawai'i that would be able to welcome all of its people back.

As elected leaders, you have a responsibility this year to help safeguard our communities and environment from the threat of the climate crisis. There is immense public support for visitors paying their fair share to protect our 'āina. I urge the committee to pass all of these measures that would fund our State agencies and community organizations to protect our 'āina, restore our ecosystems, and manage our natural resources to build resilience and public safety.

I sincerely hope that today, you put the well-being and the lives of the people of Hawai'i and our future first. Not only would these bills help generate the needed funding to cover the State's budget deficit, but these bills will also begin to fund programs that will protect our most important resources, create jobs to keep our residents here, and save lives.

Mahalo for the opportunity to testify,

Samantha Cole Mislinski

HB-2081-HD-1

Submitted on: 2/22/2024 8:12:05 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
M Hybiske	Individual	Oppose	Written Testimony Only

Comments:

Honorable Representatives,

I am OPPOSED to this proposed legislation. It would have a great negative impact on Hawaii Tourism. Our combined TAT -GET - County TAT add-on taxes of 18% are already very high....many would say too high. Tourism is the life blood of the Hawaiian economy, like it or not. By continuing to impose taxes on tourists on more taxes, the message will be that they are not welcome. And Hawaii will soon become unaffordable. People will go elsewhere for vacations. It is unfair to impose this tax just on short term vacation rentals.

Why are hotels not included? Hotel prices are unaffordable for many people. Repeat visitors choose to stay in more other types of accommodations where they can feel less like tourists. Short term rentals fill a need.

How would this money be collected? What will it actually be used for? Government should better manage their spending and stop imposing additional taxes. It really sends visitors a negative message.

Please vote NO on this additional unfair tax.

HB-2081-HD-1

Submitted on: 2/22/2024 9:15:17 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Virginia Tincher	Individual	Support	Written Testimony Only

Comments:

Testimony in Support of HB2406 HD1, HB2081 HD1, HB2778 HD1

Committee on Finance

Aloha Chair Yamashita, Vice Chair Kitagawa, and Honorable Members of the Committee,

My name is Virginia Tincher and I am submitting written testimony in strong support of HB2406 HD1, HB2018 HD1, and HB2778 HD1, all of which would increase funding potential from visitors to go towards our local needs and ‘āina. It is clear our underinvestment in our environment is causing costly devastation, from firestorms, floods, and threats to public safety. **Our best chance at avoiding the future and surmounting costs of environmental disasters is investing in resilience and restoration solutions today.** Conservation is our best insurance policy.

I am often in Hawaii at my daughters and over the past 24 years I've experienced increasing degradation at the beaches and go rarely now due to impacted water quality. If my daughter and granddaughter didn't live here I doubt I would chose to travel to Hawaii. For me the quality of the environment is very important. When our family traveled to The Galapagos we were proud to pay the fee which protects the wildlife and the environment. Our guide, who has been leading groups his whole life, said the protected environment is why people travel to the Galapagos. Otherwise, he said, we would just be another beach and there are many cheaper places. I fear Hawaii is headed in the direction of being just another beach.

As elected leaders you have a responsibility this year to help safeguard our communities and environment from the threat of the climate crisis. There is immense public support for visitors paying their fair share to protect our ‘āina, I urge the committee to pass all of these measures that would resource our State agencies and community organizations with the funding to protect our ‘āina, restore our ecosystems, and manage our natural resources to build resilience and public safety.

Mahalo for the opportunity to testify,

Virginia Tincher

Aina Haina, Oahu

HB-2081-HD-1

Submitted on: 2/22/2024 9:28:47 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Jeanne Herbert	Individual	Support	Written Testimony Only

Comments:

Aloha,

I fully support HB2081. A \$50 transient accomodation tax per night for each transient accomodation will have a significant impact on Hawai'i's ability to manage, protect and restore our 'aina and will provide more jobs to Hawai'i residents. Visitors come to Hawaii and enjoy our natural resources, but currently don't contribute to resource management in any significant wa.. Currently, that cost is on the back of Hawai'i residents. I strongly urge you to pass this bill to ensure that future generations of Hawai'i residents and visitors will experience a beautiful, healthy 'aina, rather than watching it decline each year from underfunding and neglect.

Mahalo,

Jeanne Herbert

HB-2081-HD-1

Submitted on: 2/22/2024 9:34:00 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Caroline Azelski	Individual	Oppose	Written Testimony Only

Comments:

In opposition to HB2081 HD1. The fee should be a flat amount like \$25 or \$50 per person per trip and not per night. Large groups taking short trips such as business trips may pay more balancing it out. Families that saved all year or for years to visit us will benefit.

HB-2081-HD-1

Submitted on: 2/22/2024 9:52:02 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Ray Blasing	Individual	Oppose	Written Testimony Only

Comments:

Dear Committee Members,

I am writing to express my strong opposition to 2081 HB, the proposed Transient Accommodations Tax. As a longtime property owner and short-term rental (STR) landlord in Lahaina, I am deeply concerned about the potential ramifications of this measure on our rights and livelihoods.

2081 HB represents yet another challenge to our ability as property owners to attract renters and earn a reasonable living. It is one of many initiatives seemingly driven by hoteliers, with the support of certain officials and entrenched benefactors, that target our community. The proposed tax spike unfairly singles out STR property owners, undermining our rights to fair taxation and benefiting another class of business owners.

This one-sided approach, devoid of meaningful dialogue with STR property owners, lacks transparency and fails to consider the interests of all stakeholders, including owners, tenants, tourists, and the hospitality industry. Such targeted taxation not only infringes upon our property rights but also threatens the economic vitality of our community.

I urge you to reject 2081 HB for the following reasons:

1. **Economic Impact:** Short-term rentals play a vital role in driving tourism, job creation, and local business revenue. Excessive taxation could deter tourists and undermine our ability to recover and thrive following recent challenges, such as the devastation in Lahaina.
2. **Property Rights:** Property owners should have the freedom to utilize their properties within existing regulations without facing disproportionate taxation or restrictions.
3. **Regulation and Compliance:** Targeted taxation undermines the regulatory framework governing short-term rentals and hinders responsible landlords from operating legally and sustainably.
4. **Taxation Equity:** Fair and equitable taxation policies should be applied across all sectors without unfairly targeting short-term rentals.

Rather than perpetuating one-sided attacks on STR property owners, I urge you to consider a collaborative approach that engages all stakeholders. By fostering transparent dialogue and cooperation, we can address the complexities of our hospitality industry while ensuring that the interests of all parties are balanced and respected. This is not a zero-sum game, and STR owners should not bear the brunt of taxation policies designed to benefit others.

Thank you for considering my perspective on this important issue. I am hopeful that together, we can find solutions that promote fairness, sustainability, and prosperity for our community.

HB-2081-HD-1

Submitted on: 2/22/2024 11:15:05 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Kristina Anderson	Individual	Oppose	Written Testimony Only

Comments:

Honorable Councilmembers:

I support the need to protect the Hawaii environment and understand the idea of a so-called Green fee, but this measure is preposterous. Hawaii already has the highest accommodations tax in the country and probably the world. If this one percent increase + \$50/night passes, we would then arguably be the highest in the known universe.

For Hawaii county, that would bring us to 18.96% PLUS the \$50 per night fee? So for a five day stay at \$100 per night, the total taxes due would be an eye-popping, \$344.80? Is my math right?

It seems to me that you seem to believe all of us are making bank, even us small moms and pops (Im a single mom of twins) with a single room to rent to two quiet visitors. You would effectively be shutting down ALL vacation rentals in Hawaii with this. Is that really what you want? Then you won't have anything left to tax!

Please find some other way to raise revenue to support the aina. VOTE NO.

Thank you for the opportunity to oppose this monstrosity.

HB-2081-HD-1

Submitted on: 2/22/2024 11:45:52 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael Brant	Individual	Oppose	Written Testimony Only

Comments:

AN ADDITIONAL \$50/NIGHT TAT ON VACATION RENTALS??? On top of the hefty rate already in existence and the punitive one being proposed in HB 2778?? This is clearly aimed at destroying the vacation rental business in Hawai'i! Totally unreasonable and unfair! I don't know who is putting this forward or why, but you are shooting yourselves in the foot if you go through with this. Far fewer visitors will come to the Islands with fees like this, which will hurt many parts of the local economy. And when you drive (long-time, ethical) STR owners out of business you're going to lose a huge amount of the tax revenues you've been collecting each month. This is a terrible idea! VOTE NO!!!

HB-2081-HD-1

Submitted on: 2/22/2024 1:10:09 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Ken Sim	Individual	Oppose	Written Testimony Only

Comments:

For a number of years now, our elected officials have been conducting a great experiment to see how high taxes can be raised on tourists before they no longer come to the islands. You may have that answer very soon.

Hawaii already imposes the *highest tourist tax in the nation* and somehow our Governor and legislature believe that even higher taxes will have no negative consequences.

No other business sector is required to shoulder the tax burden that the tourism industry does. Yet no other nongovernment sector employs more of Hawaii's workforce than tourism.

Most citizens view our elected officials at the state and counties to have a primary responsibility to focus on citizen's wellbeing. Jobs provide that stability for people to be able to provide for their families.

The tourists that come to Hawaii are not on a business expense account. Their money to spend here comes only from the remaining disposable income they have. The data is clear, American's disposable income has shrunk over the past three years.

And yet, you are proposing to raise taxes on tourists even more as if there is no limit to how much tax you can impose and the tourist will always be able to afford it and keep coming. This is a fallacy and unfortunately when the reality that Hawaii has priced itself out of being a vacation destination, the economic impact to the GDP and employment will create hardship that will be difficult to recover from. The likely result is even more Hawaii citizens will have to move to the mainland as has been the trend in recent years.

Consider:

***Hawaiian Airlines, one of the state's largest private employers, has financial struggles that are staggering and the ability to retain all their employees is unknown.**

2023 Loss of \$260M

2022 Loss of \$240.1 M

2021 Loss of \$144 M

They faced either bankruptcy or a takeover. They are now being purchased by another airline. At minimum, the consequence is they will no longer be headquartered in Hawaii and the losses to their 7,000 employee workforce is unknown.

***Tourists spend disposable income on a vacation - that source is shrinking.**

***Credit card debt is at an all time high in America at 1.13T with steep interest rates. Consumers will pull back on discretionary spending and not want to increase their debt on credit.**

***Mainland employers, especially well paid California tech workers are being laid off**

***Mainland visitor count dropped in 2023 compared to 2022**

***Tourism sector suffered greatly during years of Covid restrictions in Hawaii. Tourism related businesses carried deep losses of which they are still recovering from.**

*** In Hawaii, nearly 200,000 people are employed in the tourism sector. With only a modest 5% pull back that would be a loss of 10,000 jobs. Are you willing to risk this?**

***Hotels that are unable to forecast repayment of their accumulated debt are walking away from that debt. In San Francisco two major hotels (Hilton and Parc 55) both walked away from their debt and returned the property to the mortgage holder. Obviously a devastating impact to their local economy and loss of jobs.**

***It has only been a short time since the counties added a 3% increase to the TAT which in turn, increased the State receipts by not having to pay the counties.**

Please put a pause on the ever increasing tax burden. There is only so much money people are willing to spend on a vacation. It seems that given the above factors Hawaii may have reached the point where it is no longer a viable pathway to just keep piling tax upon tax, surcharge upon surcharge and not have a negative impact on jobs and the economy.

HB-2081-HD-1

Submitted on: 2/22/2024 1:55:56 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Sam Dorios	Individual	Support	Remotely Via Zoom

Comments:

Aloha Chair Yamashita,, Vice Chair Kitagawa, and Honorable Members of the Committee,

My name is Sam Dorios, and I live in Mānoa on O‘ahu. I am submitting written testimony in strong support of HB2406 HD1, HB2018 HD1, and HB2778 HD1, all of which would increase funding potential from visitors to go towards our local needs and ‘āina.

I am a little disheartened that this issue could have been resolved last session, but sadly the efforts died in committee. But I, along with many others, will continue to press for this for as long as it takes.

Hawai‘i’s environment (alongside its rich history and culture) is what gives this place such value. It is why visitors from all over the world make the long journey. It is wonderful that Hawai‘i is so loved and that we receive millions of visitors each year. But sadly, this does take a toll on our ‘āina. Many visitors understand this and are also willing to contribute to keeping our islands pristine, resilient, and healthy. These bills are a way for visitors to do just that; contribute to keeping the islands as healthy, if not even healthier, than when they arrived.

Moreover, in the face of climate change, the fragility of our ‘āina is all the more apparent. If we fail to invest in resilience and restoration solutions today, it can have disastrous results (as we sadly have seen on Maui and the Big Island). Conservation is our best insurance policy. Our community safety is at risk the more years we go without significant funding toward environmental protection and restoration; this type of action is long overdue. I understand that funding might be tight, but this must be a priority. Please show us that you understand and agree by supporting these bills!

Mahalo for the opportunity to testify,

-Sam Dorios

HB-2081-HD-1

Submitted on: 2/22/2024 3:00:51 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
John M Kevan	Individual	Oppose	Written Testimony Only

Comments:

Stop killing our livelihoods. The more you raise rates especially the \$50/night the more business goes elsewhere, the more jobs that are lost and the more people who have to move off island to the mainland. Control your governemnt excessive expenses instead!!!!!!!!!!!!!!

John Kevan

HB-2081-HD-1

Submitted on: 2/22/2024 3:58:27 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
David Englert	Individual	Oppose	Written Testimony Only

Comments:

I do not support this bill. As a small business owner that almost exclusively relies on tourism and travelers coming to Maui we have already seen a massive downturn in business this year. Many Almost every business (ie. restaurants, shops, rentals) in my complex are feeling severe impacts and uncertainty. When I speak with our customers asking if they'll be coming back next year more and more are saying that they are can't afford it any longer and are seeking new locations that are similar but much more affordable. The state has consistently increased the TAT and now increases seem to be occurring ever year with higher frequency and in doing so we are shutting off our lifeline. Right or wrong, my family and so many others rely on tourism to make a living out here and increasing the taxes is making it harder and harder. I don't see how climate change is the fault of visitors.

Additionally, tacking on a \$50 per night charge just feels hostile. If you are going to do anything just increase the %. That would be easier for anyone to accept. From a business perspective we all have the TAT% incorporated into POS and accounting systems. Adding this charge just creates another line item and complication that we all have to build out which takes more time, effort, blood/sweat, and tears.

Your residents need your help bringing more visitors in, not keeping them out. The fires have really damaged our economy here in Maui. Please don't magnify the problems when we are just trying to stay afloat.

HB-2081-HD-1

Submitted on: 2/22/2024 4:54:48 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Lorenzo Lotti	Individual	Oppose	Written Testimony Only

Comments:

This supplementary charge would be deducted from or added to the rent, causing a negative impact on reservations.

HB-2081-HD-1

Submitted on: 2/22/2024 5:00:43 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Ann Sarna	Individual	Oppose	Written Testimony Only

Comments:

We purchased a condo at the Papakea resort in August of 2022. We wanted to help a survivor of the Lahina fires, and choose to do a longer term rental through FIMA at the end of January 2024. We thought we did our best to help, and looked forward to getting back our unit in 18 months. We took a significant loss on our short term rental last year, and your bill to take on another \$50 charge to all bookings and increase the taxes, will significantly hurt our bookings and we won't be able to cover our costs. The state keeps harmering on short term rentals, and we hope we won't be forced to see at a loss. Maui is already loosing tourist revenue, and making short term rentals even more expensive will hurt the over all economy, as each tourist spends money on resturants, gifts, tours etc... These increases in taxes and \$50 fee only helps the hotels. I assume it's the hotel lobby that wants to keep their prices high, and get ride of more economical competition of short term resort rentals. We know of a number of units for sale in our building, and hope we don't have to sell our unit due to all of these state house and senate bills which are aimed at hurting short term rentals. Basically, you are just making the Marriotts, Four Seasons, and Westin resorts richer. Why hurt the mom and pop land lords? I strongly urge you to vote no.

HB-2081-HD-1

Submitted on: 2/22/2024 5:22:22 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
William Franklin Cofer	Individual	Oppose	Written Testimony Only

Comments:

I am opposed because the added taxes will raise rents and reduce demand. Please don't kill the goose that lays golden eggs. Thank you.

HB-2081-HD-1

Submitted on: 2/22/2024 6:07:18 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Nancy MacPherson	Individual	Oppose	Written Testimony Only

Comments:

My name is Nancy MacPherson, and I have owned a unit in Kaanapali Shores on Maui since 2016. Although I have only owned my place for 8 years, I have been a regular visitor to Maui since I was a young girl, dating back to 1970.

I have a great respect for the people of Hawaii. That is why I'm submitting this testimony against HB2081. If this bill passes, it could harm many of the local people who make a living from the tourism industry. I think of all the Hawaiians who own small businesses, who are electricians, do maintenance work, are cleaners, who work in tourism, etc. etc. Passing bills like this discourage tourism, and could potentially do great harm to many, many local people. As many of them say, they are just getting back on their feet after not being allowed to work during the COVID 19 pandemic rules.

If you truly care about the citizens and ohana of Maui, please don't cause them further harm by passing this bill.

Submitted respectfully,

Nancy MacPherson

3445 Lower Honoapiilani Rd, #527

Lahaina, HI 96761

HB-2081-HD-1

Submitted on: 2/22/2024 7:02:42 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Matt Cartwright	Individual	Oppose	Written Testimony Only

Comments:

Aloha Members of the Committee,

I respectfully oppose this legislation HB2081

Hawaii is already one of the highest taxed destinations for visitors in the country. The more you tax tourists , the less visitors will come and thus the economy around tourism will shrink. This will have a ripple effect on all residents and businesses that depend on tourism, thus defeating the purpose of this bill.

Furthermore this tax unfairly targets accommodations that are budget friendly and less than \$300 a night. These are the people who will quickly look for another place to spend their money besides Hawaii.

if you read the studies and apply common logic, this bill's increase will negatively impact Hawaii as you deter tourism with excessive taxes. Maui just raised its GET tax, so this increase will only add to the taxes already being paid.

i recommend further study before making a decision this important that could have far-reaching negative consequences; therefore, I strongly oppose HB2081.

it is also confusing that on one hand the state wants to over tax short term rentals and times shares while on the other side, there is a bill with the intention of restricting or banning STR. So what happens to this tax revenue income if the STR ban takes effect?

it's not fair to raise taxes that mainly target and burden STR owners and tourists. We contribute a great deal to the economy and businesses of the island already. It should be more evenly distributed to all.

Respectfully,

Matt Cartwright

HB-2081-HD-1

Submitted on: 2/22/2024 7:12:24 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
robert knourek	Individual	Oppose	Written Testimony Only

Comments:

I am opposed to this proposed legislation.

There is no clear plan for what will be done with these funds. I see that preserving our Coral Reefs is a goal of this legislation. But I can tell you that I see little evidence that DLNR has any idea how to preserve Coral Reefs. If there were a clear plan, backed by 'on the ground' stakeholders like Nature Conservancy, Maui Nui Resources and other similar organizations, maybe directing funds to this objective would make sense to me. But I don't see any plan here.

I also think raising these fees and taxes will discourage economic activity, at a time when Maui badly needs economic activity.

The people of Lahaina need jobs right NOW. We can house them for a year or two for free, but without jobs people will have to leave the island.

Maui should be thinking about creating jobs now, not suppressing economic activity.

Rob Knourek



Lahaina, HI. 96761

HB-2081-HD-1

Submitted on: 2/22/2024 7:14:13 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Cameron Gomez	Individual	Oppose	Written Testimony Only

Comments:

Aloha Members of the Committee,

I respectfully oppose this legislation HB2081

Hawaii is already one of the highest taxed destinations for tourists. This bill will raise the taxes on tourism even further, ultimately resulting in a decline in tourism to Hawaii. The more you tax tourists, the less visitors will come, and thus the economy around tourism will shrink. This will have a negative ripple effect on all residents and businesses that depend on tourism, thus defeating the purpose of this bill.

Furthermore, this tax unfairly targets cheaper STR accommodations that are budget friendly and less than \$300 a night. The tourists who can only afford \$175- \$300 per night will quickly look for another place to spend their money besides Hawaii.

If you read the studies and apply common logic, this bill's tax increase will negatively impact Hawaii as you deter tourism with excessive taxes.

I recommend further economic study before making a decision this important that could have far-reaching negative economic consequences; therefore, I strongly oppose HB2081.

It is also confusing that on the one hand the state wants to over-tax short term rentals, while on the other hand, Bill SB2919 could give the county the power to restrict or even phase out STRs altogether. So then what happens to the newly generated revenue from the tourist tax increase if the STR ban takes effect?

It's not fair to raise taxes that mainly target and burden STR owners and tourists. We contribute a great deal to the economy and businesses of the island already. Taxes should be more evenly distributed to all.

Respectfully,

Cameron Gomez

HB-2081-HD-1

Submitted on: 2/22/2024 7:19:50 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Daniel Gibson	Individual	Oppose	Written Testimony Only

Comments:

Please know that any increase in TAT or extra night charges do not actually come from the renter/tourists but from the owners of the rental properties because renters will choose whether to come to Hawaii/ Maui or another destination (such as Caribbean or Europe) based on the total cost including taxes and surcharges, so they will only choose to come to Maui if the total price is right, which effectively means that any extra charges/taxes must be absorbed by property owners who have already had to endure over a year without income due to absurd Covid travel restrictions and, in West Maui, 6 months due to the Lahaina fire. Please do not penalize property owners in Maui further!

HB-2081-HD-1

Submitted on: 2/22/2024 10:06:50 PM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Eva-Maria Hauser	Individual	Oppose	Written Testimony Only

Comments:

The overnight prices for international visitors of the beautiful islands of Hawaii will raise dramatically. Many -like us- will not be able to afford this any more and stay away in the future. This will harm the tourism market and many of the jobs depending from him.

Mark Goebel

[REDACTED]

[REDACTED]

Lahaina, HI 96761

Re: H.B. 2081

Dear Representatives,

I am writing in opposition to H.B. 2081 and in particular Section 1 Subsection f). My family purchased our home in March of 2020 to honor my mother who viewed the Maui as the greatest place in the world. Through this my 8 siblings as well as guests through the short term rental process have been able to enjoy this paradise and contribute to the economy thru the tourism which comprises 40% of the local economy.

The additional 1% tax at an already high rate of 9.25% negatively affects the tourist spend that residents rely on for their livelihood. Imposing an additional \$50 per night tax on an average stay of five nights amounts to an additional 20%-25% additional tax. This will have a deleterious effect on the local economy that a large percentage of the population relies on for their income.

Please oppose this measure for the sake of the residents you represent.

Regards

A handwritten signature in black ink that reads "Mark Goebel". The signature is written in a cursive, flowing style.

Mark Goebel

HB-2081-HD-1

Submitted on: 2/23/2024 4:13:40 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael T Cotter	Individual	Oppose	Written Testimony Only

Comments:

Why are you trying to harm the tourist industry? It is the bread and butter for many residents. It happens everywhere in Government. If you raise taxes and fees, everyone else must raise prices to compensate. Please keep Hawaii affordable for everyone to come and enjoy.

Michael Cotter

A short term rental owner and annual visiiter

HB-2081-HD-1

Submitted on: 2/23/2024 6:37:21 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Ralph Rutherford	Individual	Oppose	Written Testimony Only

Comments:

This will hurt my business.

To the Maui State Legislature,

Maui is our 2nd home. When our kids were 3 and 5 we enjoyed our first family vacation, and have been coming to Maui ever since. We purchased a timeshare and eventually our own 2 bedroom condo, and we come to Maui at least once a quarter, often for 2-3 weeks at a time. We have seen our children grow up over countless vacations, and plan to make Maui our permanent residence when we retire.

We have enjoyed the natural beauty of Maui throughout the years, and we have gotten to know many people on the island. We have supported and gotten to know local businesses such as the Surfing Goat Dairy, Maui Diving, the Sherri Reeve Gallery in Makawao, and many others. We have "shopped locally" at The Times Market and the Farmers Markets near Kaanapali. We have supported many local restaurants such as Monkeypod, Hula Grill, Maui Brewing, Joey's Kitchen, and Paia Fish Market. We actively look for new local businesses or businesses we have not tried yet to support the economy. We avoid nonlocal businesses. We pick up litter on the beaches and promote saving the reef system.

When we are not visiting Maui on our quarterly trips, we rent our two-bedroom condo to other visitors. Our guests receive a welcome packet highlighting our favorite local restaurants, activities, and business. This is one way we can encourage the support of island-owned businesses. If short-term rentals are restricted, our condo would sit dormant, and this would result in a loss of business to these local institutions.

We feel so passionate about the people of Maui that we have volunteered on every trip at the Kahana Gateway food distribution center multiple times per visit. We have been touched by the stories of people directly impacted by the devastating Lahaina fires. Their aloha spirit is a reminder that they are strong, and they thank us for coming to Maui and supporting the economy as well as spending our time volunteering. When we came back for the first time after the fires in late October, we volunteered almost every day. The resounding, unsolicited feedback we got from local people was their relief that visitors were returning so that they could go back to work. We are well aware that a subset of locals want to end tourism in Hawaii and we understand their frustration, but the people we have helped in Kahana and met at their work, have told us they need tourism for their livelihood. Taking away short-term rentals removes some of the vital support that Maui needs to get back on its feet.

Thank you for your time,

John and Stacy Tribble

HB-2081-HD-1

Submitted on: 2/23/2024 7:33:51 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Colleen Brodbine Boyarsky	Individual	Oppose	Written Testimony Only

Comments:

This latest bill is yet one more way that the government is trying to destroy the tourist industry, Hawaii's primary industry. Additionally, this is just another way that the government is trying to push through bills that may allow them to push through HB1838 and SB2919. I believe that those in power think that if they can get people to agree to this as a compromise, they will move on and push the others through - thus destroying the livelihoods of thousands of people that rely on the tourism industry - and not just hotels for income.

Although this added tax may not be a burden on the elite that come to the islands, it will be a burden on families that like to come and visit the islands - regardless if they stay in a hotel or an STR.

Please do not pass this bill.

Thank you.

HB-2081-HD-1

Submitted on: 2/23/2024 7:48:52 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
kent stafford	Individual	Oppose	Written Testimony Only

Comments:

I believe short Term rentals are a vital income for the state of hawaii and its economy bringing tourists to help grow the economy and give locals jobs they so badly need.

HB-2081-HD-1

Submitted on: 2/23/2024 8:35:36 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Jason Herkert	Individual	Oppose	Written Testimony Only

Comments:

To whom it may concern,

Maui and the state of Hawaii have always had a special place in my heart. We were devastated for friends and families who lost their homes, places of work, and community in the Lahaina fires. We have donated and shared our condolences and love to those who are suffering. We are confident and are seeing progress that 'Lahaina Strong' will be stronger and more united than before. We know this will take years, but we also aren't naive to the fact that people need places to live. This brings me to my story...

For four generations our family has been going to the island, enjoying how welcoming the people of Hawaii are to our family. We love the small business, the beautiful parks, the wonderful and varied terrain, and the ocean. Unfortunately, both of my parents have now passed, too young - yet we have wonderful memories of our time together through the years coming to Hawaii. Now we get to share the love for the island with our two girls who are growing up so fast. We have now been to Hawaii every year, multiple times as of late for the past 25 years. My wife and I have met so many wonderful friends through the years and have made genuine connections where we talk to those on the island every week. We all celebrate and cherish our time together when coming to the island so much that in 2021 we purchased a condo in the beautiful Napili area, specifically Napili Point. We are developing strong bonds with both staff and residents living in the Napili area making Hawaii feel like home. It saddens me to think that this short-term rental would be taken away from those who enjoy the island in the way we do. For us to keep our home in the short term we are depending on the income through tourism. I realize this is conflicting with what you are trying to do here, but Maui also depends on tourism to survive, provide jobs and services for locals to have a home, pay the bills, and take care of their families. Without this and the horrible loss of Lahaina, unfortunately, an irrational decision would not be a healthy choice for the island to sustain. We have not only abided by the rules and laws but take great pride in our condo and would be devastated if we had to lose our home to long-term rentals. This feels unjustified to those who are in the rental pool illegally or not abiding by the laws of the island. I wish this wasn't the case, but to penalize those who feel so passionate about what we have done and are doing to make Hawaii our permanent home when our children go off to college truly is devastating to have such precious and sacred time with my family at a place we love most. Thank you for your empathy during this difficult time as we have great empathy for the local community. We are just asking you, please understand that this action will change the precious time we have with each other as a family for years to come. We will be forced to sell and this will take one of my life goals of living in this beautiful state away

from me for the potential future.

Aloha,

Jason Herkert

HB-2081-HD-1

Submitted on: 2/23/2024 8:40:03 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Christie Herkert	Individual	Oppose	Written Testimony Only

Comments:

Jason H 10:36 AM (0 minutes ago)

to me

To whom it may concern,

Maui and the state of Hawaii have always had a special place in my heart. We were devastated for friends and families who lost their homes, places of work, and community in the Lahaina fires. We have donated and shared our condolences and love to those who are suffering. We are confident and are seeing progress that 'Lahaina Strong' will be stronger and more united than before. We know this will take years, but we also aren't naive to the fact that people need places to live. This brings me to my story...

For four generations our family has been going to the island, enjoying how welcoming the people of Hawaii are to our family. We love the small business, the beautiful parks, the wonderful and varied terrain, and the ocean. Unfortunately, both of my parents have now passed, too young - yet we have wonderful memories of our time together through the years coming to Hawaii. Now we get to share the love for the island with our two girls who are growing up so fast. We have now been to Hawaii every year, multiple times as of late for the past 25 years. My wife and I have met so many wonderful friends through the years and have made genuine connections where we talk to those on the island every week. We all celebrate and cherish our time together when coming to the island so much that in 2021 we purchased a condo in the beautiful Napili area, specifically Napili Point. We are developing strong bonds with both staff and residents living in the Napili area making Hawaii feel like home. It saddens me to think that this short-term rental would be taken away from those who enjoy the island in the way we do. For us to keep our home in the short term we are depending on the income through tourism. I realize this is conflicting with what you are trying to do here, but Maui also depends on tourism to survive, provide jobs and services for locals to have a home, pay the bills, and take care of their families. Without this and the horrible loss of Lahaina, unfortunately, an irrational decision would not be a healthy choice for the island to sustain. We have not only abided by the rules and laws but take great pride in our condo and would be devastated if we had to lose our home to long-term rentals. This feels unjustified to those who are in the rental pool illegally or not

abiding by the laws of the island. I wish this wasn't the case, but to penalize those who feel so passionate about what we have done and are doing to make Hawaii our permanent home when our children go off to college truly is devastating to have such precious and sacred time with my family at a place we love most. Thank you for your empathy during this difficult time as we have great empathy for the local community. We are just asking you, please understand that this action will change the precious time we have with each other as a family for years to come. We will be forced to sell and this will take one of my life goals of living in this beautiful state away from me for the potential future.

Aloha,

Christie Herkert

HB-2081-HD-1

Submitted on: 2/23/2024 8:40:59 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Don Kimble	Individual	Oppose	Written Testimony Only

Comments:

Dear Council men and women,

In general, I support a reasonable fee being charged to tourists to financially support the Hawai'i communities, especially after the Lahaina fire. However, there is a point at which the charges being levied become egregious.

There is another bill, HB2406, that proposes a \$25 fee.

This HB2081 takes it further and adds \$50 per night for transient lodging. HB2081 unfairly targets the tourists that choose this type of lodging and unfairly targets the owners of the lodging. The lodging owners must choose to either pay all of this new levy to attract tourism rentals, dramatically reducing net income, or the owner must choose to pass on this fee to the renter, thereby raising rental rates significantly. While it absolutely makes sense to share the burden of costs, this bill and others being discussed reduce the amount of income tourists have to spend on other activities, which also hurts the economy.

Tourism is the major economic driver for Hawai'i. Bills like HB2081 will harm tourism by causing tourists to look elsewhere than Hawai'i where costs skyrocketed from already lofty heights. Tourists will simply choose to vacation somewhere other than Hawai'i which will ultimately hurt the entire State.

There was a massive drop in tourism caused by COVID-19 and again during the months right after the Lahaina fire. A massive money grab like HB2081 will be the start of the next big drop in tourism.

Please reconsider your position on this bill. I recommend a much smaller levy on nightly rates and one that is charged across the board for any and every rental type. Please stop directing all your fury at the STR owners and their tenants. A one-time entry fee charged to tourists by the airlines is another solid option.

I speak for all STR owners that I know. We want to continue helping as we already are but we don't wish to be vilified and unfairly targeted as is already being allowed to happen. STR Owners already pay the highest property tax rates, the highest AOA fees based on property location, and we substantially contribute to the economy and to our fire affected fellow man in so many other ways.

Thank you for listening.

HB-2081-HD-1

Submitted on: 2/23/2024 9:26:31 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Eric Auxier	Individual	Oppose	Written Testimony Only

Comments:

NO ON HB2081!

This bill will be the death of Hawaii tourism as we know it.

As a condo owner in Maui, I adamantly oppose this bill. Simple economics dictates that the higher the price (or fee or tax), the lower the demand. Tacking on such massive taxes and fees will send new and old tourists elsewhere.

Kill this bill befor it kills the Hawaiian economy!

Eric Auxier

HB-2081-HD-1

Submitted on: 2/23/2024 9:42:36 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Kevin Eliason	Individual	Oppose	Written Testimony Only

Comments:

Aloha all,

I am writing against new legislation for the increase of taxes or visitor fees coming into Maui. The extent of the taxes and fees has to stop or we will see a tremendous imploding of our economy. We already cannot support those that are without employment and the housing issues being redirected to short term owners as a solution simply doesn't compute...currently the short term market requires a minimum of \$3500 per month for the owners to afford their Taxes, Mortgage and AOA fees. This baseline is already above the affordability level of local residents. If continued pressure and change evolves into less tourism, you then create less jobs for the people who work in and benefit from the tourism industry. if this ends, you then will see a mass exodus of all residents and tourism will also flee. This will leave you with no tax revenue and no residents will stay to support our economy. Please recognize this negative spiraling effect your taxations and attacks on tourism, short term owners and our local economy and the tax revenues you require to effectively run our beautiful state of Hawaii.

Mahalo,

Kevin Eliason



HB-2081-HD-1

Submitted on: 2/23/2024 9:46:10 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Victoria Johnson	Individual	Oppose	Written Testimony Only

Comments:

Very confusing bill, please defer and work out the issues. Tourists bear enough taxes already

HB-2081-HD-1

Submitted on: 2/23/2024 10:08:08 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael Sonnleitner	Individual	Oppose	Written Testimony Only

Comments:

HB2081 will, if passed, discourage many visitors to Maui due to the increase in already exorbitant taxation. Maui's economy could be helped immensely by increasing the number of visitors, but increasing the cost of visiting Maui will have the opposite effect. Maui must not only compete with the other islands for visitors, but also with other destinations, and much of the decision to visit Maui will depend on the final cost. In addition, fewer visitors to Maui will mean those owners who rent to short-term visitors will be forced to sell their properties, which would lead to a decline in property values and therefore a decline in property taxes. For these reasons, I am totally opposed to any legislation that increases taxes and discourages visitors.

HB-2081-HD-1

Submitted on: 2/23/2024 10:20:59 AM

Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Mark Waite	Individual	Oppose	Written Testimony Only

Comments:

Subject: Urgent Concern Regarding Proposed Legislation on Maui Taxation and Visitor Fees

Aloha,

I am compelled to express my strong opposition to the proposed new legislation aimed at increasing taxes and visitor fees on Maui. The potential impact of such measures on our economy is deeply concerning, and it is imperative that we take decisive action to prevent any further strain on our already fragile financial landscape.

The current level of taxation and fees imposed on both residents and visitors alike is unsustainable. Any further escalation in these burdens threatens to destabilize our economy, leading to severe repercussions for our community. Already, we are struggling to support those who are unemployed, while the housing crisis persists with short-term rental solutions proving inadequate.

Consider the stark reality: short-term rental owners are already facing monthly expenses upwards of \$3500, encompassing taxes, mortgages, and AOA fees. This financial threshold far exceeds the means of many local residents, exacerbating affordability challenges. Should these pressures persist or worsen, we risk driving away tourism, the lifeblood of our economy. A decline in tourism will inevitably translate to job losses across various sectors, compounding the socioeconomic strain.

Furthermore, the consequences of such a scenario extend beyond economic downturn. A mass exodus of residents, coupled with fleeing tourism, would devastate our tax revenue and leave our state in a dire fiscal predicament. Without adequate revenue, essential services and infrastructure would suffer, compromising the quality of life for all residents.

It is crucial for policymakers to recognize the grave, spiraling consequences of excessive taxation and hostility towards tourism, short-term rental owners, and our local economy. Our ability to sustainably govern and uphold the beauty of our beloved state of Hawaii hinges on thoughtful, balanced decision-making that prioritizes the well-being of all stakeholders.

It is estimated that there are between 12,000 and 14,000 legal short term rental properties on Maui. Do we know how many are illegal? Rather than going after the owners who are doing the right thing, getting licenses, paying taxes, etc., why not aggressively pursue those who are

operating illegally? They are the ones denying the state and county the tax revenues and, in many cases, doing more to create the housing shortage than someone operating a one-bedroom condo.

The rhetoric coming out of the state legislature, the governor's office and Maui's mayor is causing economic damage and is having a negative effect. Rather than simply saying what will resonate with certain local groups, look at the data and go after the real culprits. And, while you are at it, why not take a similar approach to the STRH, B&B and TVR permits that have been issued by Maui County? Those are typically larger properties that can house larger displaced families and the risk of litigation is much lower because this type of operation is not a property right, but a right permitted by the county.

I implore you to reconsider the proposed legislation and instead explore alternative solutions that foster economic vitality while preserving the unique fabric of our community. Together, we can navigate these challenges and ensure a prosperous future for Maui and its residents.

Warmest Aloha,

Mark Waite