LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.



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

In Strong Support H.B. No. 2406, H.D. 1, Relating to State Finances

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

Thank you for the opportunity to testify in strong support of H.B. No. 2406, H.D. 1, Relating to State Finances. H.B. No. 2406, H.D. 1 recognizes the immediacy of protecting and preserving Hawaii's natural resources and is but one of several legislative proposals offered by our Administration during this Thirty-Second Legislature to address the impacts of climate change and the impacts of people on our environment.

H.B. No. 2406, H.D. 1 would establish, and appropriate funds for, the Climate Health and Environmental Action Special Fund (Special Fund) to minimize the impacts of, and respond to, climate crises. The Special Fund would serve as a revenue source for specific purposes, including wildfire prevention and response strategies, flood prevention, emergency drinking water supplies, shoreline restoration and coastal management, and preparation of climate crises prevention and response strategies and plans.

Recognizing that collaboration across disciplines and sectors is essential to address climate change, H.B. No. 2406, H.D. 1 would establish a technical advisory committee to advise the Department of Land and Natural Resources on strategies to prevent and respond to climate crises. This bill also recognizes that Hawaii's housing crisis has had a tremendous impact on our environment and people. H.B. No. 2406, H.D. 1 would impose an additional \$25 tax on transient accommodations; allocate Transient Accommodations Tax (TAT) revenue to the Special Fund; and exempt from the TAT, accommodations furnished at no charge or on a complimentary or gratuitous basis to accommodations for the purpose of providing emergency housing to persons displaced as a result of a state of emergency or state disaster. Testimony of Office of the Governor H.B. No. 2406, H.D. 1 February 23, 2024 Page 2

The Office of the Governor supports the approach provided in this bill as the Special Fund would be dedicated to revenues designated to minimize the impacts of, and respond to, climate crises. 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. H.B. No. 2406, H.D. 1 provides a means of addressing these pressing needs.

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

JOSH GREEN, M.D. GOVERNOR

SYLVIA LUKE LT GOVERNOR



Hawaii Green Infrastructure Authority

An Agency of the State of Hawaii

JAMES KUNANE TOKIOKA CHAIR

GWEN S YAMAMOTO LAU EXECUTIVE DIRECTOR

Testimony of Gwen Yamamoto Lau Executive Director Hawaii Green Infrastructure Authority before the HOUSE COMMITTEE ON FINANCE February 23, 2024, 11:30 AM State Capitol, Conference Room 308 in consideration of HOUSE BILL NO. 2406, HD1 RELATING TO STATE FINANCES

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

Thank you for the opportunity to testify and provide comments on House Bill No.2406, HD1 relating to State Finances. The Hawai'i Green Infrastructure Authority (HGIA) **supports** this bill which establishes a Climate Health and Environmental Action Special Fund in the Department of Land and Natural Resources funded by a tax on certain transient accommodations.

HGIA, Hawaii's Green Bank, works to advance the State's goal of a 100% renewable portfolio standard in energy production while supporting decarbonization and climate change resiliency. This bill will add to the State of Hawaii's financial resources for effective stewardship of our state's natural and cultural resources to reduce the risk to livelihood and wellbeing presented by wildfires, coastal erosion, coral reef degradation, sea level rise, extreme flooding, biodiversity collapse, heatwaves, and other climate crises.

Through our work financing energy infrastructure as well as our outreach with frontline communities some of whom are already impacted by sea level rise, HGIA understands that building effective resiliency and adaptation to climate change represents a significant cost. The Climate Health and Environmental Action Special Fund will create a new mechanism for the visitor industry to provide financial resources to mitigate its environmental and carbon-emission impacts.

Thank you for this opportunity to testify and provide comments on House Bill No. 2406, HD1.

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

SYLVIA LUKE LIEUTENANT GOVERNOR | KA HOPE KIA'ĂINA





STATE OF HAWAI'I | KA MOKU'ĀINA 'O HAWAI'I 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 Committee on FINANCE

Friday, February 23, 2024 11:30AM State Capitol, Conference Room 308, Via Videoconference

In consideration of

House Bill 2406 House Draft 1 RELATING TO STATE FINANCES

House Bill 2406 HD1 establishes the Climate Health and Environmental Action Special Fund in the Department of Land and Natural Resources to minimize the impacts of, and respond to, climate crises. This bill imposes a \$25 tax on transient accommodations and allocates a portion of transient accommodations tax revenue to the Climate Health and Environmental Action Special Fund. The bill also narrows the transient accommodations tax exemption for accommodations furnished at no charge or on a complimentary or gratuitous basis to accommodations for the purpose of providing emergency housing to persons displaced as a result of a state of emergency or state disaster. **The Department supports this measure but prefers the language in the original bill.**

The original intent of this bill was to provide a sustainable funding mechanism to support natural resource and climate actions across the state to offset, mitigate and recover from the life threatening impacts of climate change. The department has been severely underfunded with one study showing a Hawai'i's conservation funding gap estimated at \$360 million annually. While our visitor industry plays a substantial role in our State economy, the 10 million visitors to our islands each year exact a heavy toll on our natural resources. These resources are invaluable to the livelihoods of our local residents and integral drivers of our statewide economy as well as our visitor industry. The changes made in the HD1 of this bill do not allocate the new fee directly to the fund it was created for. Over two-thirds of Hawai'i voters support implementing a visitor green fee to fund the protection of natural and cultural resources but this new version of the bill will just be a new tax and not a sustained funding mechanism. We can no longer ignore the impacts of climate on our lands and the direct implications of unmanaged lands in our state. An investment into our natural and cultural resources is an investment into our people.

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 COMMISSION ON WATER RESOURCE MANAGEMENT CONSERVATION AND CASTAL LANDS CONSERVATION AND RESOURCES ENFORCEMENT ENGINEERING FORESTRY AND WILDLIFE HISTORIC PRESERVATION KAHOOLAWE ISLAND RESERVE COMMISSION LAND STATE PARKS 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.

The establishment of fees several other tourism-focused economies has allowed places like the Republic of Palau, Galapagos Islands, New Zealand, and the Maldives to allow greater investment in their natural resources - reducing the overall impact of tourism on their environments, improving the quality of visitor experiences, and supporting community stewardship of these special places. Visitors and many residents do not mind paying a green fee because they know it goes back to caring for the beautiful places and resources they have come to enjoy. For example, State Parks executed a parking and entry fee increase for out of state visitors during the pandemic in 2020. This action, coupled with the return of the visitor industry, contributed to a substantial increase in special fund revenue to address decades of deferred repair and maintenance at State Parks across the State. The fee increase was modest and the out of state visitor is accustomed to paying fees at other municipal, State and National Parks. Additionally, when the visitor learns the parking and entry revenue is specifically reinvested in State Park management, they are supportive.

In 2001, the Department conducted a study to determine Hawai'i's willingness to support increased funding for watershed protection. Respondents were presented with various means by which the increased funds could be raised (general funds, taxes, or fees). A majority supported the use of environment-related taxes (7.4 out of 10), or a visitor-related tax (8.0 out of 10). Palau adds a green fee to all airline passengers leaving the island state and adds the funds to an environmental management fund. Palau, New Zealand, and Maldives have not experienced a decline in visitors due to their green fees.

The establishment of this fund in the original version of the bill is an important piece to closing the gap between existing and needed funding for the management of Hawai'i's natural resources. Any fee along with innovative financing mechanisms such as carbon offsets for reforestation and improved forest management would move Hawai'i forward in addressing climate change and mitigating the impacts of Hawaii's tourism economy. This program would bolster the State's existing investments in natural resource management, protect public trust resources, and help fill Hawai'i's conservation funding gap.

The Department respectfully requests that additional positions be added to this bill to ensure the effective implementation of the program including two (2) FTE Program Specialists one (1) Office Assistant, two (2) Account Clerk V and one (1) Accountant V.

Mahalo for the opportunity to testify on this measure.



STATE OF HAWAI'I HAWAI'I CLIMATE CHANGE MITIGATION & ADAPTATION COMMISSION POST OFFICE BOX 621 HONOLULU, HAWAII 96809

Testimony of Manager, CZM Leah Laramee Coordinator, Hawai'i Climate Change Mitigation and Adaptation Commission

Before the House Committee on ENERGY & ENVIRONMENTAL PROTECTION

Friday, February 23, 2024 11:30AM State Capitol, Conference Room 308, Via Videoconference

In support of House Bill 2406 House Draft 1 RELATING TO STATE FINANCES

House Bill 2406 HD1 establishes the Climate Health and Environmental Action Special Fund in the Department of Land and Natural Resources to minimize the impacts of, and respond to, climate crises. This bill imposes a \$25 tax on transient accommodations and allocates a portion of transient accommodations tax revenue to the Climate Health and Environmental Action Special Fund. The bill also narrows the transient accommodations tax exemption for accommodations furnished at no charge or on a complimentary or gratuitous basis to accommodations for the purpose of providing emergency housing to persons displaced as a result of a state of emergency or state disaster. The Hawai'i Climate Change Mitigation and Adaptation Commission (Commission) <u>supports</u> this measure but prefers the previous version of the bill.

The Hawai'i Climate Change Mitigation and Adaptation Commission consists of a multijurisdictional effort between 20 different departments, committees, and counties. The original version of thisbill provided a needed funding mechanism to support climate action and resiliency measures in the state. Climate change is happening now in Hawai'i with devastating and deadly impacts. We can expect continued impacts to cost the state billions of dollars due to extreme heat, flooding, sea level rise, wildfires, ocean acidification, drought, and severe weather events. Action now can significantly reduce the long-term costs of climate change. Funding is needed for job training, building capacity at the state and local level, green infrastructure and community planning and resiliency. The Commission's *Grants to Projects Bridge* has identified over \$1,000,000,000 in unfunded climate resiliency and mitigation projects and over \$100,000,000 in priority projects were submitted through the joint RFI issued through the Hawai'i State Energy Office (HSEO).

HSEO's Decarbonization Strategy highlighted the immediate need of taking action to reach

Co-Chairs: Chair, DLNR Director, OPSD

Commissioners: Chair, Senate AEN Chair, Senate WTL Chair, House EEP Chair, House WAL Chairperson, HTA Chairperson, DOA CEO, OHA Chairperson, DHHL Director, DBEDT Director, DOH Director, CHC DPP Director, Hawai'i DP Director, Hawai'i DP The Adjutant General Manager, CZM carbon net negative by 2045 as mandated by Act 15, SLH 2018, including protecting our existing forests and facilitating transition away from fossil fuels to avoid price volatility for our low to middle income families and resilience in the face of geopolitical events and natural disasters. The original bill would fund these actions at no extra cost to residents while continued inaction may cost lives. The HD1 version of this bill potentially diverts funding away from the intended use, which two thirds of Hawai'i's voters support, and the Commission recommends the bill revert to this Original version. Mahalo for the opportunity to testify on this measure.



TESTIMONY OF DANIEL NĀHOʻOPIʻI INTERIM PRESIDENT & CEO, HAWAIʻI TOURISM AUTHORITY BEFORE THE HOUSE COMMITTEE ON FINANCE Friday, February 23, 2024 9:30 a.m. In consideration of HB 2406 HD 1 RELATING TO STATE FINANCES

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

The Hawai'i Tourism Authority (HTA) appreciates the opportunity to offer comments on HB2406 HD1, to establish the Climate Health and Environmental Action Special Fund in the Department of Land and Natural Resources (DLNR) to minimize the impacts of, and respond to, climate crises funded by a \$25 tax on transient accommodations.

The ethic of mālama – care and stewardship – is the core of HTA's 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 and for the traveling public. Whichever model this Legislature decides upon to facilitate visitor contributions to the care of our natural resources, we advocate the timely, transparent, and tangible reinvestment of those collections into 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.

SYLVIA LUKE LT. GOVERNOR



GARY S. SUGANUMA DIRECTOR

KRISTEN M.R. SAKAMOTO DEPUTY DIRECTOR

STATE OF HAWAI'I DEPARTMENT OF TAXATION Ka 'Oihana 'Auhau P.O. BOX 259 HONOLULU, HAWAI'I 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. 2406, H.D. 1, Relating to State Finances.

BEFORE THE: House Committee on Finance

DATE: Friday, February 23, 2024

	11.30 a.m.
LOCATION:	State Capitol, Room 308

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

The Department of Taxation ("Department") <u>supports</u> the Governor's initiative to minimize the impacts of climate crises in H.B 2406, H.D. 1, an Administration measure, and offers the following comments for your consideration.

Section 3 of this bill, starting on page 17, imposes a transient accommodations tax (TAT) of \$25 on "each furnishing of a transient accommodation, including transient accommodations furnished for cash or charge, at no charge, on a complimentary or gratuitous basis, for a nominal charge, or in exchange for points, miles, or other amounts provided through a membership, loyalty, or rewards program." The \$25 tax would be in addition to the 10.25 percent TAT.

Section 4, starting on page 21, creates a TAT exemption for accommodations furnished for no charge for the purpose of providing emergency housing to persons displaced by an officially declared state disaster. Further, the bill allocates an unspecified amount of the TAT revenues to the newly established climate health and environmental action special fund.

This bill has an effective date of July 1, 3000.

Department of Taxation Testimony HB 2406, H.D. 1 February 23, 2024 Page 2 of 2

The Department appreciates that the Committee on Energy & Environmental Protection adopted the Department's prior proposed amendments. The Department notes H.B. 2406, H.D.1, allows for a more efficient allocation of TAT revenues to the mass transit special fund and the climate health and environmental action special fund.

The Department requests that if a functional effective date is inserted, that the effective date be January 1, 2025.

The Department estimates an expected revenue gain as follows (\$ millions):

FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
31.1	77.9	81.1	84.4	87.7	91.1

Thank you for the opportunity to provide testimony in support of this measure.



February 21, 2024

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

Opposition to HB2406 HD1

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

Thank you for the opportunity to provide our testimony on HB2406 HD1 creating the Climate Health and Environmental Action Special Fund and establishing at \$25/pp tax, in addition to Transient Accommodation Taxes (TAT).

While we appreciate that the Hawaii State Legislature is working to address climate health, we oppose this legislation because:

- TSA agents at the Ellison Onizuka Kona International Airport at Keahole recorded a record number of in 2023. But the hotels and resorts on the Kohala Coast did not see a commensurate increase in occupancy. Those visitors are staying somewhere, either in short-term vacation rentals, or with friends and family. Unfortunately, this proposal would do nothing to collect fees from non-residents who visit Hawaii and stay with their friends and family, or in unregulated accommodations.
- Hawaii County currently only requires un-hosted vacation rentals to register and prove they are paying TAT. They are deliberating legislation to require registration of owner-hosted and operator-hosted rentals.
- The website <u>www.AlltheRooms.com</u> shows nearly 90,000 vacation rentals across the state, with many operating illegally.
- In 2018, the Legislature increased the state TAT to 10.25% to support the Honolulu Rail project. Then, in 2021, even though the visitor industry was reeling from the impacts of forced shutdowns during the COVID-19 pandemic, the 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 has kept an ever increasing percentage of overall TAT collections in the general fund.
- Billions of dollars in TAT from visitors has flowed into the state's general fund during the last 5 years alone. Those funds were originally intended to be directed to state and county departments to offset visitor impacts. However, since the TAT is absorbed into the general fund, it is impossible to track how it is being used to support our natural resources and environment. In 2009, when the TAT was 7.25%, only 3.7% 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, when more than \$1 billion was collected in state TAT, more than 90% went into the general fund.

Please use the TAT you already collect to protect and maintain our natural resources and address climate concerns.

Hawaii already has a reputation of having the highest visitor taxes of any destination in the world. Not only are some visitors subject to the TAT, 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.

Hawaii residents and visitors deserve a full accounting of the total fees that visitors pay and where those fees are allocated. Until a full accounting is provided, we cannot support the creation of yet another fee on an overtaxed industry.

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, thank you for considering our opposition to HB2406 HD1.

Sincerely,

Stephanie P. Donako

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,

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



H A W A I [•] I 1164 Bishop St., Ste. 1512 Honolulu, HI 96813 **tpl.org**

HAWAI'I BOARD

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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 <u>strongly supports</u> 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 <u>today</u>. 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 –

the Hone

Lea Hong Hawaiʻi State Director Edmund C. Olson Trust Fellow



TESTIMONY FROM THE DEMOCRATIC PARTY OF HAWAI'I

HOUSE COMMITTEE ON FINANCE

FEBRUARY 23, 2024

HB 2406, HD1, RELATING TO STATE FINANCES

POSITION: SUPPORT

The Democratic Party of Hawai'i **<u>supports</u>** HB 2406, HD1, relating to state finances. Pursuant to the "Environment and Energy" section of the official Democratic Party of Hawai'i 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 Hawai'i. 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 Hawai'i 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. <u>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.</u>

Mahalo nui loa,

Kris Coffield Co-Chair, Legislative Committee (808) 679-7454 kriscoffield@gmail.com Abby Simmons Co-Chair, Legislative Committee (808) 352-6818 abbyalana808@gmail.com

LEGISLATIVE TAX BILL SERVICE

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, TRANSIENT ACCOMODATIONS; Hike TAT to fund Climate Health and Environmental Action Special Fund

BILL NUMBER: HB 2406 HD 1

INTRODUCED BY: House Committee on Energy & Environmental Protection

EXECUTIVE SUMMARY: Establishes the Climate Health and Environmental Action Special Fund in the Department of Land and Natural Resources to minimize the impacts of, and respond to climate crises funded by a \$25 tax on transient accommodations. Exempts certain housing used for emergencies during a state disaster from the Transient Accommodations Tax.

SYNOPSIS: Adds a new HRS chapter to establish the Climate Health & Environmental Action Special Fund ("Fund"). Section 1 provides applicable definitions. Section 2 establishes the special Fund to be administered by the department of land and natural resources to minimize the impacts and respond to climate crises. Subparagraph (b) designates purposes for Fund expenditures. Subsection (c) outlines priorities for funding preventive projects. Subparagraph (d) provides guidelines for Fund grant applications. Subsection (f) provides that deposits into the Fund will come from a portion of the transient accommodation tax revenues as provided by section 237D-6.5,, fees established by the department and legislative appropriations.

Section_____- 3 provides for the issuance of revenue bonds to be paid for from revenues received pursuant to section ______-2(c) and section 237D-2(f).

Section ______-5 creates a technical advisory committee to advise the department on strategies to prevent and respond to climate crises.

Section ______-6 requires annual reports to the legislature and audits every three years.

Amends section 237D-2,HRS, by adding new subsection (f) to impose a \$25 tax on each furnishing of a transient accommodation, including transient accommodations furnished for cash or charge, at no charge, on a complimentary or gratuitous basis, for a nominal charge, or in exchange for points, miles, or other amounts provided through a membership, loyalty, or rewards program which shall be deposited into the climate health and environmental action special fund.

Amends section 237D-2(e)(1) to deposit ____% of the tax revenues (versus currently all revenues in excess of 9.25%) into the mass transit special fund.

Amends section 237D-3 to expand on the exemption for accommodations furnished at no charge to include accommodations furnished at no charge for the purposes of providing emergency housing as a result of a state disaster, as declared by the governor pursuant to sections 127A-14 or 209-2.

Re: HB 2406 HD 1 Page 2

Amends section 237D-6.5 subsection (b) to exclude the subsection (f) \$25 tax from the TAT revenue distributions currently enacted. Thus, the \$25 per night does not appear to be earmarked and will go to the general fund.

Amends section 237D-6.5(b) to add subsection (5) to allocate \$_____ of TAT to the Climate Health and Environmental Action Special Fund.

Amends section 237D-6.5(b) to delete the definition for "fiscal year." (The definition is unnecessary; the Revisor's Bill, SB 2958 (24), also deletes this definition.)

Appropriates \$[unspecified] or so much as may be necessary from the State general revenues to the Fund for fiscal year 2024-2025. Appropriates the same out of the Fund to establish two FTE positions in the department of land and natural resources to administer the Fund.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: This is an Administration measure sponsored by the Office of the Governor and designated GOV-03 (24).

Faced with pressure from climate change, this bill establishes the climate health and environmental action special fund ("Fund") and appropriations \$(unspecified) for the Fund and 2 FTE positions. Recognizing the toll visitors have taken on the state's natural resources, the Fund will receive a \$25 monthly tax to be imposed on visitor accommodations. his bill appears to address constitutional concerns with prior year's proposals for a \$25 green ifee on nonresidents to fund an environmental special fund. The tax will be an additional cost to the accommodation provider and may not be visible, but will be borne by both visitors and residents who avail themselves of accommodations.

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. The tourists, of course, can go elsewhere. What policy makers need to realize is that the more they extract from the economy in taxes and fees, the more economic performance declines. As economic performance declines, so do tax revenues.

Additionally, the bill creates a special fund with scant justification. Yes, we could benefit by having money spent on our land and natural resources, but does that justify burdening the visitor industry with yet another tax and without going through the normal appropriation and budgeting process that also considers wildfire disaster relief, social service programs, or defective fire alarms in the schools? Rather than the continual earmarking of revenues, a direct appropriation of general funds to DLNR would be preferable. Earmarking revenues from any tax type for a particular purpose decreases transparency and accountability.

We also wonder what is sought to be accomplished by excepting HRS § 237D-2(f) revenues from the revenue distribution provision, HRS § 237D-6.5. HRS § 237D-2(e) revenues are exempted under existing law, probably because 2(e) contains language that specifies where those

Re: HB 2406 HD 1 Page 3

revenues are to go. We wonder if HRS § 237D-2(f) is supposed to contain a disposition provision similar to that in 237D-2(e) that would divert those revenues to the newly created Fund. In any event, the web of intersecting distribution provisions in sections 237D-2 and 237D-6.5 makes us wonder if the people who collect this money can reasonably figure out where to send it. We recommend simplifying the earmarking provisions, or, even better, eliminating a bunch of them.

Digested: 2/21/2024

GRASSROOT INSTITUTE OF HAWAII

1050 Bishop St. #508 Honolulu, HI 96813 808-864-1776 info@grassrootinstitute.org

Removing barriers to Hawaii's prosperity

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 HB2406 HD1 - RELATING TO STATE FINANCES

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

The Grassroot Institute of Hawaii would like to offer its comments in opposition to <u>HB2406 HD1</u>, which would impose a \$25 tax on transient accommodations, to be deposited to a special fund with a broad scope of purposes related to climate and the environment.

This \$25 tax would be levied in addition to all other state and county transient accommodations taxes.

There are multiple areas of concern in this bill, starting with the creation of yet another special fund that might fail to meet the legal requirements for such a fund.

In the most recent analysis from the State Auditor, not a single one of the 84 special or revolving funds proposed during the 2023 legislative session met the criteria for special funds set forth in HRS Section 23-11.¹

In HB2406 HD1, as in the other bills analyzed by the auditor, there appears to be no clear nexus between the imposition of an additional transient accommodations tax and the wide range of climate and environmental goals listed in the bill.

¹ <u>"Report No. 23-05: Analyses of Proposed Special and Revolving Funds 2023,"</u> Office of the Auditor, State of Hawaii, March 2023.

Rather, the goal of this special fund appears to be the creation of a special source of funding outside of the normal budget and appropriation process. This is a clear violation of the Legislature's efforts to clean up special funds and reduce their negative impact on state budgeting and finances.

This is not a criticism of the special fund's goals. Yet, that goal, no matter how laudable, must be balanced against the damage that this tax increase would cause to Hawaii businesses and the state's economy as a whole.

The theory behind this additional transient accommodations tax is that it 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.² 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%.³

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.

² PricewaterhouseCoopers LLP, "<u>The Impact of Taxes on the Competitiveness of European Tourism</u>," European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, October 2017.

³ Festus Fatai Adedoyin, Neelu Seetaram and George Filis, "<u>The Effect of Tourism Taxation on International Arrivals to a Small,</u> <u>Tourism-Dependent Economy</u>," Journal of Travel Research, Vol. 62, Iss. 1, pp. 135-153.

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.⁴

Thus, increasing tourism taxes would 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,⁵ 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.

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

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

⁴ Haiyan Song, Neelu Seetaraum and Sunh Ye, "<u>The effect of tourism taxation on tourists' budget allocation</u>," Journal of Destination Marketing and Management, March 2019, pp. 32-39.

⁵ Alison Fox, "<u>These Cities — Including 3 in the U.S. — Have the Most Expensive Tourist Taxes in the World, Study Shows</u>," Travel + Leisure, Aug. 12, 2022.

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



February 22, 2024

SUPPORT FOR HB2406 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 HB2406 HD1, which "Establishes the Climate Health and Environmental Action Special Fund in the Department of Land and Natural Resources to minimize the impacts of, and respond to, climate crises funded by a \$25 tax on transient accommodations."

CCL Hawaii comprises over 1000 members across Hawaii. We advocate for effective, efficient, and fair climate legislation. We support **HB2406 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.

Therefore, if passed, we ask that DLNR use the funds 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.

Thank you for this opportunity to testify.

Please support HB2406 HD1.

Respectfully, Citizens' Climate Lobby Hawai`i

HB-2406-HD-1

Submitted on: 2/22/2024 7:52:44 AM Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Helen Cox	Kauai Climate Action Coalition	Support	Written Testimony Only

Comments:

Aloha Members of the Finance Committee:

Kauai Climate Action Coalition, a group of over 150 Kauai residents, supports HB2406 HD1, which "Establishes the Climate Health and Environmental Action Special Fund in the Department of Land and Natural Resources to minimize the impacts of, and respond to, climate crises funded by a \$25 tax on transient accommodations."

Kauai Climate Action Coalition members engage in education, direct action, and advocating for legislation that effectively addresses the climate crisis we face. Hawai'i currently faces climate changes such as sea level rise, conditions of our reefs, wildfires etc., and the state needs funding to address these 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.

If passed, we request that DLNR use the funds to implement environmental solutions for state and community programs that work to restore our natural and cultural resources across the State. These programs will help prevent future disasters and their subsequent costs.

Please support HB2406 HD1.

Mahalo,

Kaua`i Climate Action Coalition







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 2406 HD1, Relating to State Finances

Aloha!

Thank you for the opportunity to support HB 2406 HD1, Relating to State Finances. 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



Aloha Committee Members,

My name is Arwen Revere and I am a high school senior from Kailua. Today, I am representing the environmental organization Wild Kids. We strongly support HB 2406, which proposes the establishment of the Climate Health and Environmental Action Special Fund. As a citizen, I believe that this bill is a crucial step toward addressing the pressing issues posed by climate change in Hawai'i.

Hawai'i's natural environment is facing unprecedented challenges, including wildfires, coastal erosion, loss of reefs, and pollution of air and water supplies. The recent Lahaina wildfire tragedy on Maui serves as a stark reminder of the urgency to take significant action to prevent and mitigate climate crises. As a young person born and raised in Hawai'i, I have witnessed the increasing impact of climate change on our natural resources and cultural landscapes.

The proposed Climate Health and Environmental Action Special Fund is a proactive approach to addressing the underinvestment in our natural and cultural resources, which limits our ability to manage lands, waters, and cultural sites effectively. The fund's focus on wildfire prevention, flood prevention, coral reef protection, and other environmentally beneficial strategies is essential to protect our communities, preserve our cultural heritage, and sustain our tourism-dependent economy.

Furthermore, I appreciate the bill's emphasis on indigenous Hawaiian land and water stewardship practices, such as fishponds, loi kalo, and mauka-makai ahupuaa management. These practices not only contribute to the health and sustainability of Hawai'i's ecosystems but also foster community engagement, education, and changed behaviors toward responsible stewardship.

As a representative of Wild Kids Hawai'i, an organization dedicated to educating and empowering young people to be advocates for the environment, investing in preventative measures is not only cost-effective but also crucial for the long-term resilience of our state. The establishment of the Climate Health and Environmental Action Special Fund will provide the necessary resources to implement high-priority climate crisis prevention measures and respond effectively when crises occur.

I urge the committee to support HB 2406 and prioritize the well-being of Hawai'i's natural environment, cultural heritage, and the future of its residents. By taking decisive action now, we can work towards building a more resilient and sustainable future for Hawai'i.

Mahalo for your attention to this critical matter, and I appreciate your dedication to the well-being of our beautiful state.

Sincerely,

Arwen Revere



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 HB2406 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 HB2406 HD1**, which would establish the Climate Health and Environmental Action Special Fund in the Department of Land and Natural Resources (DLNR) to minimize the impacts of, and respond to, climate crises; impose an additional \$25 dollar tax on transient accommodations; allocate a portion of transient accommodations tax (TAT) revenue to the Climate Health and Environmental Action Special Fund; and narrow the TAT exemption for accommodations furnished at no charge or on a complimentary or gratuitous basis to accommodations for the purpose of providing emergency housing to persons displaced as a result of a state of emergency or state disaster.

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.

HB2406 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 HB2081 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 TAT 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 HB2406 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.

STARN•O'TOOLE•MARCUS & FISHER

A LAW CORPORATION

Friday, February 23, 2024, 11:30 A.M.

State of Hawai'i

House Committee on Finance State Capitol, Conference Room 308

JOINT TESTIMONY OF DUANE FISHER AND ERIC ROBINSON OFFERING COMMENTS ON HOUSE BILL 2406, HD1 RELATING TO STATE FINANCES

Dear Chair Yamashita, Vice Chair Kitigawa, and Committee Members:

Our firm is legal counsel for a variety of clients throughout the State that are subject to and pay Transient Accommodations Tax ("*TAT*"), including several resorts. We practice in the areas of business and real estate law, including land use, shoreline, and special management area issues. We **offer comments** on House Bill 2406, HD1.

While we believe there is a real and pressing need to have the capacity and funding to prevent and respond to climate crises, HB2406, HD1's approach does not account for the reality that the tourism industry is still recovering from the impacts of COVID-19 and last year's devastating Lahaina wildfire. The imposition of additional TAT will further strain recovery efforts for the State's key economic engine. Examples of the negative effects of increasing tourism taxes can be seen in Europe and the Maldives, where increases in taxes lead to decreased demand.

Funds for a Climate Health and Environmental Action Special Fund should come from *existing* TAT sources, not additional taxes. Accordingly, we respectfully offer the following revisions to HB2406, HD1 for the Committee's consideration:

- On page 15, line 2: Delete "and section 237D-2(f)"
- On page 18, lines 19 to 20: Delete the proposed language and restore the deleted language
- On page 21, lines 3 to 10: Delete the proposed HRS § 237D-2(f)
- On page 23, lines 6 to 8: Restore the deleted language to read as follows:

"(7) Accommodations furnished without charge such as, but not limited to, complimentary accommodations, accommodations furnished to contract personnel such"

• On page 24, line 6: Delete the reference to 237D-2(f) and restore the deleted comma

Moreover, we understand the proposed Climate Health and Environmental Action Special Fund may not meet the statutory requirements imposed by HRS § 23-11. It is unclear whether there is sufficient "nexus" or a "clear link between the program and the sources of revenue, as

Joint Testimony of Duane Fisher and Eric Robinson Offering Comments on House Bill 2406, HD1 Relating to State Finances Page 2 of 2

opposed to serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process."

Mahalo for the opportunity to provide testimony on HB2406, HD1.

Very truly yours,

Duaner Al Eric S. Robinson

Duane R. Fisher

Eric S. Robinson



Testimony Before The House Committee on Finance (FIN) IN SUPPORT OF HB2406 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 <u>Kua'āina Ulu 'Auamo (or KUA)</u>. "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 HB2406 HD1 as an incremental step towards 'āina momona.

This bill would establish the Climate Health and Environmental Action Special Fund in the Department of Land and Natural Resources (DLNR) to minimize the impacts of the climate crisis, particularly with imposing an additional \$25 tax on transient accommodations.

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 HB2406 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 <u>essential</u> 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 HB2406 HD1.

Aloha 'Āina Momona no nā kau ā kau.



HAWAI'I LAND TRUST

Senate Committee on Finance

Date: February 23, 2024 Time: 11:30 a.m. Place: House Conference Room 308 via videoconference

Re: SUPPORT – HB 2406 HD1, Relating to State Finances

Aloha e Luna Ho'omalu Yamashita, Hope Luna Ho'omalu Kitagawa, a me nā Lālā o ke Kōmike:

Hawai'i Land Trust **SUPPORTS** HB 2406 HD1, which establishes and provides resourcing for the Climate Health and Environmental Action Special Fund in the Department of Land and Natural Resources (DLNR).

Hawai'i faces unprecedented threats from climate change, such as wildfires, sea level rise, coastal erosion, extreme weather events, and pollution. These challenges endanger our environment, public safety, infrastructure, economic stability, and unique cultural heritage. The funding HB 2406 HD1 will provide to DLNR is necessary to address these pressing concerns through wildfire prevention, flood mitigation, coral reef protection, and more.

For these reasons, we urge you to support HB 2406 HD1 to prioritize the protection and preservation of Hawai'i's precious natural and cultural resources. By investing in climate resilience and environmental stewardship, we can build a more sustainable future for our islands and communities.

Mahalo for this opportunity to testify,

'Olu Campbell President and Chief Executive Officer

HB-2406-HD-1

Submitted on: 2/22/2024 11:15:01 AM Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Ted Bohlen	Hawaii Reef and Ocean Coalition and Climate Protectors Hawaii	Support	Written Testimony Only

Comments:

The Climate Protectors Hawaii and the Hawaii Reef and Ocean Coalition **STRONGLY SUPPORT** this legislation! Funding for response to climate heating is and will be a critical need for Hawaii! This bill's approach of funding the Climate Health and Environmental Action Special Fund with a \$25 tax on transient accommodations is a reasonable way to place responsibility for climate impacts on visitors who contribute to those impacts.

Please pass this bill!

Mahalo!

Climate Protectors Hawaii and the Hawaii Reef and Ocean Coalition (by Ted Bohlen)



House Committee on Finance Friday, February 23, 2024 Testimony in Strong Support of H.B. 2406, Relating to State Finances

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

Mahalo for the opportunity to testify in <u>strong support</u> of **H.B. 2406**, **Relating to State Finances.** If enacted, this bill could help our state reverse years of under-management of natural and cultural resources through the establishment of a Climate Health and Environmental Action Special Fund, funded through an additional charge on transient accommodations.

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. 2406, 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. 2081 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. 2406.

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.

careforainanow.org



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 Hawaiʻi
- 21. Kingdom Pathways
- 22. Kua'āina Ulu 'Auamo (KUA)
- 23. Kuleana Coral Restoration
- 24. Kupu



- 25. Leftover Love Co
- 26. Mālama Learning Center
- 27. Mālama Maunalua
- 28. Mālama Pupukea-Waimea
- 29. National Tropical Botanical Garden
- 30. Native Ecosystem Services
- 31. The Nature Conservancy
- 32. North Shore Community Land Trust
- 33. Papahānaumokuākea Marine Debris Project
- 34. Parley for the Oceans
- 35. Pono Hawai'i Initiative
- 36. Protea Zero Waste Store
- 37. Resources Legacy Fund
- 38. Reuse Hawai'i
- 39. Surfrider Foundation Hawai'i Chapters
- 40. Sustainable Coastlines Hawai'i
- 41. Travel2Change
- 42. Trust for Public Land
- 43. Wakeful State
- 44. Wastewater Alternatives & Innovations (WAI)
- 45. Wild Kids
- 46. Young Progressives Demanding Action
- 47. Zero Waste Oʻahu
- 48. Zero Waste Hawai'i Island

Mahalo for your consideration to protect Hawai'i's natural resources.

Mahalo, Doorae Shin Coalition for Care for 'Āina Now



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

House Committee on Finance House Bill 2406 HD1: Relating to State Finances 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 2406 HD1,** which establishes the Climate Health and Environmental Action Special Fund in the Department of Land and Natural Resources to minimize the impacts of, and respond to, climate crises. Imposes an additional \$25 dollar tax on transient accommodations. Allocates a portion of transient accommodations tax revenue to the Climate Health and Environmental Action Special Fund. Narrows the transient accommodations tax exemption for accommodations furnished at no charge or on a complimentary or gratuitous basis to accommodations for the purpose of providing emergency housing to persons displaced as a result of a state of emergency or state disaster.

While we support the bill's objective of financing the conservation of our state's natural resources and readiness for climate-related challenges, 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 the operation, maintenance, and environmental protection of those sites. 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.

Additionally, **HB2406**'s approach does not account for the reality that the tourism industry is still recovering from the impacts of COVID-19 and last year's devastating Lahaina wildfire. The additional TAT will further strain recovery efforts for the State's key economic engine. Funds for a Climate Health and Environmental Action Special Fund should come from <u>existing</u> TAT sources, not additional taxes. If the additional TAT for HB2406's special fund is only levied on lawful transient accommodations, like hotels and resorts, it will not collect any funds from illegal short-term vacation rentals and cruise ships.



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 in **OPPOSED** to this Bill.

Thank you for the opportunity to provide this testimony.



The Nature Conservancy, Hawaiʻi and Palmyra 923 Nuʻuanu Avenue Honolulu, HI 96817 Tel (808) 537-4508 Fax (808) 545-2019 nature.org/HawaiiPalmyra

Testimony of The Nature Conservancy Support for HB 2406 HD1, Relating to State Finances 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 2406 HD1, relating to state finances, which establishes the Climate Health and Environmental Action Special Fund in the Department of Land and Natural Resources to minimize the impacts of, and respond to, climate crises funded by a \$25 tax on transient accommodations. It exempts certain housing used for emergencies during a state disaster from the Transient Accommodations Tax.

This measure would establish a sustainable funding stream to support the critical conservation efforts needed to maintain Hawai'i as a healthy, sustainable home for future generations, as well as a world-class visitor destination. Our natural resources sustain our way of life, feed our families, and drive our local economy. Although Hawai'i's natural beauty is a top tourist attraction, conservation efforts receive less than 1% of the State's annual budget. The \$25 tax on transient accomodations could help close Hawaii's conservation funding gap, which has been estimated at \$360 million annually.

Hawai'i's people and natural resources are being directly affected by climate change. We are experiencing increased flooding, coastal erosion, sea level rise, coral bleaching, loss of native forest, rising temperatures, increased threats of extinction for endangered species, and other impacts from the changing climate. DLNR and organizations like TNC are working to protect and restore our islands' critical natural resources. Additional funding is needed to maintain and increase the pace and scale of these conservation efforts to offset the growing impacts from climate change.

By investing in our environment today and into the future, we can ensure that residents and visitors are able to enjoy our incomparable natural environment and island lifestyle for generations to come.

Mahalo for the opportunity to testify in support of HB 2406 HD1.

BOARD OF TRUSTEES

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

House Committee on Finance (FIN) HB2406 HD1 RELATING TO STATE FINANCES Friday, February 23, 2023 Position: OPPOSE

Chair Yamashita and members of the Committee:

I am writing on behalf of the Hawai'i Lodging & Tourism Association, the oldest and largest private sector tourism organization in the state, to oppose HB2406 HD1 RELATING TO STATE FINANCES. This bill establishes the Climate Health and Environmental Action Special Fund within the Department of Land and Natural Resources (DLNR) to minimize the impacts of, and respond to, climate crises funded by a \$25 tax on transient accommodations. It also exempts certain housing used for emergencies during a state disaster, from the Transient Accommodations Tax (TAT).

While we support the bill's objective of financing the conservation of our state's natural resources and readiness for climate-related challenges, HLTA has consistently advocated for impact user fees to be collected at popular state sites to directly fund their operation, maintenance, and environmental protection. This ensures that benefits go back to the attractions rather than the general fund, promoting sustainability and benefiting both visitors and residents. During my tenure on the Honolulu City Council, I spearheaded a similar successful model at Hanauma Bay, where visitor fees supported preservation, enhancement, and education for that specific site. This approach has been adopted by other state attractions.

During a recent PATA conference, Chief State Economist Eugene Tian revealed that while Hawai'i's nontourism sectors have fully recovered to 100% in 2024, for the tourism sector "the news is not too good, it's pretty much flat." Our predicament is compounded by international headwinds and challenges that are beyond our control and can worsen our situation. Therefore, we would issue caution about imposing additional financial burdens on the state's largest industry that provides the greatest number of jobs for our residents.

Thank you for considering our perspective on this matter.



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

COMMENTS on HB2406 RELATING TO STATE FINANCES

The Maui Chamber of Commerce COMMENTS on HB2406.

In the past, the Chamber supported park usage fee/state park pass legislation that was heard last session. We prefer these types of usage fees as opposed to adding another tax on accommodations. We feel it is more palatable if visitors get something in return and can correlate that their dollars are going to help the places they visited (parks, beaches, etc.). Maui's visitor market is currently very soft and we are worried about long term sustainability. Also, all accommodations would have to change their systems, costing them time and money.

Given all of the fees and taxes being proposed this year, to pay for a variety of needs, such as insurance, wildfire recovery, economic recovery, housing, etc., we would like to suggest that the State needs a more comprehensive financial plan. The plan should decide how much revenue is needed and how to raise the necessary funding.

Mahalo for the opportunity to offer COMMENTS on HB2406.

Sincerely,

Pamela Jumpap

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.



HB2406 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 HB2406 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

<u>HB-2406-HD-1</u>

Submitted on: 2/21/2024 4:32:13 PM Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
joseph simpliciano	Individual	Support	Written Testimony Only

Comments:

There has been so many shortfalls with funding for so many years now. Our biggest shortfall is the lack of funds to hire DOCARE officers who is the key enforcement to all things conservation wise. As a resident of Wai'anae our community has been hurting for years from our mountains to the ocean conservation work is always set back due to people who has no care about our environment. Having the ability to pull funds for projects aimed at conservation protection and restoration is a must, it must be done now in order to meet climate change and to set back the mistakes made by humans as we have learned through many trials and errors. Please support this bill and this bill will support our future generations to come in so many positive ways! Mahalo nui loa!

Submitted on: 2/21/2024 4:40:37 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 Hawi'i Program director. In this work I am aware of the dedicated, talented community organizations working to care for our `aina, 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

Submitted on: 2/21/2024 4:45:42 PM Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Amber Datta	Individual	Support	Written Testimony Only

Comments:

Aloha:

Mahalo for the opportunity to testify on HB2406 to implement a \$25 transient accommodation fee. I am from Hawai'i Island and hold a PhD in Conservation Science. Funding for conservation, resource management and climate change response is essential for environmental health and community safety in Hawai'i. It is reasonable to expect visitors to help pay to care for the environment they come here to see.

Mahalo,

Amber Datta

Submitted on: 2/21/2024 5:19:01 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:

I support HB2406_HD1

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

Thank you for your consideration,

Keith Neal

Submitted on: 2/21/2024 6:03:33 PM Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Ruth Robison	Individual	Support	Written Testimony Only

Comments:

I have seen what it is like when tourists are not paying their fair share to the beautiful island they are visiting. I saw this on Antigua in the Caribbean. Please make sure that the millions of dollars that are streaming through our islands have the appropriate amount siphoned into maintaining our precious islands, please support this bill. A \$25 fee is a very modest amount. Thank you for the opportunity to testify.

HB-2406-HD-1 Submitted on: 2/21/2024 8:41:34 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 fully support this bill

Submitted on: 2/22/2024 12:37:43 AM Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Kimeona Kane	Individual	Support	Written Testimony Only

Comments:

Aloha nui kākou,

Kimeona Kane of Waimānalo in strong support of HB2801 HD1 and urging the Committee to pass this bill. It is no surprise that Hawai'i needs to implement this and other measures like it, to ensure that the very wellbeing of our home is cared for in perpetuity. It saddens me that we have not taken this step forward. We must be bold and have the courage to move in a direction that allows us to position our home in the best ways necessary to ensure we never have to leave. Please support this bill, Hawai'i is long over due for it.

Mahalo nui,

Kimeona Kane

Submitted on: 2/22/2024 1:11:46 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 that \$25, an appropriate amount in \$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.

Submitted on: 2/22/2024 7:18:45 AM Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Oppose	Written Testimony Only

Comments:

No new taxes or expensive beaurocrocies.

Most of the concerns could and should be handled with regular maintenance: clean the canals, ditches and culverts; cut the grass, etc, etc.

Get federal funds to move roads inland, build seawalls and levies.

Clean is good, dirty is bad. So simple. Crack down on polluters.

Oppose.

Submitted on: 2/22/2024 7:53:32 AM Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Charlotte Frank	Individual	Support	Written Testimony Only

Comments:

My name is Charlotte Frank and I support bill HB2406. Now more than ever, with increasing natural disasters due to climate change and less than 1% of the state budget going to the environment, we need to ensure we are funding efforts to tackle the climate crisis. It is evident from the recent Maui fires, that we need to do better to protect the 'aina and our residents and we need funding to do that. Please pass this bill.

<u>HB-2406-HD-1</u> Submitted on: 2/22/2024 7:55:42 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

Submitted on: 2/22/2024 8:01:20 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:

I oppose HB2406 - we don't need to tax people to death! People will stop coming and give their support to other states/areas - which will leave us citizens without money to support ourselves - what happens when tourism dies? Residents don't have work, you'll have to increase property taxes which means, residents will MOVE - residents can not support stores, restaurants and services without support from tourism, do not drive people away -tourista money poured into Lahaina after the fires - we can not survive without tourism

Submitted on: 2/22/2024 8:51:26 AM Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Carissa Cabrera	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 Carissa Cabrera, 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.

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.

Carissa Cabrera

<u>HB-2406-HD-1</u> Submitted on: 2/22/2024 9:04:38 AM Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Kim Marie Lopez	Individual	Oppose	Written Testimony Only

Comments:

This bill will destroy Maui's economy not only affecting the STR owners but workers. STR owners will be forced to sell. There will be less jobs so residents will be forced to sell. Property values will plummet. Who will pay your taxes then. STRs have paid these taxes and supported Maui's economy as well as the tourists that bring income to almost every single household in one way or another. Businesses will close down. Many have already decided not to rebuild and have left island. We understand an additional contribution and thought it would be higher taxes and a 25.00 fee per reservation. We will lose tourists. This additional tax and fees will drive them away. We no longer qualify for unemployment insurance. More people will be forced to go on welfare which will cost the state more money. Homeowners won't qualify for welfare assistance because they have assets and will not be able to pay their mortgages. Again, forced to se... This is too high, too much and unfair. If money is all you are thinking about then think of what the state will be losing in tax revenue. They will not be gaining!

<u>HB-2406-HD-1</u> Submitted on: 2/22/2024 9:10:45 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-2406-HD-1 Submitted on: 2/22/2024 9:11:33 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 HB2406 HD1. This should be multiple bills.

Submitted on: 2/22/2024 9:20:14 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 HB2406 and the creation of a climate impact fee. It is a nominal fee but will have significant impact on managing and restoring our natural resources. At the same time, funding for a climate impact fee will create new jobs for Hawai'i residents. Let's partner with our visitors to support our 'aina. Our resource management efforts are seriously underfunded and the ensuing neglect for our 'aina just continues to grow. Please pass this important bill.

With aloha,

Jeanne Herbert

Oahu Resident

Submitted on: 2/22/2024 9:41:14 AM Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Carmen Guzman Simpliciano	Individual	Support	Written Testimony Only

Comments:

In strong support we need more officers out on the westside, and a lot of work needs to be done.

Submitted on: 2/22/2024 1:56:32 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

Submitted on: 2/22/2024 3:10:28 PM Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
John Kawamoto	Individual	Support	Written Testimony Only

Comments:

I support this bill because it generates funding for environmental preservation. The source of the funding makes sense because tourists visit Hawaii largely for its natural beauty, and as a result, they are responsible for stressing and degrading the environment. Tourists would fund efforts to preserve the environment that they are responsible for degrading.

Submitted on: 2/22/2024 3:15:24 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 but our political leaders 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 non-government 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.

Taxes have reached the level where the tourism sector will begin to shrink.

Hawaii is now risking jobs.

Submitted on: 2/22/2024 8:10:34 PM Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Kiana Otsuka	Individual	Support	Written Testimony Only

Comments:

Testifying in strong support.

Submitted on: 2/23/2024 3:56:35 AM Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Dr Marion Ceruti	Individual	Oppose	Written Testimony Only

Comments:

Vote NO on HB2406 HD1. This is an unfair tax for an absurd purpose. There is no need to collect more tax from tourists, who are heavily taxed already. There is no point in throwing more money at the climate hoax. No one can stop the climate from changing, as it has done for millions of years. There is no climate crisis. CO2 is an important gas, without which all life on earth would cease. Please stop this climate-craze nonsense. Vote NO on HB2406 HD1

Submitted on: 2/23/2024 9:18:21 AM Testimony for FIN on 2/23/2024 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Barbara Best	Individual	Support	Written Testimony Only

Comments:

Funding for sustainability and cilmate resileince by a transient accomodations fee, bringing more housing back into the local market sounds terrific. Mahalo for supporting.

Bobbie Best, Wailuku