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# A BILL FOR AN ACT

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RELATING TO ECONOMIC DEVELOPMENT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. The legislature finds that Hawaii is  
2       experiencing a climate emergency. The effects of climate  
3       change, such as rising temperatures, prolonged droughts, and  
4       increasingly destructive and deadly weather events, are felt  
5       across the island chain. These impacts threaten not only our  
6       vibrant ecosystems but, as actors within these ecosystems, the  
7       people of Hawaii as well. To ensure the health, safety, and  
8       well-being of Hawaii's lands, waters, and people, successful  
9       mitigation of and adaptation to climate change are imperative.

10       The legislature further finds that given the scale and  
11       impact of the climate emergency, the State must invest in bold  
12       actions to prepare for, mitigate, and adapt to climate change,  
13       including resiliency to intensifying natural disasters. A  
14       coordinated approach is necessary, and the department of  
15       defense, charged with protecting the safety and welfare of the  
16       people of Hawaii and the State's lead for hazard mitigation and  
17       disaster readiness, is prepared to assume this responsibility,



1 in coordination with the departments of business, economic  
2 development, and tourism; land and natural resources; and  
3 transportation, as well as the community, to provide for the  
4 safety, security, and well-being of Hawaii's places and people.

5 The legislature further finds that economic development, in  
6 particular, must consider climate change. Tourism,  
7 infrastructure, and community development are all predicated  
8 upon Hawaii's land and natural resources. Resiliency to and  
9 mitigation of climate change must remain at the forefront of any  
10 economic development or revitalization project.

11 The legislature further finds that Hawaii needs to invest  
12 in efforts to reduce climate change impacts now to limit current  
13 and future costs of climate change. The anticipated extent of  
14 the impact of climate change is such that state government needs  
15 to take comprehensive and coordinated mitigation efforts as soon  
16 as possible.

17 The purpose of this Act is to:

18 (1) Authorize the department of defense to fund projects  
19 that strengthen the State's resiliency against climate  
20 change;



(2) Require the department of defense to convene a selection committee to review and recommend projects for climate mitigation and resiliency special fund allocation;

(3) Establish the climate mitigation and resiliency special fund;

(4) Support resilient economic development and revitalization throughout the State by establishing the economic development and revitalization special fund;

(5) Increase the transient accommodations tax and allocate a portion of the tax to the two newly established special funds; and

(6) Appropriate funds into and out of the special funds.

SECTION 2. The Hawaii Revised Statutes is amended by adding a new chapter to be appropriately designated and to read as follows:

**"CHAPTER**

**RESILIENCY**

§ -1 **Resiliency projects.** The department of defense may fund projects that strengthen the State's resiliency, including



1 projects that mitigate, adapt to, or increase resiliency against  
2 climate change.

3       **§ -2 Resiliency projects; selection committee.** The  
4 department of defense shall convene a selection committee to  
5 review and recommend projects to receive an allocation of moneys  
6 from the climate mitigation and resiliency special fund. The  
7 following members shall comprise the committee:

8           (1) The adjutant general;

9           (2) The director of business, economic development, and  
10           tourism;

11           (3) The director of finance;

12           (4) The chairperson of the board of land and natural  
13           resources;

14           (5) The director of transportation;

15           (6) An at-large member nominated by the president of the  
16           senate; and

17           (7) An at-large member nominated by the speaker of the  
18           house or representatives;

19 provided that the two at-large members shall each be invited to  
20 serve and be appointed by the governor, without the advice and  
21 consent of the senate, from a list of three nominees submitted



1 for each position by the president of the senate or speaker of  
2 the house of representatives.

3       **§ -3 Climate mitigation and resiliency special fund;**  
4 **established.** (a) There is established in the state treasury  
5 the climate mitigation and resiliency special fund, to be  
6 administered by the department of defense, into which shall be  
7 deposited:

- 8       (1) Appropriations made by the legislature to the fund;
- 9       (2) Fees collected under this chapter or any rule adopted  
10       pursuant to this chapter;
- 11       (3) Grants provided by governmental agencies or any other  
12       source;
- 13       (4) Donations made by private individuals or organizations  
14       for deposit into the fund;
- 15       (5) Interest earned from moneys in the emergency and  
16       budget reserve fund established in section 328L-3;
- 17       (6) A portion of revenues from the transient  
18       accommodations tax, as provided by section 237D-6.5;  
19       and
- 20       (7) Interest earned from moneys in the fund.



(b) Moneys in the climate mitigation and resiliency special fund shall be used to advance projects addressing climate change impacts, including projects that mitigate, adapt to, or increase resiliency against climate change. Moneys may also be used for consultant, personnel, and administrative costs required to develop and implement the aforementioned projects.

**§ -4 Rules.** The adjutant general shall adopt rules pursuant to chapter 91 necessary for the purposes of this chapter."

SECTION 3. Chapter 201, Hawaii Revised Statutes, is amended by adding a new section to part I to be appropriately designated and to read as follows:

**"§201- Economic development and revitalization special fund.** (a) There is established in the state treasury the economic development and revitalization special fund, to be administered by the department, into which shall be deposited:

(1) Appropriations made by the legislature to the fund;

(2) Fees collected under this chapter or any rule adopted pursuant to this chapter;

(3) Grants provided by governmental agencies or any other source;



1       (4) Donations made by private individuals or organizations  
2       for deposit into the fund;

3       (5) A portion of revenues from the transient  
4       accommodations tax, as provided by section 237D-6.5;  
5       and

6       (6) Interest earned from moneys in the fund.

7       (b) Moneys in the economic development and revitalization  
8 special fund shall be used for projects advancing:

9       (1) Economic development or revitalization;

10       (2) Infrastructure within tourism districts or resort  
11       areas;

12       (3) Climate change mitigation, adaptation, or resiliency;  
13       and

14       (4) Tourism marketing.

15       (c) The department shall establish procedures for  
16 receiving and evaluating project proposals to receive an  
17 allocation of moneys from the economic development and  
18 revitalization special fund; provided that:

19       (1) The Hawaii tourism authority, office of planning and  
20       sustainable development, and department of land and  
21       natural resources shall each review any project



1       proposal submitted for funding and submit a  
2       recommendation for funding to the department;

3       (2) The department shall review any project proposal  
4       submitted for funding as well as the corresponding  
5       recommendations for funding submitted to the  
6       department pursuant to paragraph (1) and make a  
7       recommendation for funding to the governor; and  
8       (3) All funding allocations are subject to the governor's  
9       final approval.

10       (d) The department shall submit an annual report to the  
11 legislature no later than twenty days prior to the convening of  
12 each regular session on the sources of moneys deposited into the  
13 economic development and revitalization special fund and  
14 expenditures of moneys from the special fund."

15       SECTION 4. Section 237D-2, Hawaii Revised Statutes, is  
16 amended to read as follows:

17       "**§237D-2 Imposition and rates.** (a) There is levied and  
18 shall be assessed and collected each month a tax of:

19       (1) Five per cent for the period beginning on January 1,  
20       1987, to June 30, 1994;





1 (2) Six per cent for the period beginning on July 1, 1994,  
2 to December 31, 1998;

3 (3) 7.25 per cent for the period beginning on January 1,  
4 1999, to June 30, 2009;

5 (4) 8.25 per cent for the period beginning on July 1,  
6 2009, to June 30, 2010; ~~[and]~~

7 (5) 9.25 per cent for the period beginning on July 1,  
8 2010, ~~[and thereafter,]~~ to December 31, 2025; and

9 (6) 11 per cent for the period beginning on January 1,  
10 2026, and thereafter;

11 on the gross rental or gross rental proceeds derived from  
12 furnishing transient accommodations.

13 (b) Every transient accommodations broker, travel agency,  
14 and tour packager who arranges transient accommodations at  
15 noncommissioned negotiated contract rates and every operator or  
16 other taxpayer who receives gross rental proceeds shall pay to  
17 the State the tax imposed by subsection (a), as provided in this  
18 chapter.

19 (c) There is levied and shall be assessed and collected  
20 each month, on the occupant of a resort time share vacation  
21 unit, a transient accommodations tax of:



(1) 7.25 per cent on the fair market rental value until  
December 31, 2015;

(2) 8.25 per cent on the fair market rental value for the  
period beginning on January 1, 2016, to December 31,  
2016; and

(3) 9.25 per cent on the fair market rental value for the  
period beginning on January 1, 2017, [~~and thereafter.~~]  
to December 31, 2025; and

(4) 11 per cent on the fair market rental value for the  
period beginning on January 1, 2026, and thereafter.

(d) Every plan manager shall be liable for and pay to the  
State the transient accommodations tax imposed by subsection (c)  
as provided in this chapter. Every resort time share vacation  
plan shall be represented by a plan manager who shall be subject  
to this chapter.

(e) Notwithstanding the tax rates established in  
subsections (a) (5) and (6) and (c) (3) [~~7~~] and (4), the tax rates  
levied, assessed, and collected pursuant to subsections (a) and  
(c) shall be 10.25 per cent for the period beginning on January  
1, 2018, to December 31, 2025, and 12 per cent for the period



1 beginning on January 1, 2026, to December 31, 2030; provided

2 that:

3 (1) The tax revenues levied, assessed, and collected  
4 pursuant to this subsection that are in excess of the  
5 revenues realized from the levy, assessment, and  
6 collection of tax at the [~~9.25 per cent rate~~] rates  
7 established in subsections (a) (5) and (6) and (c) (3)  
8 and (4) shall be deposited quarterly into the mass  
9 transit special fund established under section 248-  
10 2.7; and

11 (2) If a court of competent jurisdiction determines that  
12 the amount of county surcharge on state tax revenues  
13 deducted and withheld by the State, pursuant to  
14 section 248-2.6, violates statutory or constitutional  
15 law and, as a result, awards moneys to a county with a  
16 population greater than five hundred thousand, then an  
17 amount equal to the monetary award shall be deducted  
18 and withheld from the tax revenues deposited under  
19 paragraph (1) into the mass transit special fund, and  
20 those funds shall be a general fund realization of the  
21 State.



1       The remaining tax revenues levied, assessed, and collected  
2   at the [~~9.25 per cent tax rate pursuant to~~] rates established in  
3   subsections (a) and (c) shall be deposited into the general fund  
4   in accordance with section 237D-6.5(b)."

5       SECTION 5. Section 237D-6.5, Hawaii Revised Statutes, is  
6   amended by amending subsection (b) to read as follows:

7       "(b) Except for the revenues collected pursuant to section  
8   237D-2(e), revenues collected under this chapter shall be  
9   distributed in the following priority, with the excess revenues  
10   to be deposited into the general fund:

11       (1) \$1,500,000 shall be allocated to the Turtle Bay  
12       conservation easement special fund beginning July 1,  
13       2015, for the reimbursement to the state general fund  
14       of debt service on reimbursable general obligation  
15       bonds, including ongoing expenses related to the  
16       issuance of the bonds, the proceeds of which were used  
17       to acquire the conservation easement and other real  
18       property interests in Turtle Bay, Oahu, for the  
19       protection, preservation, and enhancement of natural  
20       resources important to the State, until the bonds are  
21       fully amortized;



1 (2) \$11,000,000 shall be allocated to the convention  
2 center enterprise special fund established under  
3 section 201B-8;

4 (3) An allocation shall be deposited into the tourism  
5 emergency special fund, established in section 201B-  
6 10, in a manner sufficient to maintain a fund balance  
7 of \$5,000,000 in the tourism emergency special fund;

8 [~~and~~]

9 (4) \$3,000,000 shall be allocated to the special land and  
10 development fund established under section 171-19;  
11 provided that the allocation shall be expended in  
12 accordance with the Hawaii tourism authority strategic  
13 plan for:

14 (A) The protection, preservation, maintenance, and  
15 enhancement of natural resources, including  
16 beaches, important to the visitor industry;

17 (B) Planning, construction, and repair of facilities;  
18 and

19 (C) Operation and maintenance costs of public lands,  
20 including beaches, connected with enhancing the  
21 visitor experience[~~-~~];



(5) 7.3 per cent of the total revenue collected pursuant to section 237D-2 shall be allocated to the climate mitigation and resiliency special fund, established under section -1; and

(6) 7.3 per cent of the total revenue collected pursuant to section 237D-2 shall be allocated to the economic development and revitalization special fund, established under section 201- .

All transient accommodations taxes shall be paid into the state treasury each month within ten days after collection and shall be kept by the state director of finance in special accounts for distribution as provided in this subsection."

SECTION 6. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ or so much thereof as may be necessary for fiscal year 2025-2026 to be deposited into the climate mitigation and resiliency special fund.

SECTION 7. There is appropriated out of the climate mitigation and resiliency special fund the sum of \$ or so much thereof as may be necessary for fiscal year 2025-2026 to advance projects addressing climate change impacts.



1       The sum appropriated shall be expended by the department of  
2 defense for the purposes of this Act.

3       SECTION 8. There is appropriated out of the climate  
4 mitigation and resiliency special fund the sum of \$                   or  
5 so much thereof as may be necessary for fiscal year 2025-2026  
6 and the same sum or so much thereof as may be necessary for  
7 fiscal year 2026-2027 to advance projects addressing climate  
8 change impacts.

9       The sum appropriated shall be expended by the department of  
10 defense for the purposes of this Act.

11       SECTION 9. There is appropriated out of the economic  
12 development and revitalization special fund the sum of  
13 \$                   or so much thereof as may be necessary for fiscal  
14 year 2025-2026 and the same sum or so much thereof as may be  
15 necessary for fiscal year 2026-2027 to advance resilient  
16 economic development and revitalization projects.

17       The sum appropriated shall be expended by the department of  
18 business, economic development, and tourism for the purposes of  
19 this Act.

20       SECTION 10. The appropriations made by this Act shall not  
21 lapse at the end of the fiscal year for which the appropriation



1 is made; provided that all moneys from the appropriation  
2 unencumbered as of June 30, 2028, shall lapse into the fund from  
3 which appropriated as of that date. Any unissued balance of any  
4 authorization made by this Act as of the close of business on  
5 June 30, 2028, shall lapse.

6 SECTION 11. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

8 SECTION 12. This Act shall take effect on July 1, 3000.





**Report Title:**

Climate Mitigation and Resiliency Special Fund; Economic Development and Revitalization Special Fund; Transient Accommodations Tax; Department of Defense; Department of Business, Economic Development, and Tourism; Appropriation

**Description:**

Authorizes the Department of Defense to fund projects that strengthen the State's resiliency against climate change. Requires the Department of Defense to convene a selection committee to review and recommend projects for climate mitigation and resiliency special fund allocation. Establishes the climate mitigation and resiliency special fund. Supports resilient economic development and revitalization throughout the state by establishing the economic development and revitalization special fund. Increases the transient accommodations tax and allocate a portion of the tax to the two newly established special funds. Appropriates funds into and out of the special funds. Effective 7/1/3000. (HD1)

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