
A BILL FOR AN ACT

RELATING TO ENVIRONMENTAL STEWARDSHIP.

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

1 SECTION 1. The legislature finds that Hawaii's natural
2 resources, including reefs, oceans, forests, streams, estuaries,
3 shorelines, and beaches, provide irreplaceable and invaluable
4 benefits to visitors, residents, and the global community. The
5 Hawaii State Constitution establishes that the State's natural
6 and cultural resources are subject to the public trust and
7 therefore must be managed and protected for the benefit of
8 present and future generations. The Hawaii State Constitution
9 further requires the State and its agencies to protect and
10 enforce native Hawaiian rights, including traditional and
11 customary practices associated with, and dependent upon,
12 carefully managed and abundant natural resources.

13 The legislature further finds that Hawaii's natural
14 environment faces significant environmental pressure from
15 climate change and the heavy use it receives from persons
16 traveling to enjoy the State's natural resources. The current
17 underinvestment in the State's natural resources poses a



1 significant liability to the visitor industry and to Hawaii's
2 residents; the stability of the State's natural systems,
3 including food systems and water quality; and the ecosystems,
4 services, fisheries, economic resilience, and health and safety
5 of the State. The escalating impacts from climate change and
6 visitor use create an increasing threat to Hawaii's island
7 ecosystem and communities. Additional funding is needed to
8 restore the State's natural resources to help prevent climate
9 crises from occurring, including wildfires, floods, coastal
10 erosion, and degradation of coral reefs. Additional funds are
11 also needed to respond to climate crises when they occur.

12 The legislature believes that a modest increase in the
13 transient accommodations tax can generate greatly needed funding
14 to support the restoration of the State's valuable natural
15 resources, help prevent and respond to the climate crisis, and
16 leave a strengthened environmental legacy for future
17 generations. The increased tax is a reasonable and appropriate
18 way to generate these needed revenues.

19 Accordingly, the purpose of this Act is to increase the
20 transient accommodations tax to create a source of revenue for



1 environmental stewardship, to be implemented through additional
2 funding to the department of land and natural resources.

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

5 **"§237D-2 Imposition and rates.** (a) There is levied and
6 shall be assessed and collected each month a tax of:

7 (1) Five per cent for the period beginning on January 1,
8 1987, to June 30, 1994;

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

11 (3) 7.25 per cent for the period beginning on January 1,
12 1999, to June 30, 2009;

13 (4) 8.25 per cent for the period beginning on July 1,
14 2009, to June 30, 2010; ~~[and]~~

15 (5) 9.25 per cent for the period beginning on July 1,
16 2010~~[, and thereafter,]~~ to December 31, 2026; and

17 (6) _____ per cent for the period beginning on January 1,
18 2027, and thereafter,

19 on the gross rental or gross rental proceeds derived from
20 furnishing transient accommodations.



1 (b) Every transient accommodations broker, travel agency,
2 and tour packager who arranges transient accommodations at
3 noncommissioned negotiated contract rates and every operator or
4 other taxpayer who receives gross rental proceeds shall pay to
5 the State the tax imposed by ~~[subsection]~~ subsections (a) [7] and
6 (f), as provided in this chapter.

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

10 (1) 7.25 per cent on the fair market rental value until
11 December 31, 2015;

12 (2) 8.25 per cent on the fair market rental value for the
13 period beginning on January 1, 2016, to December 31,
14 2016; ~~[and]~~

15 (3) 9.25 per cent on the fair market rental value for the
16 period beginning on January 1, 2017~~[, and thereafter.]~~
17 to December 31, 2026; and

18 (4) per cent on the fair market rental value for the
19 period beginning on January 1, 2027, and thereafter.

20 (d) Every plan manager shall be liable for and pay to the
21 State the transient accommodations tax imposed by subsection (c)



1 as provided in this chapter. Every resort time share vacation
2 plan shall be represented by a plan manager who shall be subject
3 to this chapter.

4 (e) Notwithstanding the tax rates established in
5 subsections [~~(a)(5)~~] (a)(6) and [~~(e)(3)~~], (c)(4), the tax rates
6 levied, assessed, and collected pursuant to subsections (a) and
7 (c) shall be [~~10.25~~] ____ per cent for the period beginning on
8 January 1, 2018, to December 31, 2030; provided that:

9 (1) [~~The~~] ____ per cent of the tax revenues levied,
10 assessed, and collected pursuant to this [~~subsection~~
11 ~~that are in excess of the revenues realized from the~~
12 ~~levy, assessment, and collection of tax at the 9.25~~
13 ~~per cent rate~~] section shall be deposited quarterly
14 into the mass transit special fund established under
15 section 248-2.7; and

16 (2) If a court of competent jurisdiction determines that
17 the amount of county surcharge on state tax revenues
18 deducted and withheld by the State, pursuant to
19 section 248-2.6, violates statutory or constitutional
20 law and, as a result, awards moneys to a county with a
21 population greater than five hundred thousand, then an



1 amount equal to the monetary award shall be deducted
2 and withheld from the tax revenues deposited under
3 paragraph (1) into the mass transit special fund, and
4 those funds shall be a general fund realization of the
5 State.

6 The remaining tax revenues levied, assessed, and collected
7 ~~[at the 9.25 per cent tax rate pursuant to subsections (a) and~~
8 ~~(e)]~~ shall be deposited into the general fund in accordance with
9 section 237D-6.5(b).

10 (f) Beginning on January 1, 2027, there is levied and
11 shall be assessed and collected each month a tax of \$20 per
12 night on each furnishing of a transient accommodation in
13 exchange for points, miles, or other amounts provided through a
14 membership, loyalty, or rewards program. In addition to amounts
15 owed under this subsection, any additional gross rental or gross
16 rental proceeds derived from furnishing or arranging a transient
17 accommodation in exchange for points, miles, or other amounts
18 provided through a membership, loyalty, or rewards program shall
19 remain subject to levy, assessment, and collection pursuant to
20 subsection (a)."



1 SECTION 3. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$ or so
3 much thereof as may be necessary for fiscal year 2025-2026 and
4 the same sum or so much thereof as may be necessary for fiscal
5 year 2026-2027 to protect, manage, and restore the State's
6 natural resources, including native forests; native plants and
7 animals; aquatic resources; coastal lands; and freshwater
8 resources.

9 The sums appropriated shall be expended by the department
10 of land and natural resources for the purposes of this Act.

11 SECTION 4. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 5. This Act shall take effect on July 1, 3000.



Report Title:

Transient Accommodations Tax; Minimum Tax; Increase; DLNR;
Natural Resources; Appropriation

Description:

Amends the transient accommodations tax rate beginning on 1/1/2027. Beginning 1/1/2027, requires a \$20 transient accommodation tax to be levied per night for each furnishing of transient accommodations in exchange for points, miles, or other amounts provided through a membership, loyalty, or rewards program. Appropriates funds to DLNR for protection, management, and restoration of the State's natural resources. Effective 7/1/3000. (HD1)

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