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# A BILL FOR AN ACT

RELATING TO ENVIRONMENTAL STEWARDSHIP.

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

PART I

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

The legislature further finds that Hawaii's natural environment faces significant environmental pressure from climate change and the heavy use it receives from persons traveling to enjoy the State's natural resources. The current



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

13 The legislature further finds that as contemplated, the  
14 transient accommodations tax is intended to be applied fully and  
15 equitably wherever a transient accommodation occurs within the  
16 State. While the State's lodging and hotel establishments have  
17 been complying with, and paying their share of the transient  
18 accommodations taxes, tax collections on short-term rental  
19 operators have fallen short. Additionally, there is no existing  
20 transient accommodations tax levied on commercial passenger  
21 vessels, which in 2024, accounted for 972,820 passenger port



1 calls at port facilities under the jurisdiction of the  
2 department of transportation.

3 The legislature believes that a modest increase in the  
4 transient accommodations tax can generate greatly needed funding  
5 to support the restoration of the State's valuable natural  
6 resources, help prevent and respond to the climate crisis, and  
7 leave a strengthened environmental legacy for future  
8 generations. The increased tax is a reasonable and appropriate  
9 way to generate these needed revenues.

10 Accordingly, the purpose of this part is to increase the  
11 transient accommodations tax to create a source of revenue for  
12 environmental stewardship, to be implemented through additional  
13 funding to the department of land and natural resources.

14 SECTION 2. Section 237D-1, Hawaii Revised Statutes, is  
15 amended by amending the definition of "transient accommodations"  
16 to read as follows:

17 ""Transient accommodations" means the furnishing of a room,  
18 apartment, suite, single family dwelling, shelter, cabin,  
19 stateroom, or the like to a transient for less than one hundred  
20 eighty consecutive days for each letting in a hotel, apartment  
21 hotel, motel, condominium or unit as defined in chapter 514B,



1 cooperative apartment, vehicle equipped with or advertised as  
2 including sleeping accommodations, dwelling unit, or rooming  
3 house that provides living quarters, sleeping, or housekeeping  
4 accommodations, commercial passenger vessel, or other place in  
5 which lodgings are regularly furnished to transients."

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

8 "§237D-2 Imposition and rates. (a) There is levied and  
9 shall be assessed and collected each month a tax of:

- 10 (1) Five per cent for the period beginning on January 1,  
11 1987, to June 30, 1994;
- 12 (2) Six per cent for the period beginning on July 1, 1994,  
13 to December 31, 1998;
- 14 (3) 7.25 per cent for the period beginning on January 1,  
15 1999, to June 30, 2009;
- 16 (4) 8.25 per cent for the period beginning on July 1,  
17 2009, to June 30, 2010; ~~[and]~~
- 18 (5) 9.25 per cent for the period beginning on July 1,  
19 2010 ~~[, and thereafter,]~~ to December 31, 2026; and
- 20 (6) per cent for the period beginning on January 1,  
21 2027, and thereafter,



1 on the gross rental or gross rental proceeds derived from  
2 furnishing transient accommodations.

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

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

12 (1) 7.25 per cent on the fair market rental value until  
13 December 31, 2015;

14 (2) 8.25 per cent on the fair market rental value for the  
15 period beginning on January 1, 2016, to December 31,  
16 2016; ~~[and]~~

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

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



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

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

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

18 (2) If a court of competent jurisdiction determines that  
19 the amount of county surcharge on state tax revenues  
20 deducted and withheld by the State, pursuant to  
21 section 248-2.6, violates statutory or constitutional



1 law and, as a result, awards moneys to a county with a  
2 population greater than five hundred thousand, then an  
3 amount equal to the monetary award shall be deducted  
4 and withheld from the tax revenues deposited under  
5 paragraph (1) into the mass transit special fund, and  
6 those funds shall be a general fund realization of the  
7 State.

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

12 (f) Beginning on January 1, 2027, there is levied and  
13 shall be assessed and collected each month a tax of \$20 per  
14 passenger per port entry on any commercial passenger vessel at  
15 any port facility under the jurisdiction of the department of  
16 transportation. Per passenger taxes under this section are  
17 charged on a per voyage or per itinerary basis and will not be  
18 charged more than once per port entry if a vessel uses a state  
19 commercial harbor property or facility more than once on a  
20 single voyage or itinerary. Transient accommodations taxed  
21 under this subsection are not subject to levy, assessment, and



1 collection pursuant to subsection (a)."

2 PART II

3 SECTION 4. (a) There is established a transient  
4 accommodations tax enforcement working group within the  
5 department of taxation for administrative purposes.

6 (b) The working group shall assess and make  
7 recommendations on the best practices to enforce the transient  
8 accommodations tax, including a mechanism to ensure collection  
9 from all transient accommodations subject to the tax.

10 (c) The working group shall consist of the following  
11 members:

12 (1) The director of taxation, or the director's designee,  
13 who shall serve as chair of the working group;

14 (2) One representative from each county department  
15 responsible for transient accommodation tax  
16 collection;

17 (3) A representative from the hotel and lodging industry,  
18 to be invited by the chair of the working group;

19 (4) A timeshare operator, to be invited by the chair of  
20 the working group;





(5) A representative from a short-term rental organization, to be invited by the chair of the working group; and

(6) Other relevant individuals, to be invited by the chair of the working group.

(d) The working group shall submit a report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2026.

### PART III

SECTION 5. The legislature finds that pasture leases are managed by ranchers to contribute to food security, economic resilience, soil health, and other ecosystem services. This beneficial land use should be supported for continued agricultural land stewardship under the management of the department of agriculture.

The purpose of this part is to require the department of land and natural resources to transfer agricultural leases under its jurisdiction to the department of agriculture.

SECTION 6. Agricultural leases under the jurisdiction of the department of land and natural resources shall be



1 transferred to the department of agriculture for the continued  
2 use of agriculture and land stewardship.

3 PART IV

4 SECTION 7. The department of land and natural resources  
5 shall submit a report to the legislature no later than twenty  
6 days prior to the convening of the regular sessions of 2026 and  
7 2027 on each project funded through section 8 of this Act. The  
8 report shall contain the following information:

- 9 (1) Progress and outcomes of each project;  
10 (2) The total project cost;  
11 (3) Benefits to visitors; and  
12 (4) How the project protected, restored, or enhanced  
13 Hawaii's natural resources and its unique and  
14 vulnerable ecosystem during the previous fiscal year.

15 SECTION 8. There is appropriated out of the general  
16 revenues of the State of Hawaii the sum of \$ or so  
17 much thereof as may be necessary for fiscal year 2025-2026 and  
18 the same sum or so much thereof as may be necessary for fiscal  
19 year 2026-2027 for projects that:

- 20 (1) Protect, restore, or enhance the State's natural  
21 resources, including native forests, native plants and



1 animals, aquatic resources, coastal lands, and  
2 freshwater resources, and promote economic development  
3 relating to the tourism industry;

4 (2) Address climate change impacts, including projects  
5 that mitigate, adapt to, or increase resiliency  
6 against climate change; these projects may include  
7 vegetation management to reduce wildfire risk, coastal  
8 environmental management and restoration, or watershed  
9 restoration to reduce flooding and enhance water  
10 management;

11 (3) Promote sustainable tourism models and destination  
12 management to reduce visitor impacts on the natural  
13 environment; or

14 (4) Ensure that the State's natural resources are  
15 maintained for future visitors;

16 provided that the department of land and natural resources may  
17 utilize these funds for consultants, personnel, contracts, and  
18 administrative costs required to develop and implement these  
19 projects; provided further that the department of land and  
20 natural resources shall consult with the Hawaii tourism  
21 authority and the respective county on tourism-related projects.



1       The sums appropriated shall be expended by the department  
2 of land and natural resources for the purposes of this part.

3                               PART V

4       SECTION 9. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6       SECTION 10. This Act shall take effect on July 1, 3000.



**Report Title:**

DLNR; DOA; Department of Budget and Finance; Department of Transportation; Transient Accommodations Tax; Minimum Tax; Increase; Natural Resources; Working Group; Fees; Reports; Appropriations

**Description:**

Amends the transient accommodations tax rate beginning on 1/1/2027. Beginning 1/1/2027, requires collection of a monthly tax of \$20 per passenger per port entry or any commercial passenger vessel at any port facility under the jurisdiction of the department of taxation. Establishes a Transient Accommodation Tax Enforcement Working Group. Requires the transfer of all agricultural leases under the jurisdiction of the Department of Land and Natural Resources to the Department of Agriculture. Appropriates funds to the Department of Land and Natural Resources for certain environmental stewardship projects. Requires reports to the Legislature. Effective 7/1/3000. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

