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# A BILL FOR AN ACT

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 the  
6       State's vibrant ecosystems but, as actors within these  
7       ecosystems, the people of Hawaii as well. To ensure the health,  
8       safety, and well-being of Hawaii's lands, waters, and people,  
9       successful mitigation of and adaptation to climate change is  
10      imperative.

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



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

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

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

18 Accordingly, the purpose of this Act is to address the  
19 impacts of climate change and tourism on the State and mitigate  
20 further impacts by authorizing the funding of resiliency  
21 projects by:



- (1) Increasing the transient accommodations tax; and
- (2) Requiring the governor to request in the budget or supplemental budget submitted to the legislature pursuant to section 37-71 or 37-72, Hawaii Revised Statutes, that an amount of general funds equal to per cent of the moneys collected pursuant to chapter 237D, Hawaii Revised Statutes, be expended to advance specific projects that address climate change and tourism impacts.

SECTION 2. Chapter 37, Hawaii Revised Statutes, is amended by adding a new section to part IV to be appropriately designated and to read as follows:

**"§37-\_\_\_\_\_ Climate change and tourism impacts; projects; budget request. The governor shall request, in the budget or supplemental budget submitted to the legislature pursuant to section 37-71 or 37-72, that an amount of general funds equal to per cent of the moneys collected pursuant to chapter 237D be expended to advance specific projects that address climate change and tourism impacts, including projects that mitigate, adapt to, or increase resiliency to climate change and tourism."**



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

1. By amending subsection (a) to read:

"(a) There is levied and shall be assessed and collected each month a tax of:

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

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

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

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

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

(6) \_\_\_\_\_ per cent for the period beginning on January 1, 2026, and thereafter;

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

2. By amending subsection (c) to read:



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

4       (1) 7.25 per cent on the fair market rental value until  
5       December 31, 2015;

6       (2) 8.25 per cent on the fair market rental value for the  
7       period beginning on January 1, 2016, to December 31,  
8       2016; ~~[and]~~

9       (3) 9.25 per cent on the fair market rental value for the  
10       period beginning on January 1, 2017, ~~[and thereafter.]~~  
11       to December 31, 2025; and

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

15       3. By amending subsection (e) to read:

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



1 the period beginning on January 1, 2026, to December 31, 2030;

2 provided 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  
10 248-2.7; 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 4. Statutory material to be repealed is bracketed  
6   and stricken. New statutory material is underscored.

7       SECTION 5. This Act shall take effect on July 1, 2050.



**Report Title:**

Governor; Transient Accommodations Tax; Budget; Supplemental  
Budget; Climate Change and Tourism Impacts; Projects

**Description:**

Beginning 1/1/2026, increases the Transient Accommodation Tax by an unspecified amount. Requires the Governor to request in the budget or supplemental budget submitted to the legislature for an amount of general funds equal to an unspecified percentage of the transient accommodations tax revenue be expended to advance specific projects that address climate change and tourism impacts. Effective 7/1/2050. (SD2)

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

