

STAND. COM. REP. NO.

1490

Honolulu, Hawaii

, 2025

MAR 21

RE: S.B. No. 1396
S.D. 3
H.D. 2

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committees on Tourism and Water & Land, to which was referred S.B. No. 1396, S.D. 3, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

beg leave to report as follows:

The purpose of this measure is to:

- (1) Amend the Transient Accommodations Tax rate beginning on January 1, 2027;
- (2) Beginning on January 1, 2027, require a \$20 Transient Accommodation Tax to be levied per night for each furnishing of a transient accommodation in exchange for points, miles, or other amounts provided through a membership, loyalty, or rewards program; and
- (3) Appropriate funds to the Department of Land and Natural Resources for the protection, management, and restoration of the State's natural resources.

Your Committees received testimony in support of this measure from the Office of the Governor; Department of Land and Natural Resources; Department of Business, Economic Development, and Tourism; Department of the Attorney General; Hawai'i State Energy

2025-2872 SB1396 HD2 HSCR HMSO



Office; Hawai'i Community Development Authority; Hawai'i Emergency Management Agency; Hawaii Green Infrastructure Authority; Hawai'i Climate Advisory Team; Hawai'i Ocean Legislative Task Force; The Nature Conservancy - Hawai'i and Palmyra; Hawaii Appleseed Center for Law & Economic Justice; Kua'āina Ulu 'Auamo; Mālama Learning Center; Coalition Earth; Hawai'i Land Trust; Hawai'i Reef and Ocean Coalition; Climate Protectors Hawai'i; Kauai Climate Action Coalition; Council for Native Hawaiian Advancement; Care for 'Āina Now Coalition; Kupu; Resources Legacy Fund; and numerous individuals. Your Committees received testimony in opposition to this measure from the Hawaii Mid and Short Term Rental Alliance; Maui Hotel & Lodging Association; Sheraton Maui Resort & Spa; Westin Maui Resort & Spa; Honu Hawaii Home LLC; Kohala Coast Resort Association; O'ahu Short-Term Rental Alliance; South Maui Fish Company; Grassroot Institute of Hawaii; Maui Chamber of Commerce; and numerous individuals. Your Committees received comments on this measure from the Office of the Governor - Recovery and Resiliency Unit; Department of Taxation; Department of Hawaiian Home Lands; Hawai'i Tourism Authority; Hawai'i Climate Change Mitigation and Adaptation Commission; Marriott International; Hawai'i Hotel Alliance; American Hotel & Lodging Association; Tax Foundation of Hawaii; Expedia Group; and two individuals.

Your Committees find that a strong commitment to environmental stewardship enhances Hawaii's reputation as a world-class destination for sustainable tourism. Your Committees further find that the approach adopted by this measure helps Hawaii maintain its competitive edge in the global tourism market while ensuring the long-term viability of its natural resources.

Your Committees have amended this measure by:

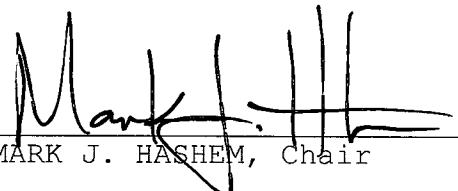
- (1) Assessing the Transient Accommodations Tax on cruise ship cabins based on the total time the cruise ship is docked at any port in the State but leaving the rate unspecified;
- (2) Deleting the requirement for a \$20 Transient Accommodation Tax to be levied per night for each furnishing of transient accommodations in exchange for points, miles, or other amounts provided through a membership, loyalty, or rewards program;

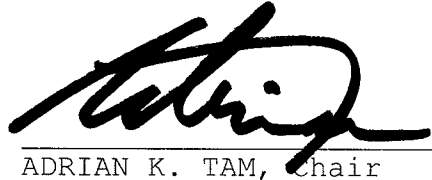


- (3) Adding environmental stewardship, climate and hazard mitigation, and sustainable tourism as additional uses for the appropriation to the Department of Land and Natural Resources; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Tourism and Water & Land that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1396, S.D. 3, H.D. 1, as amended herein, and recommend that it be referred to your Committee on Finance, in the form attached hereto as S.B. No. 1396, S.D. 3, H.D. 2.

Respectfully submitted on behalf of the members of the Committees on Tourism and Water & Land,


MARK J. HASHEM, Chair


ADRIAN K. TAM, Chair

