

EXECUTIVE CHAMBERS  
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA

**House Committee on Energy and Environmental Protection**

Tuesday, February 4, 2025

9:00 a.m.

State Capitol, Conference Room 325, and Videoconference

**In Support**

**H.B. No. 1077, Relating to Economic Development**

Chair Lowen, Vice Chair Perruso, and Members of the House Committee on Energy and Environmental Protection:

The Office of the Governor supports H.B. No. 1077, Relating to Economic Development. H.B. No. 1077 establishes the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund. The bill also increases the Transient Accommodations Tax beginning January 1, 2026, and allocates funds generated by the increase to the newly established funds.

Hawaii is experiencing a climate emergency. As an island chain, Hawaii is particularly susceptible to the effects of climate change, such as rising temperatures, prolonged droughts, and increasingly destructive and deadly weather events. In recognition of these impacts and their potentially life-threatening consequences, Governor Green, convened a Climate Advisory Team to develop and recommend climate-related disaster policies.

Among these policy recommendations is the establishment of a climate resilience fund to finance projects that increase Hawaii's preparedness for and mitigation of climate-related disasters. This bill establishes the Climate Mitigation and Resiliency Special Fund (CMRSF) to advance projects addressing the impacts of climate change, including projects that mitigate, adapt to, or increase resiliency against climate change. The placement of the special fund within the Department of Defense, the State's lead for hazard mitigation and disaster readiness, ensures that the fund is administered with an attentiveness to disaster preparedness and mitigation, and particularly the State's needs in these critical areas.

Although the Department of Defense will administer the CMRSF, it is not the sole entity responsible for vetting projects to receive funding from the CMRSF. Just as climate impacts are felt across the State, resiliency projects will affect and require cooperation across sectors. A diverse group of stakeholders, including representatives from the Departments of Business, Economic Development, and Tourism; Budget and Finance; Land and Natural Resources; and

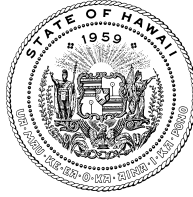
Transportation; as well as representatives of the public appointed by the Legislature will select projects for CMRSF funding to ensure selected projects reflect statewide needs and priorities.

The Economic Development and Revitalization Special Fund (EDRSF), administered by the Department of Business, Economic Development and Tourism, is essential to ensuring the long-term sustainability and competitiveness of Hawaii's resort and tourism areas, which are central to the state's economy. As climate change intensifies, rising sea levels, extreme weather events, and coastal erosion threaten the very foundations of these vital economic hubs. Without proactive investment in climate mitigation, adaptation, and resiliency efforts, Hawaii's tourism industry risks significant economic losses, infrastructure damage, and reduced visitor appeal. This fund will provide critical resources to enhance infrastructure resilience, support sustainable tourism initiatives, and implement strategic marketing efforts that highlight Hawaii's commitment to environmental stewardship. By integrating climate adaptation with economic revitalization, the state can safeguard its tourism industry while promoting a more sustainable and resilient future.

Given the scale of current and future climate impacts to Hawaii, the Climate Advisory Team advised allocating \$1.375 billion over the next five years to the climate resilience fund. To avoid placing an undue financial burden upon Hawaii residents, the team recommended increasing the Transient Accommodations Tax (TAT). The TAT is currently at a statewide minimum of 10.25 percent and is expected to generate an estimated \$1.054 billion in fiscal year 2024, according to the Department of Budget and Finance. By increasing the TAT rate by 1.75 percent to a total of 12.00 percent, the State could raise annual TAT revenue to an estimated \$1.234 billion. H.B. No. 1077 allocates in equal proportion the additional \$180 million generated per year to the two special funds. Utilizing increased TAT revenues to fund resiliency and economic development projects would couple visitor impacts to the State's natural and built resources to their continued financial support and longevity.

Climate mitigation and resiliency is essential to the health, safety, and wellbeing of Hawaii's islands and people. The tourism industry is essential to our economy. We must fund projects that will strengthen the State's ability to mitigate and adapt to the impacts of climate change without financially burdening Hawaii's residents. H.B. No. 1077 accomplishes these dual goals through establishing the Climate Mitigation and Resiliency Special Fund, the Economic Development and Revitalization Special Fund and processes to allocate these funds in a fair and transparent manner.

The Office of the Governor looks forward to continuing discussions on this bill. Thank you for the opportunity to provide testimony on this measure.



EXECUTIVE CHAMBERS  
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA

**House Committee on Energy & Environmental Protection**

Tuesday, February 04, 2025

9:00 a.m.

State Capitol, Conference Room 325 and Videoconference

**In Support**

**H.B. No. 1077, Relating to Economic Development**

Chair Lowen, Vice Chair Perruso, and members of the House Committee on Energy & Environmental Protection:

The Office of the Governor Recovery and Resiliency Unit supports H.B. No. 1077, Relating to Economic Development.

This measure represents a crucial step forward in strengthening our state's economic and environmental resilience. Resiliency projects play a vital role in reducing hazard vulnerability by proactively addressing risks associated with natural disasters and climate change. By implementing funds towards mitigation and resiliency efforts such as flood mitigation, hardening homes with retrofits, and infrastructure reinforcement, we can minimize the impact of severe weather incidents and other threats before they escalate into crises. These investments help protect lives, property, critical infrastructure, and the environment, ensuring that our communities are better equipped to withstand and recover from disasters.

A well-prepared community significantly reduces the time it takes to recover from disasters. By investing in proactive measures rather than reactive responses, we can minimize economic disruptions, protect jobs, and ensure that essential services are restored quickly. A shorter recovery period means less strain on government resources, a faster return to normalcy for residents, and a more resilient local economy.

There is great value in resiliency projects as these proactive investments can radically reduce risks. For instance, retrofitting homes to withstand environmental hazards are proven to be a cost-effective avenue to reduce risks. In wildfire prone areas, implementing fire mitigation strategies such as creating defensible space around properties or utilizing fire-resistant building materials can dramatically reduce the spread of wildfires.

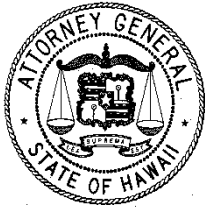
Similarly, in flood prone regions, elevating structures above expected flood levels or strategically relocating them to safer areas can prevent devastating losses. In hurricane prone areas, retrofitting homes to withstand high winds can be a simple, yet incredibly effective upgrade through installing hurricane clips and/or larger structure envelope hardening. These measures ensure that homes remain intact and reduce costly repairs and displacement of families including short-term sheltering and long-term interim housing. As communities become more resilient, they become more attractive to businesses which foster long term economic revitalization.

Despite the clear benefits of these resiliency projects, funding for such initiatives has traditionally been reliant on federal sources, particularly through the Federal Emergency Management Agency (FEMA) and other partners in the federal government. These funds are often nationally competitive in nature, require various matching funds, and can take years to secure and implement and with no guarantee our partners will secure funding. House Bill 1077 takes that step in addressing this gap by establishing a dedicated state level fund for climate mitigation and resiliency efforts. This will allow for a more strategic, long-term approach to resiliency planning and implementation.

To ensure the effective implementation of these resiliency initiatives, it is essential that a primary agency be designated to oversee the administration of these funds. This agency must possess the necessary expertise, be equipped with the appropriate resources, and ensure funds are allocated efficiently.

Hawai'i Office of Recovery and Resiliency (HI-ORR) supports this legislative measure to prioritize the advance of resiliency projects that will create a safer future for the people of Hawaii. Proactive investments in resilience today will greatly benefit generations to come.

If you have any questions on this testimony please contact Luke Meyers, Branch Chief HI-ORR and State Disaster Recovery Coordinator for the Maui Wildfires. Thank you for the opportunity to provide testimony on this measure.



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
KA 'OIHANA O KA LOIO KUHINA  
THIRTY-THIRD LEGISLATURE, 2025**

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 1077, RELATING TO ECONOMIC DEVELOPMENT.

**BEFORE THE:**

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

**DATE:** Tuesday, February 4, 2025      **TIME:** 9:00 a.m.

**LOCATION:** State Capitol, Room 325

**TESTIFIER(S):** Anne E. Lopez, Attorney General, or John E. Cole or  
Christopher J.I. Leong, Deputy Attorneys General

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Chair Lowen and Members of the Committee:

The Department of the Attorney General provides the following comments.

This bill would establish the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund, increase the Transient Accommodations Tax (TAT), and allocate a portion of the TAT to the two newly established special funds.

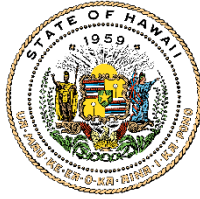
Section 2 of the bill would add a new chapter to the Hawaii Revised Statutes, which, among other things, would establish the Climate Mitigation and Resiliency Special Fund to be administered by the Department of Defense (page 4, line 16, to page 5, line 18). Included in the moneys to be deposited into the special fund are "[f]ees collected under this chapter or any rule adopted thereunder" (page 5, lines 1-2). However, the new chapter does not authorize the collection of fees. Accordingly, we recommend either deleting this provision or amending page 5, lines 19-21, to authorize the imposition and collection of fees through the adoption of rules:

**§ -4 Rules.** The adjutant general shall adopt rules pursuant to chapter 91 necessary for the purposes of this chapter[-], including for the imposition and collection of fees.

Thank you for the opportunity to provide comments.

JOSH GREEN, M.D.  
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621  
HONOLULU, HAWAII 96809

DAWN N.S. CHANG  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE  
MANAGEMENT

RYAN K.P. KANAKA'OLE  
FIRST DEPUTY

CIARA W.K. KAHAHANE  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE  
MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES  
ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

Testimony of  
DAWN N.S. CHANG  
Chairperson

Before the House Committee on  
ENERGY & ENVIRONMENTAL PROTECTION

Tuesday, February 4, 2025  
9:00 AM  
State Capitol, Conference Room 325 & Videoconference

In consideration of  
HOUSE BILL 1077  
RELATING TO ECONOMIC DEVELOPMENT

House Bill 1077 establishes the Climate Mitigation and Resiliency Special Fund (CMRSF) and the Economic Development and Revitalization Special Fund (EDRSF), increases the Transient Accommodations Tax, and appropriates funds. **The Department of Land and Natural Resources (Department) supports this measure.**

According to the Climate Advisory Team's (CAT) policy recommendations, Hawai'i's first line of defense against climate change threats is a thriving environment. The CAT report prioritizes invasive species removal to lessen wildfire risk and fortify natural protections such as native forested watersheds and wetlands against storms. Forests and wetlands dramatically reduce erosion and flooding by holding soil and increasing water infiltration. Protecting Hawai'i's native forests is a priority action to secure Hawai'i's water supplies, which are increasingly affected by drought. Forests absorb cloud moisture, increasing water capture up to 50% more than rainfall alone. These actions directly mitigate climate change impacts and improve Hawai'i's adaptation to a changing climate. A study commissioned by the Greenhouse Gas Sequestration Task Force identified forest protection as the food and land use solution with the most impactful emissions reduction.

The Department supports establishing both the CMRSF and the EDRSF to close the funding gap for managing Hawaii's natural resources. The CAT recommended that environmental investment and stewardship of public lands receive \$137.5 million per year.

Mahalo for the opportunity to testify on this measure.

**JOSH GREEN M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

Ka 'Oihana 'Auhau

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**GARY S. SUGANUMA**  
DIRECTOR

**KRISTEN M.R. SAKAMOTO**  
DEPUTY DIRECTOR

**TESTIMONY OF  
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

**TESTIMONY ON THE FOLLOWING MEASURE:**

H.B. No. 1077, Relating to Economic Development

**BEFORE THE:**

House Committee on Energy & Environmental Protection

**DATE:** Tuesday, February 4, 2025

**TIME:** 9:00 a.m.

**LOCATION:** State Capitol, Room 325

Chair Lowen, Vice-Chair Perruso, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 1077, an Administration measure, for your consideration.

H.B. 1077 amends the Transient Accommodation Tax (TAT) rate and distribution schedule under chapter 237D, Hawaii Revised States (HRS).

Section 4 increases the TAT rate from 9.25% to 12% under Section 237D-2, HRS, effective January 1, 2026. Of that 12%, 1% will continue to be allocated into the mass transit special fund. The remaining 11% will be distributed according to 237D-6.5, with any remaining monies being deposited into the general fund.

Section 5 amends 237D-6.5(b), HRS, by adding two new funds at the end of the prioritized distribution schedule. These new funds, established by this bill, will each receive 7.3% of the total TAT revenue.

This bill is set to take effect on July 1, 2025.

DOTAX can administer this bill as drafted.

Thank you for the opportunity to provide comments on this measure.



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**  
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI  
A HO'OMĀKA'IKA'I

**JOSH GREEN, M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR

**JAMES KUNANE TOKIOKA**  
DIRECTOR

**DANE K. WICKER**  
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
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Testimony of  
**JAMES KUNANE TOKIOKA**  
**Director**  
Department of Business, Economic Development & Tourism  
before the  
**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**  
Tuesday, February 4, 2025  
9:00 AM  
State Capitol, Conference Room 325

In consideration of  
**HB 1077**  
**RELATING TO ECONOMIC DEVELOPMENT.**

Chair Lowen, Vice Chair Perruso and members of the Committee.

Thank you for the opportunity to testify in **strong support** of HB1077, which establishes the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund, funded by an increase in the Transient Accommodations Tax.

Hawai'i remains one of the top destinations in the world because of our people, culture, and natural resources (beautiful oceans and beaches, amazing sea cliffs and coastlines, volcanic landscapes, and tropical rainforests, to name a few). Mitigating the impacts of our changing climate on our natural resources remains a critical objective to ensure current and future economic stability and growth for the state.

Equally important is the need to invest in our communities statewide to reduce the impacts of disasters, by ensuring a thriving environment, fortifying homes and promoting community resilience.

The Economic Development and Revitalization special fund enables the state to invest in much needed revitalization projects, shore up infrastructure within tourist districts and resort areas, implement resiliency and adaptations measures and provide funding for tourism marketing. It is our kuleana to take care of our fragile ecosystems



that keep Hawai'i a top travel destination by investing in the Economic Development and Revitalization Special Fund.

Thank you for the opportunity to testify in strong support of HB 1077.

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



STEPHEN F. LOGAN  
MAJOR GENERAL  
ADJUTANT GENERAL  
KA 'AKUKANA KENELALA

JAMES DS. BARROS  
ADMINISTRATOR OF  
EMERGENCY MANAGEMENT  
KAHU HO'OMALU PŪLIA

STATE OF HAWAII  
KA MOKU'ĀINA O HAWAI'I  
**DEPARTMENT OF DEFENSE**  
**KA 'OIHANA PILI KAUA**  
HAWAI'I EMERGENCY MANAGEMENT AGENCY  
4204 DIAMOND HEAD ROAD  
HONOLULU, HAWAI'I 96816-4420

STATE OF HAWAI'I  
DEPARTMENT OF DEFENSE  
HAWAI'I EMERGENCY MANAGEMENT AGENCY

TESTIMONY ON HOUSE BILL 1077,  
RELATING TO ECONOMIC DEVELOPMENT

BEFORE THE HOUSE COMMITTEE ON  
**ENERGY AND ENVIRONMENTAL PROTECTION**

BY

JAMES DS. BARROS  
ADMINISTRATOR  
HAWAI'I EMERGENCY MANAGEMENT AGENCY

FEBRUARY 4, 2025

Aloha Chair Lowen, Vice-Chair Perruso, and Members of the Committee:

Thank you for the opportunity to submit testimony to **SUPPORT** House Bill 1077.

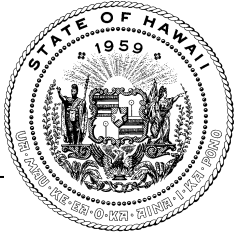
The Hawai'i Emergency Management Agency supports this bill as it provides crucial funding for resiliency and climate mitigation projects, which are vital for preparing Hawai'i for increasingly frequent and severe climate impacts. By establishing dedicated special funds, this measure ensures that the state can take swift and coordinated action to protect communities and ecosystems.

Additionally, this bill will strengthen Hawai'i's ability to prepare for and respond to climate-induced disasters, safeguarding public safety and minimizing future costs from climate-related damage.

This measure prioritizes climate resiliency in economic development projects, further ensuring that the state's infrastructure and tourism industries are better equipped to withstand future climate challenges; hence, HIEMA supports this measure, with the understanding that its passage will not negatively impact the priorities outlined in the Executive Budget.

Thank you for the opportunity to provide testimony on House Bill 1077.

James Barros: [james.barros@hawaii.gov](mailto:james.barros@hawaii.gov); 808-733-4300



# HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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**JOSH GREEN, M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR

**MARK B. GLICK**  
CHIEF ENERGY OFFICER

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Testimony of  
**MARK B. GLICK, Chief Energy Officer**

before the  
**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

Tuesday, February 4, 2025  
9:00 AM  
State Capitol, Conference Room 325 and Videoconference

In Support of  
**HB 1077**

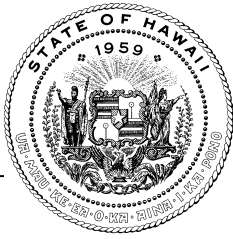
## **RELATING TO ECONOMIC DEVELOPMENT.**

Chair Lowen, Vice Chair Perruso, and members of the Committee, the Hawai'i State Energy Office (HSEO) supports HB 1077, an Administration measure, which establishes the Climate Mitigation and Resiliency Special Fund (CMRSF) and the Economic Development and Revitalization Special Fund (EDRS), increases the Transient Accommodations Tax (TAT) starting in 2026, and allocates funds generated by the increase to the newly established funds.

HSEO concurs with the Legislature's finding that immediate investments in climate change resilience and mitigation are needed to protect Hawai'i's economy and people. With a balanced approach, HSEO believes the TAT is an appropriate and effective vehicle to fund such investments given their long-term benefits to Hawai'i's visitor industry. HSEO stands ready to support the agencies tasked with administration of the CMRSF and EDRS, and the Selection Committee to review and recommend CMRSF investments; particularly those related to energy and transportation resilience.

As this is a fiscal issue, we defer to the appropriate agency for comment.

Thank you for the opportunity to testify.



**STATE OF HAWAII  
OFFICE OF PLANNING  
& SUSTAINABLE DEVELOPMENT**

**JOSH GREEN, M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR

**MARY ALICE EVANS**  
DIRECTOR

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WRITTEN TESTIMONY ONLY

Statement of  
**MARY ALICE EVANS, Director**

before the  
**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

Tuesday, February 04, 2025, 9:00 AM  
State Capitol, Conference Room 325

in consideration of  
**HB 1077**  
**RELATING TO ECONOMIC DEVELOPMENT.**

Chair Lowen, Vice Chair Perruso, and Members of the House Committee on Energy & Environmental Protection:

The purpose of HB 1077 is to establish the Climate Mitigation and Resiliency Special Fund, establish the Economic Development and Revitalization Special Fund, increase the Transient Accommodations Tax (TAT), and allocate the increased TAT funds to the aforementioned newly established special funds.

The Office of Planning and Sustainable Development (OPSD) **supports** this bill as the newly established special funds will help facilitate adaption to climate change, ensuring the health, safety, and wellbeing of the State's lands, waters, and people. Investing in a comprehensive and coordinated response to climate change will help to reduce current impacts, while also reducing future costs.

Thank you for the opportunity to testify on this measure.

**JOSH GREEN, M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT GOVERNOR



## **Hawaii Green Infrastructure Authority**

An Agency of the State of Hawaii

**JAMES KUNANE TOKIOKA**  
CHAIR

**GWEN S YAMAMOTO LAU**  
EXECUTIVE DIRECTOR

**Testimony of**  
**Gwen Yamamoto Lau**  
Executive Director  
**Hawaii Green Infrastructure Authority**  
before the  
**House Committee on Energy & Environmental Protection**  
Tuesday, February 4, 2025, 9:00 AM  
State Capitol, Conference Room 325  
in consideration of  
**House Bill No. 1077**  
**RELATING TO ECONOMIC DEVELOPMENT**

Chair Lowen, Vice Chair Perruso and Members of the Committee:

Thank you for the opportunity to testify in **strong support** of HB1077, which establishes the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund, funded by an increase in the Transient Accommodations Tax.

Serving as a member of the Climate Advisory Team over the past six months has heightened my awareness of the devastating impacts of disasters and underscored the importance of investing in pre-disaster preparedness to mitigate future losses and long-term recovery.

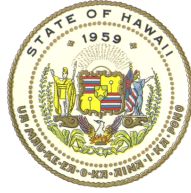
As an island state, we are at ground-zero for climate related disasters. Adding to our vulnerabilities are islanded grids, with the next closest land mass that will be able to provide much needed resources over 2,300 miles away.

The Climate Mitigation and Resiliency Special Fund will provide ongoing funding to (1) ensure a thriving environment by removing invasive plants that provide fuel for wildfires and fortify natural protections against hurricane and storm surges; and (2) increase resilience in our communities by fortifying homes susceptible to hurricanes and ensuring our communities are provided necessary resources and technical assistance through community based organizations to provide pre-disaster education (e.g., Hawaii Hazards Awareness and Resilience Program; Hawaii Wildfire Management Organization, etc.), planning and coordination to increase a community's readiness, in collaboration with local, state and federal agencies.

The Economic Development and Revitalization special fund enables the state to invest in much needed revitalization projects, shore up infrastructure within tourist districts and resort areas, implement resiliency and adaptation measures and provide funding for tourism marketing.

It is our kuleana to invest in our communities to mitigate the impacts of climate disasters as well as take care of our fragile ecosystems that keep Hawaii a top travel destination by investing in the Climate Mitigation and Resiliency and Economic Development and Revitalization Special Funds.

Thank you for this opportunity to testify in strong support of HB 1077.



STATE OF HAWAII  
HAWAII CLIMATE CHANGE MITIGATION & ADAPTATION  
COMMISSION  
POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Co-Chairs:**  
Chair, DLNR  
Director, OPSD

**Commissioners:**  
Chair, Senate AEN  
Chair, Senate WTL  
Chair, House EEP  
Chair, House WAL  
Chairperson, HTA  
Chairperson, DOA  
CEO, OHA  
Chairperson, DHHL  
Director, DBEDT  
Director, DOT  
Director, DOH  
Chairperson, DOE  
Director, C+C DPP  
Director, Maui DP  
Director, Hawaii DP  
Director, Kauai DP  
The Adjutant General  
Manager, CZM

**Testimony of  
LEAH LARAMEE  
Climate Change Coordinator on behalf of  
Climate Change Mitigation and Adaptation Commission Co-Chair Mary Alice Evans and  
Co-Chair Dawn N.S. Chang**

**Before the House Committee on  
ENERGY AND ENVIRONMENTAL PROTECTION**

**Tuesday, February 4, 2025  
9:00 AM**

**State Capitol, Conference Room 325 & Videoconference**

**In consideration of  
HOUSE BILL 1077  
RELATING TO ECONOMIC DEVELOPMENT**

House Bill 1077 establishes the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund and increases the Transient Accommodations Tax to fund it. **The Hawai'i Climate Change Mitigation and Adaptation Commission (Commission) supports this measure provided that its passage does not replace or adversely impact priorities indicated in the Executive Budget request and offers the following comments.**

The Commission consists of a multi-jurisdictional effort between 20 different departments, committees, and counties to protect the lives and livelihoods of the people of Hawai'i through accelerate climate action. This bill provides a sustainable funding mechanism to support climate actions across the state to mitigate and recover from the life-threatening impacts of climate change. Climate actions have been severely underfunded with expected costs rising each year of inaction.

The devastating fires of Lahaina, a singular event exacerbated by climate change, is expected to cost over \$12 billion dollars. Skyrocketing insurance premiums and mass exodus from insurance agents in vulnerable areas are a clear indication that we can no longer ignore the costly impacts of climate. A 2024 study shows that every \$1 spent on climate resilience and preparedness saves communities \$13 in damages, cleanup costs and economic impact.<sup>i</sup> An investment into climate mitigation and resilience is an investment into our people, economy and future.

The Commission’s “Grants to Projects Bridge” has identified unfunded climate projects totaling nearly \$1 billion annually. These projects were identified as needs by state agencies, included in state and county plans, and submitted by community members ready to implement climate resilience in their communities. The establishment and funding of this fund is an important strategy to close the gap between existing and needed funding for climate disaster preparation and recovery. This program would bolster the State’s existing investments in climate readiness.

Mahalo for the opportunity to testify in support of this measure.

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<sup>i</sup> <https://www.uschamber.com/security/the-preparedness-payoff-the-economic-benefits-of-investing-in-climate-resilience>



# Hawai'i Climate Advisory Team

To: Representative Nicole Lowen, Chair  
Representative Amy Perruso, Vice Chair  
House Committee on Energy & Environmental Protection

RE: **HB1077 - Relating to Economic Development - In Support with Amendments**  
Tuesday, February 4, 2025, 9 am, Conference Room 325, State Capitol

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee on Energy and Environmental Protection,

Mahalo for the opportunity to **support, with comments**, HB1077 relating to economic development. As members of the Governor's Climate Advisory Team (CAT), we believe the State must invest in bold actions to prepare for, mitigate, and adapt to the adverse impacts of climate change, which this bill would help achieve. This bill takes a major, important step in that direction, by establishing a clear mechanism to fund the critical resilience work that must be done to protect homes, businesses, and lives in the face of extreme weather disasters.

The CAT is a volunteer group, convened by Governor Green to develop community-informed policy recommendations to help make Hawai'i more resilient to natural disasters. The CAT published its findings and recommendations in a policy paper in January 2025, which provides detailed context for the measures we are supporting this legislative session. Our testimony, offering support and several friendly amendments, is largely based off of the research and findings encapsulated in our report.

As a State, we face increasingly devastating risks of climate-related disasters, yet we lack a reliable, consistent funding source for disaster mitigation and resiliency efforts. If it persists, this imbalance threatens significant harm to Hawai'i's families, communities, businesses, economy, and precious natural resources. While funding alone will not solve the challenges we face from disasters, the CAT emphasizes the fact that a coordinated approach for state climate resiliency requires sustained financial support from sources that do not exacerbate the cost of living crisis Hawai'i's families face.

The first of the two special funds proposed in these bills – the Climate Mitigation and Resiliency Special Fund – is essential for helping Hawai'i's communities mitigate the impacts of climate-related disasters. We strongly support the establishment of this fund and consider it among the most important steps that the State can take to address our recommendations. The CAT's analysis conducted over the last six





# Hawai'i Climate Advisory Team

months finds that increasing the Transient Accommodation Tax (TAT) to a total of 12 percent would provide a substantial and likely consistent funding stream for disaster resiliency and economic revitalization initiatives while minimizing any direct financial hit to residents and the most vulnerable populations of our state. While the stability of this revenue source is closely tied to visitor numbers which can vary, it is also tied to visitor impacts on the environment and our State's built infrastructure. More information is available in our [Policy Recommendations on Climate Disaster Resilience, Recovery and Funding](#).

Secondly, we support the Economic Development and Revitalization Special Fund to the extent that this fund also prioritizes climate change resilience and adaptation. While purposes 1,2, and 4 of this fund are outside of the direct scope of the CAT, we thank the legislature for also including "Climate change mitigation, adaptation, or resiliency" as one of the purposes of this fund.

Without taking a position on the agency placement of the Climate Mitigation and Resiliency Special Fund, we would recommend the following amendments:

(1) To the purpose clause: at Page 1, Line 13: **"The Climate Advisory Team was convened to develop and recommend climate-related disaster policies. Among the priority policy recommendations in their report released in January 2025 is the establishment of a climate resilience fund to finance projects that increase Hawaii's preparedness for and mitigation of climate-related disasters."**

(2) To the description of the Committee:

(a) Adding DHHL to the representation on the Committee; DHHL is our state's largest land manager other than DLNR, and will lend value given its expertise and mission.

Add to Page 4, after line 6: **"(6) the director of the department of hawaiian homelands;"** [renumber remaining sections]

(b) Specifying that at-large members possess expertise in climate science, climate change adaptation or resilience, climate related conservation or built environment resilience, or a combination thereof

Add to Page 4, line 11, after "provided that the two at-large members shall": **"possess expertise in climate science, climate change adaptation or resilience, climate related conservation or built environment**



# Hawai'i Climate Advisory Team

**resilience, or a combination thereof, and”** [continue with “be invited to . . .”]

(3) To the scope of the fund, clarifying that the fund will not only support state-agency based projects, but can also support projects led by non-governmental organizations

Add to Page 5, line 16, after “increase resiliency against climate change,” this sentence:  
**“Moneys from the fund may be used to support state-agency based projects, as well as projects led by non-governmental organizations.”** [continue with “Moneys may also be used for” . . .]

Hawai'i's tourism industry depends on our state's land and natural resources. Investing now to protect our natural environment and local communities from the devastating impacts of climate-related disasters will help ensure Hawai'i remains a desirable travel destination for visitors. The proposed increase to the TAT to fund statewide resiliency and economic development initiatives is fair because it accounts for the visitor industry's impact on state resources and avoids added financial burden to our most vulnerable residents.

Thank you for the opportunity to testify before your committee in **support** of HB1077.

With aloha,

The Climate Advisory Team



Testimony Before The  
House Committee on Energy & Environmental Protection (EEP)  
**IN SUPPORT OF HB1077**  
February 4, 2025, 9:00 a.m., Room 325 Via Videoconference

We are Olan Leimomi Fisher and Kevin Chang, Kua'āina Advocate and Executive Director, respectively, testifying on behalf of [Kua'āina Ulu 'Auamo \(or KUA\)](#). "Kua'āina Ulu 'Auamo" stands for "grassroots growing through shared responsibility," and our acronym "KUA" means "backbone." **Our mission is to connect and empower communities to improve their quality of life through the collective care for their biocultural (natural and cultural) heritage, serving as a "backbone organization" that supports creative, community-driven solutions to problems stemming from environmental degradation.** Hawai'i's biocultural resources continue to be negatively impacted by political, economic, and social changes, and the increasing dangers of climate change make fostering and empowering resilient communities acutely critical.

Currently KUA supports three major networks of: (1) over 40 mālama 'āina (caring for our 'āina or "that which feeds") community groups collectively referred to as E Alu Pū (moving forward together); (2) over 60 loko i'a (fishpond aquaculture systems unique to Hawai'i) and wai 'ōpae (anchialine pool systems) sites in varying stages of restoration and development, with numerous caretakers, stakeholders, and volunteers known as the Hui Mālama Loko I'a ("caretakers of fishponds"); and (3) the Limu Hui made up of over 50 loea (traditional experts) and practitioners in all things "limu" or locally-grown "seaweed." **Our shared vision is to once again experience what our kūpuna (ancestors) referred to as 'ĀINA MOMONA – abundant and healthy ecological systems that sustain our community resilience and well-being.**

**KUA supports HB1077 with amendments, as a step towards 'āina momona.**

This bill would increase the transient accommodations tax and allocate a portion to two newly established funds, the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund. We appreciate that the preamble of this bill acknowledges that "the community" is a key player and partner with the Department of Defense and others "to provide for the safety, security, and wellbeing of Hawaii's places and people."

However, similar to HB1076, missing from HB1077 is the understanding and recognition that Native Hawaiian cultural values and stewardship practices already hold many of the solutions to prevent and mitigate the climate crisis. Engaging our local communities in direct environmental management and governance, often in collaboration with our state agencies, is key to overcoming the many challenges of our changing climate. As such, **if this measure is passed, we strongly urge that a dedicated portion of the proposed Climate Mitigation and Resiliency Special Fund specifically support and empower community-based individuals, groups, and organizations as essential partners with governmental agencies and/or private businesses in restoring, protecting, and caring for our shared biocultural resources.**

We suggest amendments as follows to SECTION 2., § -3(b):

(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 resilience against climate change.~~ **including but not limited to, community-led projects utilizing traditional Native Hawaiian protocols and practices that mitigate, adapt to, or increase resilience against climate change.** Moneys may also be used for consultant, personnel, and administrative costs required to develop and implement the aforementioned projects.

**We appreciate the necessary, creative, and collaborative approaches our state supports that build up our incoming generations with intention, and in a way that benefits ongoing community efforts to support ecosystem regeneration.**

The communities we work with are committed to ensuring the long-term health of our biocultural resources. They have depended on them for generations. **We believe our environment, the foundation of our very existence, is about long-term investment and a vision of ‘āina momona.** To get there it requires greater self-sufficiency including development of innovative and sustainable career pathways, mindsets, relationships, and resource flows for mālama ‘āina efforts led by the communities doing the work on the ground. Passing this bill out of your Committee will open an essential ‘auwai system toward reaching this vision.

Mahalo for considering our testimony. Please **PASS** HB1077 with our suggested amendments.

**Aloha ‘Āina Momona no nā kau ā kau.**

# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

**SUBJECT:** TRANSIENT ACCOMMODATIONS, Establish two new special funds and increase the TAT to feed them

**BILL NUMBER:** HB 1077, SB 1396

**INTRODUCED BY:** HB by NAKAMURA by request, SB KOUCHI by request (Governor's Package)

**EXECUTIVE SUMMARY:** Establishes the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund. Beginning January 1, 2026, increases the Transient Accommodations Tax. Allocates funds generated by the increase to the newly established funds.

**SYNOPSIS:** Adds a new chapter to the HRS to establish a new Climate Mitigation and Resiliency special fund. 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.

Adds a new section to chapter 201, HRS, to establish a new Economic Development and Revitalization special fund. Moneys in the economic development and revitalization special fund shall be used for projects advancing: (1) Economic development or revitalization; (2) Infrastructure within tourism districts or resort areas; (3) Climate change mitigation, adaptation, or resiliency; and (4) Tourism marketing.

Amends section 237D-2, HRS, to increase the base rate of the transient accommodations tax and the transient occupancy tax from 9.25% to 11%. Increases the "transit period" rate of the tax to 12% until December 31, 2030.

Amends section 237D-6.5, HRS, to add two new earmarks to the TAT, redirecting 7.3% of revenue collections to each of the special funds established in this bill.

**EFFECTIVE DATE:** July 1, 2025.

**STAFF COMMENTS:** This is an Administration bill sponsored by the Office of the Governor and designated GOV-02 (25).

The 1989 Tax Review Commission noted that use of special fund financing is a "departure from Hawaii's sound fiscal policies and should be avoided." It also noted that special funds are appropriate where the revenues to the funds maintain some direct connection between a public service and the beneficiary of that service. The Commission found that special funds which merely set aside general funds cannot be justified as such actions restrict budget flexibility,

create inefficiencies, and lessen accountability. It recommended that such programs can be given priority under the normal budget process without having to resort to this type of financing.

Special funds are pots of money that exist for a specific purpose and largely bypass the legislative appropriation process. The existence of hundreds of these special funds has often confounded those who seek answers to simple questions like “How much money does the State have?”

Our Legislature is supposed to be the steward of all state moneys, but special funds make it very easy to lose track of where the money is and how it is being spent. Departments are supposed to tell the Legislature if they have special funds and how much is in them, but let’s just say they don’t always. Recently, in Report No. 20-01, the State Auditor took DBEDT to task for failing to report \$6.5 million in non-general fund moneys. DBEDT’s response? Just that they’ll “take corrective action.” Not even a “Whoops! We screwed up and promise to do better next time!” This followed closely on the heels of Report No. 19-16, where the Auditor found that \$1.04 million in non-general fund moneys administered by the Attorney General wasn’t reported. That department responded that they “shall establish procedures to assure required reports are issued.” Is it any wonder that it’s getting harder and harder to follow the money and rein in government spending?

Perhaps as the result of the foregoing concerns, the Legislature has itself established criteria for when a special fund may be maintained (HRS section 37-52.3). Those criteria are that the special fund:

- (1) Serves a need, as demonstrated by:
  - (A) The purpose of the program to be supported by the fund;
  - (B) The scope of the program, including financial information on fees to be charged, sources of projected revenue, and costs; and
  - (C) An explanation of why the program cannot be implemented successfully under the general fund appropriation process;
- (2) Reflects a clear nexus between the benefits sought and charges made upon the program users or beneficiaries or a clear link between the program and the sources of revenue, as opposed to serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process;
- (3) Provides an appropriate means of financing for the program or activity that is used only when essential to the successful operation of the program or activity; and
- (4) Demonstrates the capacity to be financially self-sustaining.

Here, there is no indication that the proposed funds can be financially self-sustaining. Furthermore, the nexus between the means of financing (tax on transient accommodations) and the programs/activities (climate resiliency or economic revitalization) is questionable at best. Establishing these special funds are thus inappropriate, as is the proposed method of financing the funds.

Digested: 1/30/2025



## HAWAI'I LAND TRUST

House Committee on Energy & Environmental Protection

Date: Tuesday, February 4, 2025

Time: 9:00 AM

Place: Via Videoconference & Conference Room 325

### **Re: SUPPORT – HB1077, Relating to Economic Development**

Aloha e Luna Ho'omalua Lowen, Hope Luna Ho'omalua Perruso, a me nā Lālā o ke Kōmike:

Hawai'i Land Trust **SUPPORTS** HB 1077, which establishes the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund. This measure recognizes the urgent need to address the impacts of climate change while also supporting the long-term health of Hawai'i's communities, natural resources, and economy.

Hawai'i faces increasingly severe climate impacts, including rising sea levels, prolonged droughts, and devastating natural disasters. These challenges not only threaten our natural and cultural resources but also undermine the resilience of our communities and the stability of our economy. HB 1077 creates a framework to proactively invest in projects that enhance climate resilience, protect ecosystems, and strengthen Hawai'i's economy in the face of these growing challenges.

The Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund provide essential tools to safeguard Hawai'i's future. By supporting projects that address climate risks and foster sustainable economic growth, this measure ensures that Hawai'i's communities can adapt and thrive for generations to come.

*I ola ka 'āina, ola kākou nei.* Healthy lands support thriving communities. HB 1077 is a critical step toward building a more resilient and sustainable Hawai'i.

Mahalo for this opportunity to testify,

**'Olu Campbell**

President and Chief Executive Officer





January 31, 2025

Representative Nicole Lowen, Chair  
Representative Amy Perruso, Vice Chair  
Committee on Energy and Environmental Protection  
House of Representatives  
Hawaii State Legislature

### **Opposition to HB1077**

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee on Energy and Environmental Protection,

Thank you for the opportunity to provide our testimony on HB1077.

Until the State of Hawaii and all four counties have shown that they are fairly and equitably collecting the full amount of Transient Accommodations Tax (TAT) and General Excise Tax (GET) that are legally due from **all** accommodations types – hotels, timeshares and short-term vacation rentals - the Kohala Coast Resort Association (KCRA) will consistently oppose any increases.

The KCRA conducts an economic and community impact report every two years. Through our attached 2024 report (based on 2023 data), we showed that the hotels and timeshares on the Kohala Coast paid the vast majority of the TAT collected from our island – more than \$75.7M. And yet, we represent only a portion of the hotels, timeshares, and short-term vacation rentals located on Hawaii Island.

Granicus/Host Compliance, which aggregates data from the hosting platforms and works with governments across the country to collect the taxes that are owed, has been delving into the impact of unpaid TAT in Hawaii. They have provided proposals to the State Department of Taxation, the City and County of Honolulu, and recently provided a report to Hawaii County leaders. They showed there were 8,700 unique short-term vacation rentals operating on our island as of November 2024, with an average daily rate of \$347/night.

With an average occupancy of 50%, based on DBEDT's vacation rental reports, if the TAT were equitably collected, those operators should have paid \$56.4M in TAT to the state, and \$16.5M in TAT to Hawaii County. And yet the budget line item for Hawaii County TAT for fiscal year 2023-24 was \$24M, \$17M of which was paid only by the members of the KCRA. **The math just doesn't add up.**

Before the Hawaii State Legislature considers raising the TAT for any purpose, we believe it needs to fully understand and collect the full amount of TAT and GET it is owed from **all** accommodations types. With that knowledge, you can then fully assess whether it is truly necessary to increase the TAT for this, or any other purpose.

Visitation to Hawaii is not a given. Visitors have more opportunities than ever before to visit destinations around the world. And Hawaii already has the reputation of having some of the highest visitor taxes in the world, as this article from the January 25, 2025 edition of Travel+Leisure attests - [What to Know About the Proposed Tourist Fee in Hawaii](#).

Before the Legislature moves forward with any increases that could negatively impact the economic driver of our state, it needs to make sure that all state agencies charged with collecting taxes and visitor fees are doing so to their full capacity. And it further needs to show visitors that the taxes they currently pay (TAT, GET, rental car fees, airport landing fees,

ocean tourism fees, parking fees at parks like Hapuna Beach State Park) are being collected, and used to address visitor impacts. With the vast majority of tax collections going into the state's general fund, there is no clear nexus.

On behalf our 5,500 employees and their 17,500 family members, we thank you for the opportunity to provide our comments in opposition to HB1077.

Sincerely,



Stephanie Donoho, Administrative Director

Craig Anderson, VP Operations, Mauna Kea Resort –President  
Pat Fitzgerald, CEO, Hualalai Investors – Vice President  
Charlie Parker, General Manager, Four Seasons Hualalai – Secretary  
Daniel Scott, Managing Director Rosewood Kona Village – Treasurer  
Chris Sessions, DOSM, Fairmont Orchid – Board of Directors  
Scott Head, VP Resort Operations, Waikoloa Land Company – Board of Directors  
David Givens, General Manager, Hilton Waikoloa Village – Board of Directors  
Rob Gunthner, Area VP Resort Operations, Hilton Grand Vacations – Board of Directors  
Pete Alles, Regional VP and GM, Mauna Lani, Auberge Resorts Collection – Board of Directors  
Mark Goldrup, General Manager, Waikoloa Beach Marriott – Board of Directors



## 2024 Executive Summary - KCRA Economic and Community Impacts

- ❖ The Kohala Coast consists of a twenty-mile stretch on the northwest shore of the Island of Hawaii. The Kohala Coast is a part of both the North Kona and South Kohala districts of Hawaii County. The KCRA was established in 1984 by the developers of the master-planned resorts along the Kohala Coast. Over the last 40 years, the KCRA has grown to include Hualalai, Waikoloa, Mauna Lani and Mauna Kea Resorts, as well as the hotel and timeshare management companies located within those resorts.
- ❖ KCRA members have invested billions of dollars in private funding to develop and maintain the infrastructure within the resorts, which are utilized and enjoyed by residents and visitors alike. These include roadways, water, wastewater, parks, restrooms, shopping centers, historic sites, interpretive signage, and community facilities.
- ❖ When combined, the amount paid by KCRA members for GET, TAT, property taxes, payroll for their employees, construction and renovation projects, marketing efforts, agricultural enhancements, and charitable donations sums to more than \$815 million for 2023 alone.
- ❖ KCRA members operate 2,718 hotel rooms and 1,229 timeshares. The resorts also contain 778 resort residential units, home to both full and part-time Hawaii residents, as well as legal short-term vacation rentals. KCRA resorts also include shopping centers, golf courses, spas, and restaurants representing more than 100 small businesses.
- ❖ KCRA members represent 5 of the top 10 private employers on the island according to *Pacific Business News*. Collectively KCRA members employ nearly 5,500 residents, supporting more than 17,000 community members.
- ❖ The average salary and benefits package for employees of KCRA member properties is nearly \$82,000 per year, with starting salaries for full-time positions in the mid-\$50K. Starting hourly rates for employees average more than \$17.50/per hour.
- ❖ The vast majority of KCRA members' employees live in zip codes neighboring the Kohala Coast (96738, 96740, 96743, 96755, 96727). Less than 8 percent of KCRA members' employees live in East Hawaii (from 2022 report).
- ❖ In 2023 KCRA members paid more than \$44.3 million in GET and **\$75.7 million in TAT to the State of Hawaii and County of Hawaii**. KCRA's members, as well as the businesses and residents within our resorts, paid nearly \$151 million in property taxes to Hawaii County in 2023, accounting for more than one-third of all property taxes.
- ❖ Member resorts have spent more than \$658 million on construction and renovations since 2020. We also welcomed back Kona Village, which had been a previous member, was destroyed by the 2006 tsunami, and came back online in 2023. These construction upgrades allow Hawaii County to keep its competitive advantage as a visitor destination, while creating numerous jobs for other residents statewide in the construction industry. During the next six years our members will invest nearly \$1 billion more, including major hotel renovations at Mauna Kea Beach Hotel, and the creation of the first affordable rental housing project within a resort footprint in the State of Hawaii, with the development of Kumu Hou at Waikoloa Resort.
- ❖ KCRA members actively participate in the Hawaii Island Destination Management Action Plan (DMAP) and have led efforts on Hawaiian cultural education programming for visitors; promotion of local agricultural products through their restaurants and retail outlets; as well as stewardship and maintenance of the natural resources along the coastlines where resorts are located. KCRA resort employees supplement the work of our first responders and emergency services with privately funded safety and security personnel and lifeguard programs benefiting visitors and residents alike. In addition, KCRA members actively participate in the marketing and management activities of the destination, supplementing the funding allocated to the Hawaii Tourism Authority and Island of Hawaii Visitors Bureau, spending nearly \$200 million in private funds in the last four years.

- ❖ KCRA is proud that the leadership teams for our hotels, timeshare management companies and resorts are comprised of hundreds of local residents. At seven of our member properties more than 40% of their managers are from Hawaii, with one property leading our efforts with 85% of its management team from the state.
- ❖ KCRA members are incredibly generous, collectively donating more than \$2 million annually to local non-profit organizations. One signature event, hosted at KCRA member properties, is the Hawaii Lodging and Tourism Association's annual Visitor Industry Charity Walk. Since its inception more than 40 years ago, the Charity Walk has raised nearly \$20 million for local charities, and new fundraising records are established each year.
- ❖ In addition to their substantial financial contributions, employees at KCRA member properties also volunteer thousands of hours annually to community organizations. As leaders within their respective resort communities, KCRA members also introduce part-time and full-time residents who live in their respective resorts to philanthropic opportunities across the island and the state. As a collective, we work hard to address the high cost of living for members of our community who fall into ALICE designations.
  - KCRA members regularly support the Hawaii Island Food Basket, Salvation Army food drives, and their chefs and culinary teams provide support for community meal programs, such as the one at St. James Episcopal Church in Waimea, which reaches more than 950 families each week.
  - KCRA members are highly invested in environmental causes including: Four Seasons Resort Hualalai's Legacy Trees initiative, where more than 65,000 koa trees have been planted to protect watersheds; Mauna Kea Resort's partnerships with the Nature Conservancy and Hawaii Island Land Trust; and Fairmont Orchid's partnership with the Waikoloa Dry Forest initiative. KCRA members' employees and family members regularly gather for beach and road cleanup projects all along the Kohala Coast.
  - Many KCRA members volunteer with different hula halaus, cultural clubs, sports teams and educational groups to showcase our island's diverse cultures and interests. Our members sponsor performances promoting the Hawaiian, Japanese, Portuguese, and Chinese cultures that make up our diverse island. We also host running, cycling, triathlons, paddling, golf, tennis and youth sports clinics and events.
  - Our KCRA team members serve on the board of directors for business, arts and cultural organizations; support educational, religious and community organizations; and even help defray the costs of education and home ownership, through our resident-driven ohana foundations.
- ❖ In addition to the arenas mentioned above, KCRA members provide vital support for other sectors including: retail – 3 shopping centers, restaurants, art galleries and pop-up small business incubators; services – real estate, architecture, landscape, interior design; special events – festivals, sports, weddings, photography, florists; natural resources stewardship - trails, bays, beaches, anchialine ponds, signage; and cultural preservation - historic sites, petroglyphs, and native Hawaiian cultural education programs.

### **Sustainable tourism management is exemplified by the members of the KCRA.**

Craig Anderson, VP Operations, Mauna Kea Resort –President  
 Pat Fitzgerald, CEO, Hualalai Investors – Vice President  
 Charlie Parker, General Manager, Four Seasons Hualalai – Secretary  
 Daniel Scott, Managing Director Rosewood Kona Village – Treasurer  
 Chris Sessions, DOSM, Fairmont Orchid – Board of Directors  
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 Rob Gunthner, Area VP Resort Operations, Hilton Grand Vacations – Board of Directors  
 Pete Alles, Regional VP and GM, Mauna Lani, Auberge Resorts Collection – Board of Directors  
 Mark Goldrup, General Manager, Waikoloa Beach Marriott – Board of Directors

**HB-1077**

Submitted on: 2/2/2025 11:44:26 AM

Testimony for EEP on 2/4/2025 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Barbara Richards	3 G International, Inc	Oppose	Written Testimony Only

Comments:

We strongly oppose this bill.

let God deal with the weather.

and let Humans live out their lives.

stop messing with Mother Nature.

opposing this bill STRONGLY



## HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

FEBRUARY 4<sup>th</sup>, 2025

### HB 1077, RELATING TO ECONOMIC DEVELOPMENT

POSITION: SUPPORT

Coalition Earth **supports** HB 1077, relating to economic development, which establishes the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund; beginning January 1, 2026; increases the Transient Accommodations Tax; and allocates funds generated by the increase to the newly established funds.

According to a report produced by the Hawai'i Climate Change Mitigation and Adaptation Commission, global sea levels could rise more than three feet by 2100, with more recent projections showing this occurring as early as 2060. In turn, over the next 30 to 70 years, approximately 6,500 structures and 19,800 people statewide will be exposed to chronic flooding. Additionally, an estimated \$19 billion in economic loss would result from chronic flooding of land and structures located in exposure areas. Finally, approximately 38 miles of coastal roads and 550 cultural sites would be chronically flooded, on top of the 13 miles of beaches that have already been lost on Kaua'i, O'ahu, and Maui to erosion fronting shoreline armoring.

As we work to reduce carbon emissions and stave off the worst consequences of climate change, we must begin preparing for the adverse impact of sea level rise on our shores. We are now quantifying the speed at which we must act. We cannot continue to develop the 25,800-acre statewide sea level rise exposure area—one-third of which is designated for urban use—without risking massive structural damage and, potentially, great loss of life.

Just two years ago, we witnessed the impact of the climate emergency on our shores. On August 8, 2023, wildfires swept across Maui and killed at least 100 people, making it one of the nation's deadliest natural disasters. The spread of the fires has been attributed to climate change conditions, such as unusually dry landscapes and the confluence of a strong high-pressure system to the north and Hurricane Dora to the south. The wildfires destroyed over 2,200 structures,

including numerous residential buildings, historic landmarks, and school facilities. In September 2023, a report from the United States Department of Commerce estimated the total economic damage of the wildfires to be roughly \$5.5 billion. Investing in renewable energy generation could not be more urgent, given the growing threat of climate catastrophes to our island home.

Therefore, **our state should take steps to accelerate our transition to a clean energy economy and continue our fight against climate change, including by implementing “green fees” that ensure our state’s visitors pay their fair share to sustain our ‘āina.** In 2019, Conservation International published a report on our need to boost funding to defend our islands’ natural resources. Entitled “Green Passport: Innovation Financing Solutions for Conservation In Hawai’i,” the report concluded that the state has an annual spending gap of \$358 million to sufficiently manage its natural environment. **A 2024 update to this figure for the Care for ‘Āina Now Coalition found that the gap has ballooned to \$580 million,** while our natural and cultural resources provide over \$6 billion in value to our economy each year.

New Zealand, the Maldives, Cancun, and Venice, and numerous other countries have green fee programs for visitors, which vary from \$1 per night to a \$100 entrance fee for the purpose of environmental conservation. **Palau’s per-tourist investment in its natural environment is \$92, New Zealand’s is \$188, and the Galapagos Islands’ is \$373. Hawai’i’s is just \$9 per tourist,** according to the Green Passport report. We need to catch up.

We are facing a similar gap when it comes to generating sustainable revenue to combat the worst effects of the climate emergency. In June of last year, the state reached a settlement agreement in the landmark case of *Navahine v. Hawai’i Department of Transportation*, in which Gov. Josh Green acknowledged the constitutional rights of Hawai’i’s youth to a life-sustaining climate and confirmed the commitment by HDOT to plan and implement transformative changes to Hawai’i’s transportation system to achieve the state’s goal of net-negative emissions by 2045. The agreement included numerous provisions for climate action, such as:

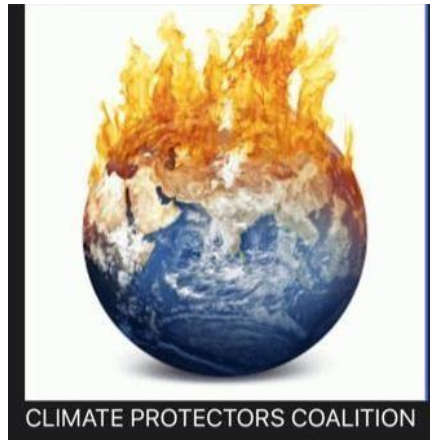
- Establishing a Greenhouse Gas Reduction Plan within one year of the agreement, laying the foundation and roadmap to decarbonize Hawai’i’s transportation system within the next 20 years;
- Creating a lead unit and responsible positions within HDOT to coordinate the mission of GHG reduction throughout the agency; oversee climate change mitigation and adaptation for the highways program; and ensure implementation of the Complete Streets policy of building and upgrading public highways for all users, ages, and abilities;
- Establishing a volunteer youth council to advise on HDOT mitigation and adaptation commitments in the years to come;
- Improving the state transportation infrastructure budgeting process to prioritize reduction of GHG and vehicles miles traveled (VMT) and transparently analyze and disclose the GHG and VMT impacts of each project and the overall program; and
- Making immediate investments in clean transportation infrastructure, including completing the pedestrian, bicycle, and transit networks in five years, and dedicating a minimum of \$40 million to expanding the electric vehicle charging network by 2030.

On January 28<sup>th</sup>, Gov. Green issued an executive order to promote and expedite the development of renewable energy in our state. Amidst uncertainty regarding renewable energy policy created by the Trump administration and concerns over grid stability across the state, the order accelerates renewable development for neighbor island communities to hit 100 percent renewable portfolio standards from 2045 to 2035, sets a statewide goal of 50,000 distributed renewable energy installations (such as rooftop solar and battery systems) by 2030, and directs state departments to streamline the permitting of renewable developments to reduce energy costs and project development timelines.

These ambitious actions are essential to the preservation of our state's and our keiki's future. We must ensure that funding is available to meet our obligation to safeguard our planet from the climate catastrophe for generations to come.

*Coalition Earth is a nongovernmental organization that works to preserve the well-being of people and our planet. We champion policies that advance climate resilience, clean energy, public health, and economic fairness for working families. Contact us at [info@coalitionearth.org](mailto:info@coalitionearth.org).*





To: The Honorable Representative Nicole Lowen, Chair, the Honorable Amy Perruso, Vice Chair, and Members of the Committee on Energy and Environmental Protection.

From: Climate Protectors Hawai'i (by Ted Bohlen)

Re: Hearing HB1077 RELATING TO ECONOMIC DEVELOPMENT

Hearing: Tuesday February 4, 2025 9:00 a.m.

Aloha Chair Lowen, Vice Chair Perruso, and Energy and Environmental Protection Committee Members:

The mission of the Climate Protectors Hawai'i is to educate and engage the local community in climate change action, to help Hawai'i show the world the way back to a safe and stable climate.

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### **The Climate Protectors Hawai'i STRONGLY SUPPORTS HB1077!**

Hawai'i is experiencing a **climate emergency! The effects of climate warming are here now and will increase in the future!** From the April 2018 rain bomb in Kauai to the catastrophic August 2023 fire in Lahaina, to droughts, floods, and more intense storms and more invasive species, **climate warming will necessitate greater reserves for the increased level of disasters. We need to invest now in efforts to limit and adapt to climate effects and become more resilient against both current and future climate impacts.**

This bill would establish the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund. It would increase the Transient Accommodations Tax from 10.25 per cent to 12 per cent from 2026 through 2030. Of the total revenue collected under Hawaii Revised Statutes, section 237D-2, 7.3 per cent shall be allocated to each of the two newly established Special Funds. \$50 million is appropriated to each Special Fund. \$90 million shall be appropriated out of each Special Fund for fiscal year 2025-2026 and again in fiscal year 2026-2027

to advance projects addressing climate change impacts and resilient economic development and revitalization, respectively.

All earned interest Moneys in the Climate Mitigation and Resiliency Special Fund shall be used for projects that mitigate or adapt to climate change impacts, or increase resiliency. The bill appropriates up to \$60 million in fiscal year 2025-2026 and \$60 million in fiscal year 2026-2027.

Climate Protectors Hawaii also supports the funding in HB1076 that allocates all earned interest from the Emergency and Budget Reserve Fund to the Climate Mitigation and Resiliency Special Fund. .

**Please pass this bill to provide critical funding to mitigate the impacts and costs of climate warming and make Hawaii more resilient against climate warming.**

Mahalo!

Climate Protectors Hawai'i (by Ted Bohlen)

**TESTIMONY OF PACIFIC WHALE FOUNDATION**

HOUSE OF REPRESENTATIVES  
COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION  
TUESDAY, FEBRUARY 4, 2025  
9:00 AM

**IN SUPPORT OF HOUSE BILL HB1077**

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee,

Pacific Whale Foundation (PWF), a nonprofit organization dedicated to protecting the ocean through science and advocacy and inspiring environmental stewardship, strongly supports HB1077, which would create and fund the climate mitigation and resiliency special fund by increasing the transient accommodation tax.

Hawai'i is experiencing a climate emergency, and the state needs dedicated funding to address climate change mitigation and adaptation opportunities. Rising sea levels, increasing wildfires, coastal erosion, stronger hurricanes and coral bleaching all threaten our natural ecosystems as well as our economy, infrastructure and local communities. Hawai'i currently lacks dedicated funding to address climate change in a reliable and impactful manner. The creation of this Climate Mitigation and Resiliency Special Fund will ensure that the state can invest in proactive solutions rather than relying on reactive, piecemeal funding.

Tourism is an important driver of our economy, but tourism itself contributes to climate change. The use of TAT revenue to fund this work is a logical way to ensure that visitors contribute to Hawai'i's long term sustainability and help to mālama the ecosystems and communities that make Hawai'i a beloved and vibrant destination.

Pacific Whale Foundation recognizes climate change as one of the five major threats to whales, dolphins and all marine life. Without immediate and continued action to address climate change our ecosystems could collapse bringing devastating environmental and economic consequences. This legislation will allow the state to become a leader in climate resilience and preserve its natural and cultural heritage for generations to come.

We urge the committee to pass HB1077 to ensure that Hawai'i has dedicated resources needed to protect our communities, ecosystems and economy. Mahalo for your leadership on this critical issue and for considering the testimony of Pacific Whale Foundation and its supporters.

Sincerely,



Dayna Garland  
Interim Executive Director



Susan Frett  
Conservation Director



Protecting the ocean through science and advocacy, inspired by environmental stewardship



# Care for 'Āina Now Coalition

February 4, 2025

House Energy and Environmental Protection Committee  
Chair Lowen  
Vice Chair Perruso  
Members of the Committee

Re: The Imperative of Allocating Adequate Funding to Protect Natural Resources  
Support HB 1077, Relating to Economic Development

Aloha!

Thank you for the opportunity to comment in support of HB 1077, relating to economic development, with our request for amendments. While we support the direction of this measure, we wish to work collaboratively with policy leaders to strengthen the potential impact this measure.

The Care for 'Āina Now Coalition is composed of individuals and organizations dedicated to improving the management and protection of Hawai'i's natural resources for the benefit of our communities, economy, and environment. While we recognize the intent of this bill and its potential benefits, we also offer recommendations to ensure that it fully meets the urgent needs of our state. The growing impacts of climate change, including wildfires and severe flooding--in addition to the impacts of over-tourism--demand bold action, and we urge the legislature to make meaningful, long-term investments in safeguarding our island home.

At its core, our recommendation is for Hawai'i to significantly increase funding for natural resource management and restoration. Studies indicate that an additional \$560 million annually is required to address the current budget shortfall in protecting our islands from environmental threats. Without adequate investment, we will continue to see devastating wildfires, damaging floods, loss of biodiversity, and degradation of vital ecosystems. This measure represents an opportunity to help close this funding gap and build a more resilient future. However, we encourage the legislature to ensure that the proposed mechanisms in this bill align with the scale of our challenges and provide stable, long-term funding sources.

Specifically, we are requesting that:

- The Fund established by this bill be under the purview of the Department of Land and Natural Resources instead of the Department of Defense and attach it administratively. The committee should be responsible for management.

Page Two  
February 4, 2025

- Legislators ensure that the Fund can provide financial support to DLNR *and* DHHL.
- The measure explicitly authorize funding for community projects and nonprofit partnerships.
- Language is added affirming Native Hawaiian claims to Public Land Trust revenue.
- The fund prioritize projects that address climate resilience alongside other fund purposes.

In addition, we request that the committee include DHHL, the Office of Hawaiian Affairs, and the Office of Planning and that at-large members to have expertise in climate science, adaptation, or resilience.

Hawai'i's natural resources are the foundation of our islands' health, safety, and economic well-being. Clean water, healthy forests, intact coral reefs, and stable coastlines are not luxuries—they are necessities for our survival that protect our communities from wildfire, coastal storm surge, and flooding and storm-related erosion events. We commend the legislature for its past leadership, particularly in declaring a climate emergency, and urge continued action to implement policies that translate this declaration into concrete solutions. This bill is a step in the right direction, but more must be done to create a sustainable and adaptive framework for environmental stewardship.

Legislators have a unique responsibility to enact policies that uphold our ethical duty to protect the environment now and for future generations. We encourage the committee to strengthen this measure by incorporating provisions that ensure transparent and equitable allocation of resources, prioritize community-led conservation efforts, and include accountability measures to track progress. Meaningful collaboration with local organizations and Indigenous knowledge holders will also be key to achieving the bill's goals.

In closing, we appreciate the opportunity to provide comments on House Bill 1077. We urge the legislature to use this measure as a foundation for further action, ensuring that Hawai'i commits the necessary investments to protect our islands. By doing so, we honor our kuleana to safeguard our natural heritage for all who call this place home—now and in the future.

Thank you for the opportunity to comment on this measure.

Feb. 4, 2025, 9 a.m.  
Hawaii State Capitol  
Conference Room 325 and Videoconference

**To: House Committee on Energy & Environmental Protection**  
**Rep. Nicole E. Lowen, Chair**  
**Rep. Amy A. Perruso, Vice Chair**

**From: Grassroot Institute of Hawaii**  
**Ted Kefalas, Director of Strategic Campaigns**

RE: TESTIMONY IN OPPOSITION TO HB1077 — RELATING TO ECONOMIC DEVELOPMENT

Aloha Chair, Vice-Chair and other members of the Committee,

The Grassroot Institute of Hawaii would like to offer its comments **in opposition** to [HB1077](#), which would increase the current state transient accommodations tax rate by approximately 17%, from 10.25% to 12%, , with the revenues from the tax increase to be directed to special funds intended to focus on climate, resiliency and economic revitalization projects.

Support for a TAT increase is often based on the faulty notion that the effect of the tax hike will fall exclusively on tourists. However, the TAT also directly affects Hawaii residents who need to stay in local transient accommodations when traveling interisland or simply seeking to enjoy a “staycation.”

Beyond that, a large body of research demonstrates that increasing taxes on tourists can also affect both the competitiveness of Hawaii's tourism industry and the health of local businesses that depend upon tourism dollars — which means the tax affects most, if not all, Hawaii residents, albeit in many cases indirectly.

A 2017 European Union study on the impact of taxation on tourism in Europe found that high tourism taxes, passed on to tourists through higher prices, affected the competitiveness of particular destinations.<sup>1</sup> Coastal

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<sup>1</sup> PricewaterhouseCoopers LLP, “[The Impact of Taxes on the Competitiveness of European Tourism](#),” European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, October 2017.

and leisure destinations in particular were most adversely affected by increases in tourism taxes, especially compared to locations that were more focused on business travelers.

In addition, occupancy taxes similar to Hawaii's TAT were singled out as inequitable and especially frustrating to tourists. The EU study recommended that countries that depend heavily on tourism should reduce their tourism taxes in order to increase competitiveness.

Even unique destinations are not immune from the effect of taxation on international arrivals. A study of the Maldives, a country that earns as much as 70% of its revenue from tourism taxes, found that a 10% increase in tourism taxes — an amount significantly lower than the increase contemplated in this bill — reduces demand by 5.4%.<sup>2</sup>

To put it plainly, increasing tourism taxes decreases the number of visitors.

In addition, policymakers cannot assume that tourism taxes will not have an additional effect on visitor spending. It is common sense to assume that tourists will compensate for higher tourism taxes by adjusting their budgets and spending less on dining, activities or shopping.

This is borne out by a study of the effect of an air passenger duty on the budget allocations of United Kingdom tourists. The study found that tourists compensated for the higher taxes by decreasing destination expenditures on items such as accommodations and food.<sup>3</sup>

Thus, increasing tourism taxes will ultimately hurt Hawaii's restaurants, stores and hotels, as tourists decrease their expenditures to compensate for the state's higher taxes.

This is on top of the fact that Hawaii already has some of the world's highest tourism taxes,<sup>4</sup> making any additional hike a threat to the continued health of the industry and the businesses that depend on it.

Tourism is such a critical part of the state's economy that even industries that are not directly linked to tourism are linked to businesses that are.

In addition, as I mentioned earlier, we should not ignore the fact that tourists are not the only ones who pay the TAT. For example, neighbor island residents who stay on Oahu for medical care, or families in need of a

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<sup>2</sup> Festus Fatai Adedoyin, Neelu Seetaram and George Filis, "[The Effect of Tourism Taxation on International Arrivals to a Small, Tourism-Dependent Economy](#)," Journal of Travel Research, Vol. 62, Iss. 1, pp. 135-153.

<sup>3</sup> Haiyan Song, Neelu Seetaram and Sunh Ye, "[The effect of tourism taxation on tourists' budget allocation](#)," Journal of Destination Marketing and Management, March 2019, pp. 32-39.

<sup>4</sup> Alison Fox, "[These Cities — Including 3 in the U.S. — Have the Most Expensive Tourist Taxes in the World, Study Shows](#)," Travel + Leisure, Aug. 12, 2022.

temporary dwelling after a natural disaster, must book either a hotel or a short-term rental. Likewise, medical professionals must stay somewhere while temporarily practicing in Hawaii.

In other words, a TAT increase will have a negative effect on the health of the state's tourism industry, its economy and the cost of living in general.

The worthiness of the purpose to which the proposed tax increase would be put would not negate the effect of that increase. If anything, it should prompt more careful analysis of the programs that would benefit from the tax revenues. Initiatives that use taxpayer money to support programs to help the environment or promote revitalization should be open to the scrutiny and accountability that accompany direct allocation from the general fund.

Finally, there is a certain irony in funding government programs aimed at "economic revitalization" via a tax that will burden Hawaii businesses. The last thing Hawaii's economy needs is more taxes, regulation or special funds.

Thank you for the opportunity to testify.

Ted Kefalas  
Director of Strategic Campaigns  
Grassroot Institute of Hawaii



**HB-1077**

Submitted on: 1/28/2025 6:25:18 PM

Testimony for EEP on 2/4/2025 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jacqueline S. Ambrose	Individual	Support	Written Testimony Only

Comments:

YES to - Establishes the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund.

Beginning January 1, 2026, increases the Transient Accommodations Tax. Allocates funds generated by the increase to the newly established funds.

**HB-1077**

Submitted on: 2/1/2025 5:48:15 AM

Testimony for EEP on 2/4/2025 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Bradley Kuo	Individual	Support	Written Testimony Only

Comments:

Support

**HB-1077**

Submitted on: 2/1/2025 7:53:45 AM

Testimony for EEP on 2/4/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Haythem Abid	Individual	Oppose	Written Testimony Only

Comments:

Haythem Abid  
5050 Lawai Road  
Koloa, Hawai'i 96756  
abidhaythem@gmail.com  
310-906-8525  
2/1/2025

House Committee on Energy & Environmental Protection  
Hawai'i State Capitol  
415 South Beretania Street  
Honolulu, HI 96813

**Subject: Opposition to HB1077 – Establishment of Climate Mitigation and Economic Revitalization Special Funds**

Dear Chair and Members of the Committee,

I am writing to express my strong opposition to **HB1077**, which seeks to establish two new special funds for climate mitigation and economic revitalization. While I acknowledge the importance of these issues, this bill will only exacerbate the already overwhelming financial burden placed on Hawai'i property owners and small business operators.

Hawai'i already has some of the **highest tax burdens in the country**, including:

- **Transient Accommodations Tax (TAT)**, which makes vacation rentals increasingly costly and less competitive.
- **General Excise Tax (GET)**, which affects every business transaction and adds to the rising cost of living.
- **Property taxes**, which continue to rise, placing additional strain on homeowners and rental property owners.

Furthermore, the **TAT was recently increased to 10.25%**, which should already be sufficient to cover any necessary funding for climate mitigation and economic revitalization. Implementing additional taxes or special funds is unnecessary and places an excessive burden on taxpayers.

Additionally, it does not make sense to introduce a new tax without having a **specific plan with a defined budget** to ensure proper allocation and effectiveness of the funds.

A recent report from the **\*\*Department of Business, Economic Development & Tourism** (**\*\*<https://beatofhawaii.com/why-hawaii-vacation-rentals-plummeted-to-52/>**) indicates that **Hawai'i vacation rentals plummeted to 52% compared to 2019**, primarily due to the high **TAT and GET taxes** that are being passed on to visitors. Hawai'i has already become too expensive as a travel destination. If we want to generate more revenue, we should **encourage more tourism rather than increasing taxes**, allowing more visitors to come and pay the current **10.25% TAT**. Raising the **TAT to 12%** will likely result in even fewer tourists, ultimately reducing tax revenue instead of increasing it.

Instead of increasing taxes, the state should **focus on recovering the 52% of lost tourists by lowering tax rates and making Hawai'i a more affordable destination**. By attracting more visitors, we can generate **higher overall revenue without placing additional financial strain** on property owners and businesses.

This is the most logical solution to raising more money to the new special fund.

In addition to these taxes, vacation rental owners are facing **unprecedented financial challenges** due to:

- **Soaring HOA fees**, driven by increased maintenance costs and insurance rates.
- **Lack of state support** for vacation rental owners who contribute significantly to the local economy and tourism industry.

I urge you to **reject HB1077** and instead prioritize policies that provide relief to struggling homeowners, business owners, and taxpayers.

Thank you for your time and consideration.

Sincerely,  
Haythem Abid

**HB-1077**

Submitted on: 2/2/2025 8:09:30 AM

Testimony for EEP on 2/4/2025 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Candace Vizcarra	Individual	Oppose	Written Testimony Only

Comments:

STOP!!! This tax hike doesn't help our economy here in Hawaii. It will only deter tourists from spending less when they visit or stop them from visiting period!! STOP unnecessary spending in our state and start doing things the righteous way and without coating your own pockets for starters.... GOD sees it all!!

Concerned resident

**TESTIMONY IN OPPOSITION OF HB1077 RELATING TO ECONOMIC DEVELOPMENT.**

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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:	Establishes the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund. Beginning January 1, 2026, increases the Transient Accommodations Tax. Allocates funds generated by the increase to the newly established funds.

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Sunday, February 2, 2025

**To:** Rep. Nicole E. Lowen, Chair, Rep. Amy A. Perruso, Vice Chair, and Members of the Committee on Energy & Environmental Protection

**Hearing Date:** Tuesday, February 4, 2025 @ 9:00 A.M.

**PLACE:**

VIA VIDEOCONFERENCE  
Conference Room 325  
State Capitol  
415 South Beretania Street

**From:** Ronnie Inagaki

**Subject:** TESTIMONY IN OPPOSITION OF HB1077 RELATING TO ECONOMIC DEVELOPMENT.

Aloha Chair Lowen, Nicole E., Vice Chair Perruso, Amy A., and Members of the Committee,

Thank you for the opportunity to provide testimony on [Bill Title], which proposes increasing the Transient Accommodations Tax (TAT) and creating two special funds to address climate change and economic development. While I commend the intent of the bill to promote climate resilience and economic revitalization, I respectfully oppose this measure due to the potential **disproportionate burden it places on certain groups, particularly local families, as well as other concerns about its broader implications.**

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**Key Concerns**

**1. Disproportionate Burden on Local Families**

While the bill is framed as a means to generate additional revenue by targeting tourists with an increase in the TAT, it overlooks the reality that many local families also participate in staycations, making use of hotels and vacation rentals within Hawaii. These families, who already face high living costs, will now be burdened with an additional expense if they choose to vacation locally. This tax increase could make staycations unaffordable for many residents, depriving them of the

opportunity to enjoy the same islands they call home. Hawaii's residents already contend with some of the highest costs of living in the nation, from housing to groceries, and this measure could exacerbate their financial struggles. The proposed TAT increase would effectively penalize local families who seek a brief reprieve from their daily challenges by vacationing within the state. This unintended consequence undermines the spirit of fairness that should guide legislation.

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## **2. Impact on Tourism and Broader Economic Ripple Effects**

While the TAT increase is aimed at tourists, there is a risk that it could make Hawaii a less attractive destination, particularly when competing with other vacation options worldwide. Hawaii is already perceived as a high-cost destination, and further increasing costs—especially without clear measures to demonstrate value to visitors—may discourage tourism. A decline in visitor arrivals could have significant ripple effects on the local economy, including small businesses, restaurants, and workers who depend on tourism for their livelihoods. Moreover, the bill assumes that the revenue generated by the TAT increase will outweigh any potential declines in visitor spending, a risky assumption given the volatility of the tourism industry. If tourism revenue falls short, the proposed funds could be underfunded, jeopardizing their long-term viability and the projects they aim to support.

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## **3. Lack of Equity in Fund Allocation**

The bill appears to prioritize funding projects primarily focused on tourism and economic revitalization in resort districts. While these projects may benefit the tourism industry, they offer little direct benefit to the broader community. Local residents, especially those living outside of major resort areas, may see minimal improvements to their daily lives, despite indirectly contributing to the funding through staycation-related TAT payments. Additionally, many of Hawaii's most pressing issues—such as affordable housing, public transportation, and education—remain unaddressed in this bill. Allocating such significant funding to tourism-related projects instead of tackling these urgent needs raises questions about whether the bill truly serves the interests of Hawaii's residents.

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## **4. Overreliance on a Volatile Funding Source**

The bill's reliance on TAT revenue as the primary funding source for its proposed special funds is problematic. The tourism industry is highly susceptible to external shocks, as demonstrated by the COVID-19 pandemic, natural disasters, and global economic downturns. If tourist arrivals decline, the funding for climate resiliency and economic revitalization projects will be directly impacted, leaving these critical initiatives vulnerable to interruptions. This overreliance on a single, volatile funding source is a risky strategy for addressing long-term challenges like climate change and economic development.

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## 5. Administrative Complexities and Oversight Concerns

The bill assigns significant administrative responsibilities to the Department of Defense (DOD) and the Department of Business, Economic Development, and Tourism (DBEDT), but it is unclear if these agencies currently have the capacity or resources to effectively manage the proposed funds. Without proper oversight, there is a risk of inefficiencies, delays, or even misuse of funds. Additionally, the governor's role in approving economic revitalization projects could create the perception of political influence in fund allocation, further eroding public trust.

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### Recommendations

Rather than increasing the TAT and creating new special funds, I urge the Legislature to consider alternative approaches to achieve the bill's goals while minimizing the financial burden on local families and ensuring equitable benefits for residents. Specifically:

1. **Conduct a Comprehensive Economic Impact Study:** Assess the potential impact of the TAT increase on both tourists and local residents, including its effects on visitor arrivals, staycations, and the broader economy.
  2. **Diversify Funding Sources:** Explore alternative funding mechanisms, such as carbon taxes, green bonds, or public-private partnerships, to reduce reliance on TAT revenue.
  3. **Prioritize Community Needs:** Ensure that a significant portion of the funds is allocated to projects that directly benefit local residents, such as affordable housing, public transportation, and community-based climate resilience initiatives.
  4. **Strengthen Oversight and Accountability:** Include provisions for independent audits, clear performance metrics, and regular public reporting to ensure transparency and trust in how funds are managed and spent.
- 

### Conclusion

While I support efforts to address climate change and promote economic development, I cannot support a measure that risks creating a disproportionate burden on local families and fails to adequately address the needs of Hawaii's residents. I respectfully urge the committee to reconsider this bill and explore more equitable and sustainable alternatives that balance the state's economic and environmental goals with the well-being of its people.

Mahalo for your time and consideration.

Sincerely,

Ronnie Inagaki



**HB-1077**

Submitted on: 2/2/2025 4:47:50 PM

Testimony for EEP on 2/4/2025 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Mike Buehler	Individual	Oppose	Written Testimony Only

Comments:

I feel the TAT is too high already. We depend so much on tourism. Let's not drive them away by making it so expensive to come here. People will choose Mexico or Arizona over us.

**HB-1077**

Submitted on: 2/2/2025 5:28:21 PM

Testimony for EEP on 2/4/2025 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Kristy	Individual	Oppose	Written Testimony Only

Comments:

As a constituent and law abiding, taxpayer citizen.

I "Oppose" this Bill 1077, and any that constituents and voters legal rights have no transparency of!?

Its the people's Constitutional rights are taken away, just because we live in a state that this current Government thinks they can take the people's rights and change the normalcy of rules of law by writing a new rule of dictatorship.

I oppose this Bill 1077.

TO: Members of the Committee on Energy & Environmental Protection

FROM: Natalie Iwasa  
808-395-3233

HEARING: 9 a.m. Tuesday, February 4, 2025

SUBJECT: HB1077, Economic Development - **OPPOSED**

Aloha Chair Lowen and Committee Members,

Thank you for this opportunity to provide testimony on HB1077, which would create two special funds, increase the transient accommodations tax and authorize appropriations into these funds.

Visitors and residents who stay in short-term rentals, including hotels, already pay 4.712% in general excise taxes (via pass-throughs) as well as 10.25% in statewide transient accommodations tax and a supplemental county tax, in all four counties, of 3%. That's a total of just under 18%.

Visitors and residents are not bottomless pits from which the state can, or should attempt, to get taxes.

In addition, the state already has many funds which go unused year after year. Instead of adding to them, most of them should be repealed and monies put back into the general fund.

**Please vote "no" on HB1077.**

**HB-1077**

Submitted on: 2/3/2025 8:17:35 AM

Testimony for EEP on 2/4/2025 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Paul Bernstein	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Lowen and members of the EEP committee,

I'm submitting testimony in support of HB1077. Our climate is clearly changing and wreaking havoc on our environment from wildfires in Maui to flooding in Waikiki, which is compromising the structural integrity of buildings. There are clearly more disasters on the horizon for which we must prepare. One of the resources that will be needed is money; therefore, I encourage the legislature to look for the necessary funds that the CAT identified.

Please pass this bill out of your committee.

Mahalo,

Paul Bernstein

**HB-1077**

Submitted on: 2/1/2025 9:59:18 PM

Testimony for EEP on 2/4/2025 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Marianne	Individual	Oppose	Written Testimony Only

Comments:

I can't believe Nakamura introduced this bill! After the supposed temporary creation of the hotel tax to help build the convention center politicians have been after the hotels thinking that this industry can keep taking it. After the state took the hotel tax away from the neighbor islands and force them to raise our own hotel tax it made Kauai tone of the most expensive destinations in the nation. Occupancy has gone down consistently since 2022, local residents have been leaving the islands in higher numbers we're losing our workforce. And to even suggest this in the midst of raising property taxes on vacation rentals and the astronomical increases in insurance. I oppose this tax!



**LATE**

TESTIMONY OF  
**DANIEL NĀHO'OPI'I**  
Interim President & CEO  
Hawai'i Tourism Authority  
before the

**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

Tuesday, February 4, 2025  
9:00 a.m.  
State Capitol, Room 325

In consideration of  
**HB 1077**  
**RELATING TO ECONOMIC DEVELOPMENT**

Aloha Chair Lowen, Vice Chair Perruso, and members of the Committee,

The Hawai'i Tourism Authority (HTA) appreciates the intent of HB1077, an Administration bill that establishes the climate mitigation and resiliency special fund (CMRSF) and the economic development and revitalization special fund (EDRSF), increases the Transient Accommodations Tax (TAT) starting in 2026, and allocates funds generated by the increase to the newly established funds.

As stated in the bill, tourism's resiliency to climate change is critical since it is predicated on land and natural resources and therefore, we look forward to collaborating with the other agencies to develop the procedures to implement both funds.

Additionally, while we understand the intention behind raising the TAT, the HTA must ensure that such tax increases do not create barriers to travel but should provide a positive and competitive business environment [HRS 201B-3(a)(17)]. We are concerned that the proposed funding mechanisms lack a clear nexus to tourism's resiliency, as they do not guarantee direct funding for infrastructure improvements in visitor areas and enhancing tourism marketing efforts. HTA plans to work with other agencies and interested parties to discuss the issues raised.

As this is a fiscal issue, we defer to the appropriate agency for comment.

Mahalo for the opportunity to share our comments.



HAWAII LODGING & TOURISM  
ASSOCIATION

**LATE**

*Testimony of  
Mufi Hannemann  
President & CEO  
Hawai'i Lodging & Tourism Association*

*Committee on Energy & Environmental Protection  
Tuesday, February 4, 2025*

HB 1077 – Relating to Economic Development

Chair Lowen, Vice Chair Perruso, and Members of the Committee:

Mahalo for the opportunity to submit testimony with comments on HB1077, which seeks to establish the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund while increasing the Transient Accommodations Tax (TAT) to support these initiatives.

HLTA supports the intent of this measure as it is critical that we remain vigilant and proactive in addressing climate change, hazard mitigation, and disaster readiness. Hawai'i's visitor industry depends on the health of our natural resources and the resilience of our communities, and investing in climate adaptation is necessary for long-term sustainability.

That said, we have some concerns about the proposed nearly 20% increase to the TAT, particularly as our industry continues its recovery. The visitor sector is still experiencing soft numbers across key market segments, and adding yet another significant tax increase at this time would be extremely burdensome. Hawai'i already has the highest tourism tax rates in the nation, a fact consistently reported in national tourism publications. Further increasing the TAT risks making our state less competitive as a visitor destination, potentially driving business away at a time when we need to rebuild.

There are ongoing discussions between the visitor industry, the Governor's administration, and now the Legislature regarding these types of proposals. Some of the key concerns being raised by the hospitality industry include:

1. The lack of an enforceable nexus between the increase to the TAT and the tourism industry.
2. The risk of these funds being swept into the general fund, a recurring issue with other dedicated funds.
3. The cumulative financial strain placed on an industry that already carries a significant share of the state's economic load.

If these special funds are to be established, it is imperative that private sector tourism stakeholders join the Hawai'i Tourism Authority with a seat at the table in determining how the funds are allocated. Since our industry is being asked to bear this financial responsibility, we must also be involved in decisions regarding where and how these funds are spent.

Rather than implementing a significant TAT increase, we strongly urge the Legislature to also explore alternative revenue sources, including:

1. Stronger enforcement of TAT collections on short-term rentals to ensure compliance and equity. There remains a significant disparity between the TAT collected from transient vacation rentals and the actual number of rented room nights. A more rigorous and targeted approach to enforcement would not only boost TAT revenues but also level the playing field by ensuring that all accommodation providers contribute their fair share.
2. Impact fees at heavily used resources, parks, and attractions—something we have long advocated for. The Hanauma Bay Model, which I authored when I was a Honolulu City Councilmember has successfully generated visitor-driven revenue to maintain and enhance natural and cultural resources. There are millions of dollars that could be recouped through such strategies, helping to address the funding goals without placing additional burdens on our lodging industry.

We recognize and support responsible planning and investment in Hawai'i's economic and environmental future. However, the current proposal places too much strain on an industry that is still in recovery mode. We encourage continued discussion to pursue more balanced and sustainable funding solutions before resorting to an immediate and significant increase in the TAT.

Mahalo for your time and consideration.





**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**LATE**

**HEARING BEFORE THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 325  
Tuesday, February 4, 2025, 9:00 A.M.**

To The Honorable Nicole E. Lowen, Chair  
The Honorable Amy A. Perruso, Vice Chair  
Members of the committee on Energy & Environmental Protection

**OPPOSE HB1077 RELATING TO ECONOMIC DEVELOPMENT**

The Maui Chamber of Commerce **OPPOSES HB1077** which establishes the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund and beginning January 1, 2026, increases the Transient Accommodations Tax.

Hawaii already has a reputation of having the highest visitor taxes of any destination in the world. Not only are there taxes on visitor accommodations, but visitors must also pay the general excise tax (GET), rental car fees and taxes on our roads, parking fees at State Parks, and other taxes and fees assessed to activity and other businesses that are passed down.

While we appreciate the focus on economic development, we are greatly concerned with the impact this increase will have on our visitor industry. Maui visitor counts and spending continues to be low and businesses are struggling. This proposed increase could further hamper our economic recovery, which is still not at the same levels as pre-pandemic and was severely impacted by the wildfires in August 2023.

For these reasons, we **OPPOSE HB1077**.

Sincerely,

Pamela Tumpap  
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

**LATE**

**HB-1077**

Submitted on: 2/4/2025 8:54:35 AM

Testimony for EEP on 2/4/2025 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Donald Carroll	Individual	Oppose	Written Testimony Only

Comments:

A massive TAT increase (20%) would ripple through the economy with plenty of untended consequences.

It should be painfully obvious by now that TAT affects locals. As Hawaii residents, we pay the TAT when we travel interisland to work, visit family or friends or to seek medical care.

The best way to help Hawaii's economy right now is certainly not through a tax hike on a major industry in order to pay for more government-funded programs.

Respectfully a concern Hawaii Resident