

STAND. COM. REP. NO.

1049

Honolulu, Hawaii

FEB 28 2025

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

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 1396, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to improve the State's infrastructure, economic resiliency, and resilience to climate change.

Specifically, this measure:

- (1) Establishes the climate mitigation and resiliency special fund, to be administered by the Department of Defense to advance projects addressing climate change impacts;
- (2) Establishes a process to review and recommend projects for climate mitigation and resiliency special fund allocation;
- (3) Establishes the economic development and revitalization special fund, to be administered by the Department of Business, Economic Development, and Tourism for projects advancing economic development or revitalization; infrastructure within tourism districts or resort areas;



climate change mitigation, adaptation, or resiliency;
and tourism marketing;

- (4) Increases the transient accommodations tax and deposits a portion of the tax proceeds into the climate mitigation and resiliency special fund; and
- (5) Makes appropriations.

Your Committee received written comments in support of this measure from the Office of the Governor; Department of Land and Natural Resources; Department of Business, Economic Development, and Tourism; Climate Change Mitigation and Adaptation Commission; Office of Planning and Sustainable Development; Hawaii Green Infrastructure Authority; Hawaii State Energy Office; Hawaii Tourism Authority; Hawaii Climate Advisory Team; Hawaii Emergency Management Agency; The Nature Conservancy; Kua`aina Ulu `Auamo; Kauai Climate Action Coalition; Hawaii Land Trust; Hawai'i Reef and Ocean Coalition and Climate Protectors Hawai'i; Care for `Aina Now Coalition; BENIOFF Ocean Science Laboratory; Sustainable Coastlines Hawaii; Hawai'i Ocean Legislative Task Force; Resources Legacy Fund; Coalition Earth; and numerous individuals.

Your Committee received written comments in opposition to this measure from Kohala Coast Resort Association, Maui Hotel and Lodging Association, Grassroots Institute of Hawaii, Hawaii Hotel Alliance, Maui Chamber of Commerce, The American Hotel and Lodging Association, Polynesian Cultural Center, and one individual.

Your Committee received written comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that climate change threatens the future of the State's economy, environment, culture, and way of life. Your Committee further finds that it is imperative that the State takes action to mitigate the effects of, and adapt to, climate change to ensure the health, safety, and well-being of Hawaii's lands, waters, and people.



Your Committee has amended this measure by:

- (1) Deleting language that would have established the climate mitigation and resiliency special fund and economic development and revitalization special fund;
- (2) Changing the rates of the transient accommodations tax to unspecified rates;
- (3) Requiring the Governor to request in the budget or supplemental budget submitted to the Legislature that an amount of general funds equal to an unspecified percentage of transient accommodations tax revenue be expended to advance specific projects that address climate change and tourism impacts; and
- (4) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1396, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1396, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

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|---|---------------------|----------|-----|---------|
| Bill / Resolution No.:* | Committee Referral: | Date: | | |
| SB 1396, SD1 | EDTIAEN, WAM | 2/27/05 | | |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"><input type="checkbox"/> Pass, unamended 2312</div> <div style="text-align: center;"><input checked="" type="checkbox"/> Pass, with amendments 2311</div> <div style="text-align: center;"><input type="checkbox"/> Hold 2310</div> <div style="text-align: center;"><input type="checkbox"/> Recommit 2313</div> </div> | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| DELA CRUZ, Donovan M. (C) | X | | | |
| MORIWAKI, Sharon Y. (VC) | X | | | |
| AQUINO, Henry J.C. | X | | | |
| DECOITE, Lynn | X | | | |
| ELEFANTE, Brandon J.C. | X | | | |
| HASHIMOTO, Troy N. | X | | | |
| INOUE, Lorraine R. | | X | | |
| KANUHA, Dru Mamo | X | | | |
| KIDANI, Michelle N. | X | | | |
| KIM, Donna Mercado | | X | | |
| LEE, Chris | X | | | |
| WAKAI, Glenn | | X | | |
| FEVELLA, Kurt | X | | | |
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| TOTAL | 10 | 3 | 0 | 0 |
| Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div> | | | | |
| Chair's or Designee's Signature: <div style="text-align: center; margin-top: 10px;"> </div> | | | | |
| Distribution: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="text-align: center;">Original File with Committee Report</div> <div style="text-align: center;">Yellow Clerk's Office</div> <div style="text-align: center;">Pink Drafting Agency</div> <div style="text-align: center;">Goldenrod Committee File Copy</div> </div> | | | | |

*Only one measure per Record of Votes