

STAND. COM. REP. NO.

1252

Honolulu, Hawaii

, 2025

MAR 14

RE: S.B. No. 1396

S.D. 3

H.D. 1

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

Madame:

Your Committee on Energy & Environmental Protection, to which was referred S.B. No. 1396, S.D. 3, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Beginning January 1, 2026, amend the Transient Accommodation Tax to an unspecified amount; and
- (2) Require 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 the transient accommodations tax revenue be expended to advance specific projects that address climate change and support tourism marketing and destination management.

Your Committee received testimony in support of this measure from the Office of the Governor; Department of Land and Natural Resources; Hawai'i Tourism Authority; Hawai'i State Energy Office; Hawaii Emergency Management Agency; Hawai'i Climate Advisory Team; The Nature Conservancy; Care for 'Āina Now Coalition; Resources Legacy Fund; Hawaii Ocean Legislative Task Force; National

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Tropical Botanical Garden; Kua'āina Ulu 'Auamo; Kingdom Pathways; Hawai'i Reef and Ocean Coalition; Climate Protectors Hawai'i; Vibrant Hawai'i; Coalition Earth; Council for Native Hawaiian Advancement; Hawai'i Land Trust; Kauai Climate Action Coalition; Hawaii Appleseed Center for Law & Economic Justice; Wildfire Safety Advocates of Waikoloa; Hawai'i Lodging & Tourism Association; and numerous individuals.

Your Committee received testimony in opposition to this measure from the Activities and Attractions Association of Hawaii; Atlantis Adventures LLC; Kohala Coast Resort Association; True Blue Inc.; Maui Hotel & Lodging Association; Sailing Maui Inc.; Hula Girl Sailing Charters; Grassroot Institute of Hawaii; Maui Chamber of Commerce; Hawaii Hotel Alliance; American Hotel & Lodging Association; and seven individuals.

Your Committee received comments on this measure from the Office of the Governor Recovery and Resiliency Unit; Department of Business, Economic Development, and Tourism; Department of Taxation; Hawai'i Climate Change Mitigation and Adaptation Commission; Hawaii Green Infrastructure Authority; Sustainable Coastlines Hawai'i; and Tax Foundation of Hawaii.

Your Committee finds that climate change will have a detrimental impact on the State's environment, culture, and economy. Your Committee further finds that the State must invest in efforts to reduce climate change impacts now to limit current and future consequences of climate change. This measure establishes a dedicated source of state funding through transient accommodations tax revenue to fund resiliency projects that address climate change.

Your Committee further finds that H.B. No. 504, H.D. 1 (Regular Session of 2025), a substantially similar measure, was previously passed by your Committee.

Accordingly, your Committee has amended this measure by:

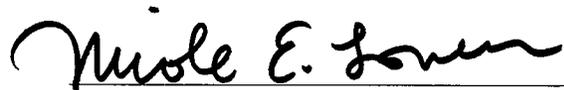
- (1) Deleting its contents and inserting the contents of H.B. No. 504, H.D. 1, a measure that:
 - (A) Amends the transient accommodations tax rate beginning January 1, 2027;



- (B) Beginning January 1, 2027, requires a \$20 transient accommodations tax to be levied per night for each furnishing of transient accommodations in exchange for points, miles, or other amounts through a membership, loyalty, or rewards program; and
 - (C) Appropriates funds for the protection, management, and restoration of the State's natural resources;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion;
 - (3) Amending the preamble to express the nexus between economic development and environmental stewardship; and
 - (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1396, S.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1396, S.D. 3, H.D. 1, and be referred to your Committees on Tourism and Water & Land.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,



NICOLE E. LOWEN, Chair



