

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.

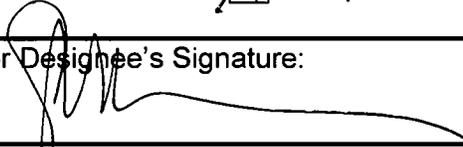
Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
DONOVAN M. DELA CRUZ, Chair



The Senate  
Thirty-Third Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

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: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
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			
INOUYE, Lorraine R.		X		
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado		X		
LEE, Chris	X			
WAKAI, Glenn		X		
FEVELLA, Kurt	X			
<b>TOTAL</b>	10	3	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original                      Yellow                      Pink                      Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes