



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

LATE

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TOURISM

Thursday, February 6, 2025
1:15 p.m.
State Capitol, Room 229

In consideration of
SB 986
RELATED TO TOURISM

Aloha Chair DeCoite and Vice Chair Wakai and Members of the Committees,

The Hawai'i Tourism Authority (HTA) respectfully offers comments on SB 986, which Amends the types of occurrences for which the Hawaii Tourism Authority Board of Directors may request the Governor to declare a tourism emergency. Reduces the minimum balance to be maintained in the Tourism Emergency Special Fund through an allocation of transient accommodations tax revenues..

The HTA has concerns for this bill because a world conflict or national/global economic crisis would have the same adverse impact on Hawaii's tourism industry as a natural disaster or catastrophic event, particularly when it comes to providing assistance to tourists during an emergency.

- **World Conflict:** Armed conflict or geopolitical instability could lead to flight cancellations, border restrictions, and other travel disruptions. Visitors already in Hawaii during such a crisis, may face challenges in booking flights home, find themselves stranded or face uncertainty about the safety of traveling. HTA would need to assist tourists by helping with transportation, shelter, or financial support.
- **Economic Crisis:** An economic downturn could affect airlines' ability to operate at full capacity or reduce the number of available flights due to financial difficulties, as happened to ATA and Aloha Airlines in April 2008. If tourists are unable to secure flights

or accommodation due to financial constraints, Hawaii may need to find ways to help visitors manage their unexpected stay, such as temporary lodging or financial assistance.

Mahalo for the opportunity to provide our comments.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, Change Earmark to Tourism Emergency Special Fund

BILL NUMBER: SB 986, HB 447

INTRODUCED BY: SB by DECOITE, CHANG, Wakai; HB by TAM, GRANDINETTI, KILA, LA CHICA, LAMOSAO, PERRUSO

EXECUTIVE SUMMARY: Amends the types of occurrences for which the Hawai'i Tourism Authority Board of Directors may request the Governor to declare a tourism emergency. Reduces the minimum balance to be maintained in the Tourism Emergency Special Fund through an allocation of transient accommodations tax revenues.

SYNOPSIS: Amends section 201B-9, HRS, to revise the criteria for asking the governor to declare a tourism emergency and allow the Hawaii tourism authority to act without the governor's express approval.

Amends section 237D-6.5, HRS, to lower the target balance in the tourism emergency special fund from \$5 million to \$3 million.

EFFECTIVE DATE: July 1, 2025.

STAFF COMMENTS: The legislature by Act 201, SLH 2007, created the Tourism Emergency Trust Fund. It is administered by the HTA board of directors. Moneys are to be used exclusively to develop and implement emergency measures to respond to any tourism emergency, including providing emergency assistance to tourists. Tourism emergencies must be declared by the governor and include the occurrence of a world conflict, terrorist threat, natural disaster, outbreak of disease, or other catastrophic event that adversely affects Hawai'i's tourism industry. Transient accommodations tax revenue collected by the State is to be used annually to maintain a balance of \$5 million in the fund.

By Act 237, SLH 2015, following the recommendation of the Office of the Auditor in Report No. 14-13 (2014), the fund was reclassified as a special fund and its name was changed accordingly.

Act 1, SLH 2021 Special Session, repealed the provision that required any earnings of the fund to go to the Tourism Special Fund. Thus, the fund has been allowed to keep its own earnings.

As a general proposition, we suggest that emergency funds of all stripes be consolidated into the existing emergency and budget reserve fund (section 328L-3, HRS) so that if an emergency does arise, it doesn't take an accounting genius to figure out how much money we can work with.

Digested: 2/5/2025



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND
TOURISM
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 229
Thursday, February 6, 2025, 1:15 PM**

To The Honorable Senator Lynn DeCoite, Chair
The Honorable Senator Glenn Wakai, Vice Chair
Members of the Committee on Economic Development and Tourism

COMMENTS ON SB986 RELATING TO TOURISM

The Maui Chamber of Commerce would like to offer **COMMENTS on SB986** which amends the types of occurrences for which the Hawaii Tourism Authority Board of Directors may request the Governor to declare a tourism emergency; and reduces the minimum balance to be maintained in the Tourism Emergency Special Fund through an allocation of transient accommodations tax revenues.

While the Chamber supports lowering the required balance in the emergency special fund, as this frees up funding for other tourism initiatives, we recognize that recent developments, such as announcements on tariffs, may present a different dynamic than when this bill was originally drafted. For example, Canada has indicated that it may retaliate by restricting travel, which could significantly impact Maui. In such a scenario, would this fall under an economic crisis or world conflict? We believe that the bill should include language that triggers HTA to quickly ramp up marketing efforts in response to situations like this, where external factors deter visitors from coming to our islands. Appropriate messaging would be essential to encourage tourists to visit or return.

Mahalo for the opportunity to offer **COMMENTS on SB986**.

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.