



OFFICE OF PLANNING STATE OF HAWAII

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DAVID Y. IGE
GOVERNOR

MARY ALICE EVANS
DIRECTOR
OFFICE OF PLANNING

Statement of
MARY ALICE EVANS
Director, Office of Planning
before the
HOUSE COMMITTEE ON TOURISM & INTERNATIONAL AFFAIRS
Thursday, March 12, 2020
9:00 AM
State Capitol, Conference Room 312
in consideration of
SB 2696, SD 2
RELATING TO GREEN FEES.

Chair Onishi, Vice Chair Holt, and Members of the House Committee on Tourism and International Affairs:

The Office of Planning supports the intent and offers the following **comments** on SB 2696 SD 2, requiring the Office of Planning to conduct a feasibility study and implementation plan on assessing tourism green fees. The Office of Planning notes that the feasibility study and implementation plan proposed by SB 2696, SD 2 is very extensive. The Office of Planning estimates an appropriation of \$600,000 to be more feasible for the intended feasibility study and implementation plan as written in SB 2696, SD 2.

The Office of Planning met with stakeholders to discuss a proposed HD 1 for SB 2696 for your committee to consider. Should the committee adopt the proposed HD 1 for SB 2696, the Office of Planning estimates that the overall cost of such a feasibility study and implementation plan would require a lesser appropriation of \$450,000 from Office of Planning's previous estimate of the work required by SB 2696, SD 2.

The Office of Planning has been actively working on sustainable development and climate adaptation to meet the needs of the present without compromising the ability of future generations to meet their own needs. The Office of Planning notes that the Hawai'i State Legislature recently established the state's Sustainability Coordinator position within the Office of Planning, pursuant to the Supplemental Appropriation Act of 2016.

The Office of Planning recognizes that statewide sustainability planning and coordination is demanding work beyond the capacity of one individual position. The Office of Planning requests additional staffing operating expenses to support comprehensive statewide sustainability coordination and implementation of Hawaii's sustainability laws, goals, policies, priorities, and planning throughout government; provided that it does not replace or adversely impact the priorities indicated in the Executive Budget.

Mahalo for the opportunity to testify on this measure.

DAVID Y. IGE
GOVERNOR OF
HAWAII



SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
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BUREAU OF CONVEYANCES
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KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

Testimony of
SUZANNE D. CASE
Chairperson

Before the House Committee on
TOURISM & INTERNATIONAL AFFAIRS

Thursday, March 12, 2020
9:00 AM
State Capitol, Conference Room 312

In consideration of
SENATE BILL 2696, SENATE DRAFT 2
RELATING TO GREEN FEES

Senate Bill 2696, Senate Draft 2 proposes to appropriate funds to the Office of Planning to develop a feasibility and implementation plan focused on the establishment of a green fees program. **The Department of Land and Natural Resources (Department) supports this measure and offers the following comments.**

Hawaii's natural resources are huge economic assets, an essential piece of our tourism industry, and support the well-being of our communities. A University of Hawai'i study examined the various services provided by Oahu's Ko'olau forests - including drinking water recharge, flood prevention, water quality, carbon storage, biodiversity, and cultural, aesthetic, recreational, and commercial values. These services were calculated to have a net present value of between \$7.4 and \$14 billion.¹ Coral reefs annually protect \$836 million in averted damages to property and economic activity in Hawai'i.² Despite the value of our forests and oceans, Hawai'i invests less than 1% of the total state budget into maintaining these assets.

The establishment of green fees in several other tourism focused economies, has allowed places like the Republic of Palau, Galapagos Islands, New Zealand, and the Maldives, among others, to more substantially invest in their natural resources - reducing the overall impact of tourism on

¹ Roumasset, J., J.B. Kaiser, N. Krause, D. Mecham and J. Wooley. 1997. Draft Environmental Valuation and the Hawaiian Economy. University of Hawai'i Economic Research Organization, UH-Mānoa.

² Storlazzi, C.D., Reguero, B.G., Cole, A.D., Lowe, E., Shope, J.B., Gibbs, A.E., Nickel, B.A., McCall, R.T., van Dongeren, A.R., Beck, M.W., 2019, Rigorously valuing the role of U.S. coral reefs in coastal hazard risk reduction: U.S. Geological Survey Open-File Report 2019-1027.

their environments, improving the quality of visitor experiences, and supporting community stewardship of these special places. In all cases, visitors and many residents do not mind paying a green fee because they know it goes back to caring for the beautiful places and resources they have come to enjoy. In 2001, the Department conducted a study to determine Hawaii's willingness to support increased funding for watershed protection. Respondents were presented with various means by which the increased funds could be raised (general funds, taxes, or fees). A majority supported the use of environment-related taxes (7.4 out of 10), or a visitor-related tax (8.0 out of 10).³

The establishment of a green fee is an important piece to closing the gap between existing and needed funding for the management of Hawaii's natural resources. This in conjunction with innovative financing mechanisms, such as carbon offsets for reforestation and improved forest management, would move Hawai'i considerably forward in addressing climate change and Hawaii's tourism economy. A green fee program would bolster the State's existing investments in natural resource management and help fill Hawaii's conservation funding gap.

Thank you for the opportunity to comment on this measure.

³ Department of Land and Natural Resources. November 2011. The Rain Follows the Forest: A Plan to Replenish Hawaii's Source of Water.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS; Feasibility Study on Green Fees

BILL NUMBER: SB 2696, SD-2

INTRODUCED BY: Senate Committee on Ways & Means

EXECUTIVE SUMMARY: Requires the office of planning to prepare a feasibility and implementation plan on assessing tourism green fees on a per visitor, per stay basis. We do not think this concept is constitutionally sound because it could be seen as violating the constitutional right to travel and/or the Foreign Commerce Clause.

SYNOPSIS: Requires the Office of Planning to prepare a feasibility and implementation plan to assess a green fee on a per visitor, per stay basis. Appropriates \$_____ to do the study, provided that the Office of Planning must first obtain matching funds from the private sector.

EFFECTIVE DATE: 12/31/2033.

STAFF COMMENTS: This bill relates to “Green Fees.” These green fees have nothing to do with playing golf, however; they are per visitor, per stay charges the money from which goes to protect and preserve the environment. Some national governments already charge them, including the Republic of Palau, New Zealand, and the Maldives. So, SB 2696 is calling for a feasibility study and implementation plan, assuming that the fee will be charged beginning in 2022.

The State Office of Planning is budgeting the cost of such a study at \$450,000.

Let’s save our money, folks. No other state in the United States charges such a fee. Not because they don’t want to, but because it’s unconstitutional.

A very long time ago, in 1865 to be exact, Nevada passed a law imposing a tax of one dollar upon every person leaving the state by any railroad, stagecoach, or other common carrier. (I said this was a long time ago. Motor buses with internal combustion engines hadn’t been invented yet. They made their debut around 1890.)

Mr. Crandall, who was employed by a stagecoach company, challenged the tax. The Nevada Supreme Court sustained it, and an appeal brought the case to the U.S. Supreme Court. That case, *Crandall v. Nevada*, 73 U.S. 35 (1867), established the constitutional right to travel and struck the tax down.

“We are all citizens of the United States,” the opinion says, “and as members of the same community must have the right to pass and repass through every part of it without interruption, as freely as in our own states. And a tax imposed by a state for entering its territories or harbors is inconsistent with the rights which belong to citizens of other states as members of the Union

and with the objects which that Union was intended to attain. Such a power in the states could produce nothing but discord and mutual irritation, and they very clearly do not possess it.”

A green fee imposed on a per passenger, per stay basis is very similar to the Nevada departure tax that the Court voided. First, let’s call it what it is: it’s a tax. Court cases, including some from the Hawaii Supreme Court, have worked on drawing a line between user fees and taxes, and the imposition envisioned by SB 2696 supports the operations of government, and a taxpayer gets no particular benefit for paying it. That makes the imposition fall on the “tax” side of the line.

Does the proposed tax have any features that justify treating it differently from the Nevada departure tax? Both burden the right of any American to travel freely between the states, so the answer appears to be no.

Well then, what about if the tax were imposed only on international departures? Constitutional problems pop up here, too, because only the federal government may discriminate between citizens and foreigners in applying taxes. According to a more recent Supreme Court case, *Kraft General Foods v. Iowa*, 505 U.S. 71 (1992), the Foreign Commerce Clause of the U.S. Constitution creates this prohibition. Why? Discriminatory treatment of foreign commerce may create problems, such as the potential for international retaliation, that concern the nation as a whole. So, the Feds can impose cases discriminating against foreign visitors, but the States can’t.

Maybe we should just limit our green fees in Hawaii to charges for playing golf.

Digested 3/10/2020



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Tourism and International Affairs
Thursday, March 12, 2020 at 9:00 A.M.
Conference Room 312, State Capitol**

RE: SB 2696 SD2, RELATING TO GREEN FEES

Chair Onishi, Vice Chair Holt, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 2696 SD2, which requires the Office of Planning to conduct a feasibility and implementation plan on assessing tourism green fees.

The Chamber is Hawaii's leading statewide business advocacy organization, representing 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber recognizes the threat that climate change poses to our state. Hawaii's business community is committed to reasonable, rational and practical solutions to this threat.

In the coming years, Hawaii's economy faces the threat of economic loss due to effects of climate change. Innovative, outside the box solutions will be required to stem the tide of its effects. Estimates of Hawaii's conservation funding gap as high as \$360 million annually – green fees could be a source of funding that can fill this deficit.

This study would be the first step in helping to establish critical investments towards our natural resources and continue to make Hawaii an ideal destination to visit.

Thank you for this opportunity to provide testimony in support of SB 2696 SD2.

LATE

**Testimony of The Nature Conservancy of Hawai'i
In Support of SB2696 SD2 Relating to Green Fees
Tourism and International Affairs Committee
Thursday, March 12, 2020, 9:00 AM, Room 312**

The Nature Conservancy of Hawai'i is a non-profit organization dedicated to the preservation of the lands and waters upon which all life depends. The Conservancy has helped protect more than 200,000 acres of natural lands in Hawai'i and Palmyra Atoll. We manage 40,000 acres in 13 nature preserves and work in over 50 coastal communities to help protect the near-shore reefs, waters and fisheries of the main Hawaiian Islands. We forge partnerships with government, private parties and communities to protect forests and coral reefs for their ecological values and for the many benefits they provide to people.

SB2696, SD2 RELATING TO GREEN FEES. Directs the State Office of Planning to prepare a Feasibility and Implementation Plan on assessing tourism green fees. Makes an appropriation.

The Nature Conservancy supports conducting a feasibility study on assessing tourism green fees.

In Hawai'i, the environment is the foundation of our economy, and our quality of life is directly tied to healthy natural areas. While Hawai'i has demonstrated strong environmental leadership by creating the Aloha+ Challenge and enacting legislation to implement portions of the Paris agreement, funding for natural resource management is not keeping pace with needs. For example, significant investment is needed to achieve Sustainable Hawai'i goals such as protecting 30% of priority watersheds and effectively managing nearshore waters by 2030. And as climate change impacts multiply, these needs are increasing.

Hawai'i's total conservation funding gap has been estimated as high as \$360 million annually, constituting a major unfunded liability that poses a significant risk to our communities, businesses, and overall economic resiliency. Due to a lack of adequate investment in proven and effective conservation approaches, our valuable natural assets are depreciating at an alarming rate. The gravity of the situation requires an investment of public and private funding together with innovative conversation financing mechanisms, such as green fees, reef insurance, and a carbon tax.

For example, our native forests are our primary source of fresh water and need to be managed to reduce impacts from invasive species, climate change and unsustainable human uses. One of the State's 2030 Aloha+ targets is to increase freshwater capacity by improving forest watershed management and increasing the re-use of water. We have a decade left to achieve this and other critical targets related to terrestrial, marine, and freshwater systems, yet there is no clear financing path to achieve these globally recognized milestones.

Similarly, a recent report by the US Geological Survey estimated the value of critical coastal infrastructure and jobs protected by Hawai'i's coral reefs at \$836 million annually. When we have an asset of that value, we need to invest in protecting and maintaining it. Yet to date, we have failed to do so, and reefs across the state lost an average of 30% of live coral cover during Hawai'i's first

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mass bleaching event in 2015. Scientists estimate that such events will increase in the coming years due to climate change. We must do more to protect our valuable environmental assets.

Visitors rank nature and the ocean as the top two details that make their trip to Hawai'i excellent (Hawai'i Tourism Authority, 2017). Protecting nature is a shared responsibility for both residents and visitors. Green fees and "greening" of existing fees/taxes are trending around the globe as triple bottom-line solutions to better manage visitor impacts on natural and cultural resources. In general, green fees require mandatory payments to government entities for the explicit purpose of supporting conservation and natural resource management.

SB2696 SD2 is a balanced and focused approach that engages all stakeholders in identifying ways to close our conservation funding gap and drive accountability for ensuring we protect and preserve our irreplaceable natural assets. Hawai'i needs this cross-sectoral collaborative study to ensure that funding needs, expenditure criteria, management actions, and operations are fully defined and a financing mechanism established. This study will lay the groundwork for collective action that can be taken within the next two years. Due to the importance and scope of this study and implementation plan, the Conservancy believes it merits its own dedicated capacity, rather than folding the study into the Tax Review Commission.

Mahalo for the opportunity to support SB 2696 SD2.

SB-2696-SD-2

Submitted on: 3/11/2020 10:49:28 AM

Testimony for TIA on 3/12/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Stephanie P. Donoho	Kohala Coast Resort Association	Support	No

Comments:

Aloha,

My name is Sam Dorios, and I am testifying in *support of SB2696 SD2, Relating to Green Fees*.

Hawai'i's economy is deeply reliant on tourism, and tourists primarily come to Hawai'i in order to enjoy our natural environment.

Hawai'i is neither an easy or cheap destination. So why do most tourists fly thousands of miles to visit a few small islands in the middle of the Pacific Ocean? It is not for our stores (though they will shop) or our food (though it's 'ono). It may not even be to experience Hawaiian culture, though that is important part of Hawai'i's "brand." By far most tourists come to enjoy our beautiful oceans and landscapes. Plain and simple.

We therefore have an economic imperative to protect our environment. As it degrades and declines, so does our overall quality of life and the strength of our economy. The 'āina can survive without our economy, but our economy cannot survive without the 'āina.

It is critical that we are properly prepared to manage shocks and disruptions to our fragile environment. There are many programs and activities we can implement to protect ourselves. Most require more funds than residents alone can burden. Given the impact so many tourists have on the islands, it is not unreasonable to ask that they also help contribute to the protection of the islands. In fact, if you ask, you'll find most tourists would be happy to.

Questions of how do come up though. How much funding should be collected? How should it be collected? What will it be used for? How can we ensure it is managed correctly? And so on. Answering these questions takes time, and implementing the solutions may take even longer. And we do not want to be caught off-guard when a shock happens.

I believe the proposed study can help us answer these questions so that we can be prepared. SB2696 SD2 is a balanced and focused approach. It seeks to engage all stakeholders, close the conservation gap, and hold us accountable for protecting the environment. It does not seek to cap tourism or diminish the tourist industry. On the contrary – it hopes to ensure tourism continues to flourish alongside our priceless natural environment.

I urge you to continue to prioritize the environment as it underpins every aspect of life and wellbeing on our islands.

Mahalo for the opportunity to testify,

-Sam Dorios



SB 2696, SD2, RELATING TO GREEN FEES

MARCH 12, 2020 · HOUSE TOURISM AND
INTERNATIONAL AFFAIRS COMMITTEE · CHAIR
REP. RICHARD H.K. ONISHI

POSITION: Support.

RATIONALE: IMUAlliance supports SB 2696, SD2, relating to green fees, which requires the Office of Planning to prepare a feasibility and implementation plan on assessing tourism green fees.

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, like seawalls.

Furthermore, according to research conducted by Michael B. Gerrard from Columbia Law School, modern-day slavery tends to increase after natural disasters or conflicts where large numbers of people are displaced from their homes. In the decades to come, says Gerrard, **climate change will very likely lead to a significant increase in the number of people who are displaced**

and, thus vulnerable, to human trafficking. While the Paris Climate Agreement of 2015 established objectives to limit global temperature increases and several international agreements are aimed at combating modern-day slavery, it is highly uncertain whether they will be adequate to cope with the scale of the problem that is likely to occur as a result of climate change.

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.

Therefore, our state must take steps to expand Hawai'i's renewable energy supply, including by evaluating the implementation of green fees in our visitor industry. As stated in an analysis by Hawai'i Business Magazine:

Fourteen other destinations, including the Galapagos, New Zealand, the Maldives, Cancun and Venice, also have visitor green fee programs, which vary from \$1 a night to a \$100 entrance fee. Some, like Palau's, are nationwide programs; others, like Cancun's, are more targeted and could serve as models for Hawai'i, according to the Green Passport report sponsored by Conservation International.

While the details differ, they share a common purpose: to collect revenue from tourism and put it toward environmental conservation. In part due to such revenue sources, Palau's investment in its natural environment is \$92 per tourist, New Zealand's is \$188 and the Galapagos' is \$373.

Hawai'i's is just \$9, according to the Green Passport report.

For the sake of our overheating planet, we cannot afford to wait to craft strategies to combat climate change and preserve our 'āina for generations to come.

Testimony in **SUPPORT** of:
SB2696 SD2 / HB2719 Relating to Green Fees

Submitted by:
Jack Kittinger, PhD

11 March 2020

Dear Chair Onishi and venerable members of the Tourism and International Affairs Committee,

I am a conservation professional, with over 15 years of experience working on protecting our environment and the life-supporting benefits it provides to our communities and economy.

In the conservation world, Hawai'i is a recognized global leader, having hosted the World Conservation Congress in 2016. One of the most proud moments of my career was watching our community host this global convening of conservation practitioners, and sharing our commitment to the Aloha+ Challenge. The commitment to effectively managing 30% of our lands and waters by 2030 now has global buy-in and will be a featured global commitment in this year's global Convention on Biological Diversity.

The world has changed since 2016. The recent report of the IPCC tells us unequivocally that we have a **mere ten years to take action to reduce the most damaging impacts of climate change**, otherwise we risk passing thresholds that we cannot recover from. This will impact our shorelines, our food and water supply, our climate, our rainfall and more. These changes are already beginning to impact our communities.

The time is now to invest in this solution. **In light of the shared threat of COVID-19 on Hawaii's economy, we must assess the importance of the visitor industry, needs, and ability to absorb shocks and impacts.** This requires us to have *foresight*

beyond the current pandemic. This study will lay the groundwork for collective action that we will take long after COVID-19 has subsided.

In the face of these shocks, **protecting nature has never been more important.** It is **our shared responsibility, our collective kuleana,** to ensure the protection and survival of our ecosystems - our "green infrastructure" that sustains us all, so that our natural resources can sustain future generations.

Our environment is critical to our communities and our economy. As it declines, so does our economic resilience, our cultural identity, and our social connections. It is also our competitive edge in the global tourism marketplace - the numbers back this up: nature and the oceans are the top reasons people visit our islands. If nature declines, so do our visitors and the jobs and income they support for our communities. It really is this simple.

Even as we all recognize the critical importance of the environment, we struggle to support it. The rising cost of living in Hawai'i puts myriad demands on our budget. Often the environment is seen as just one of many things that we need to shore up against rising costs, stable or declining revenues, and an ever-shifting set of conditions that we often cannot control - like the sudden outbreak of the coronavirus.

This is why **we need innovative ideas and new models,** which is why this bill is so important. **I have personally spear-headed the development of this initiative, working hand-in-hand with thought leaders from the conservation and visitor industry sectors. I've put more than 2 years of effort into this idea because I know it is a solution in other geographies such as the Galapagos, Palau, Mexico, and other places.** It can be a solution for us as well - providing a way to support environmental stewardship, while improving the visitor experience.

This bill would fund a collaborative, stakeholder-driven study that will assess the extent to which these proven approaches can be adapted to our unique, and vulnerable island homes.

The clock is ticking on climate change. We have to proactively adapt to the changes that we know are intensifying. And **investing in nature-based adaptation and innovative conservation financing is the path we must take. This bill will help us create a pathway - together - to get there.** I strongly support this initiative and thank you for your willingness to consider in this year's session.

Additionally, due to the importance and scope of this study and implementation plan, it merits *its own dedicated capacity, rather than folding the study into the Tax Review Commission.*

Thank you for considering my testimony,

A handwritten signature in black ink, appearing to read "Jack Kittinger". The signature is written in a cursive, flowing style with some loops and flourishes.

Jack Kittinger, PhD

LATE

Testimony in **SUPPORT** of:
SB2696 SD2 Relating to Green Fees

Submitted by:
Emelia von Saltza
67-419 Kukea Circle
Waialua, HI 96791

TIA Hearing
March 12th, 2020

Aloha Chair Onishi, Vice Chair Holt, and Representatives Arakawa, Cachola, Creagan, DeCoite, Perruso, and Okimoto,

My name is Emelia von Saltza; I'm an Environmental Economist and North Shore resident, and I am testifying in **support of SB2696 SD1, Relating to Green Fees**.

I've spent the last year personally researching visitor green fees around the world and their applicability to Hawaii – whether that is through establishing a new visitor green fee, or *greening* current fees and taxes assessed on visitors. ***Green fees could provide the unique ability to secure green bonds***, which could fund the upfront costs of large-scale natural infrastructure projects related to the Aloha+ Natural Resource Management Targets and natural infrastructure related to climate adaptation. I appreciate the Senate Committees' support in moving this bill forward.

In light of the shared threat of COVID-19 on Hawaii's economy, now more than ever we must assess the importance of the visitor industry, needs, and ability to absorb shocks and impacts. With ***foresight beyond the pandemic***: this study lays the groundwork for collective action that we will take in a year or two, presumably long after COVID-19 has subsided.

Based on conversations I have had with the community and the Office of Planning, I would humbly request your consideration of friendly amendments that will work to ensure a balanced and focused approach to the study. ***I have attached a highlighted mocked up draft for your consideration and hopeful adoption.***

In those proposed amendments please find that, I support stronger language in the bill towards “greening” existing fee structures in addition to, or in place of, establishing new green fee(s). I support the amendments that clarify “the conservation funding gap” as that which relates to *the Aloha+ Challenge Natural Resource Management 2030 goals; investments focused on protecting our ocean, forest, and freshwater ecosystems to ensure the perpetuation of the resource and resilience to climate change; and priority areas where natural resources feature prominently in the visitor experience*. I support other technical amendments not listed here.

As both an economist and an environmentalist, my concern for this growing deficit is twofold. Determining the exact path forward amidst various green financing options, requires all stakeholders coming together. This study allows for a wise and cross-sectoral approach to address a long-term problem.

Mahalo for the opportunity to testify,

Emelia von Saltza

A BILL FOR AN ACT

RELATING TO GREEN FEES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that each year, Hawaii's reefs, oceans, beaches, and forests provide billions of dollars in value to the economy, supporting the well-being of our communities and visitors alike. We cannot disentangle our environment from our economy. Our visitors come to Hawaii because of our natural resources. If they degrade, so does the value of our visitor industry. For our tourism industry, our ecosystems are vital. Inseparable from our culture, our environment is integral to our both resident and visitor experience.

The legislature also finds that even though these natural resources are critical for the visitor industry and resident communities, Hawaii invests less than one per cent of its state budget into those assets. Hawaii's total conservation funding gap has been estimated as high as \$360,000,000 annually, constituting a major unfunded liability that poses a significant risk to our business climate and our economic resiliency.

The legislature further finds that our State's vital ecosystems and the resources they harbor continue to decline, due to lack of adequate investment in proven and effective conservation approaches. Data demonstrates growing concern that tourism's positive contribution to the economy may not outweigh the impact that visitors have on the environment. Ten million visitors enjoyed the benefits of Hawaii's ecosystem and natural environment in 2019, and the number of visitors is expected to rise. Increased demand on our natural resources requires innovative conservation financing mechanisms focused on reversing the decline in our ecosystems and the associated risks for our visitor industry and communities.

The legislature also finds that innovative and green financing mechanisms such as green fees and allocating greater percentages of existing funding are trending around the globe as triple bottom-line solutions to better manage visitor impacts on eco-systems and natural resources. Green fees may be referred to as eco-taxes, tourist taxes, green taxes, and environmental, conservation and tourism levies. In general, green fees require mandatory payments made ~~by visitors~~ to government entities for the explicit purpose of supporting conservation and natural resource management.

By prioritizing the protection of our ocean, forest and freshwater ecosystems and following the benchmarks ~~and mandates required by the Hawaii climate change mitigation and adaptation initiative enacted as Chapter 225P, Hawaii Revised Statutes, and~~ by following the data generated set forth in under the Aloha+

Challenge natural resource management goals, the legislature seeks to better understand if and how a green fees program can accelerate support for these efforts, while ensuring that implementation is fair and beneficial for all.

The purpose of this Act is to appropriate funds for a feasibility and implementation plan focused on the establishment of a green fees program, for the explicit purpose of closing the conservation funding ~~gap and meeting the goals of the Hawaii climate change mitigation and adaptation initiative and the Aloha+ Challenge natural resource management goals~~gap and meeting the goals of the Aloha + Challenge natural resource management goals to: 1. Increase fresh water capacity by 100MGDillion gallons per day by 2030; 2. Protect 30% watershed protectionforests by 2030; 3. Significantly increase the percentage of Hawaii's marine waters under active management by 2030; 4. Implement Hawaii's biosecurity plan to address priority invasive species by 2030; and 5. Increase the percent of threatened and endangered native species managed in Hawaii by 2030.

SECTION 2. Definitions. As used in this Act, unless otherwise requires:

"Green Fees" means any fee or designated funding stream collected from residents and non-resident visitors for the purposes of offsetting their environmental impact, financing conservation initiatives that protect natural resources and improve resident and/or visitor experience, and increasing

awareness of the value of natural resource management and ecosystem stewardship.

SECTION 2. (a) The office of planning shall prepare a feasibility and implementation plan to ~~assess~~establish a green fees ~~program.~~ ~~on a per visitor, per stay basis.~~ The plan shall include, but not be limited to the following:

- (1) Identification of need, and priorities for which funds from a green fees program shall be directed. This should include but not be limited to efforts to meet the Aloha+ Challenge natural resource management 2030 30 by 30 goals; investments focused on protecting our ocean, forest, and freshwater ecosystems to ensure the perpetuation of the resource and resilience to climate change; and priority areas where natural resources feature prominently in the visitor experience;
- (2) ~~(1)~~ An analysis and breakdown of Hawaii's conservation funding gap that exists in current natural resource ~~and climate changemanagement~~ funding relative to ~~meeting the meeting the goals set forth in chapter 225P, Hawaii Revised Statutes, and the Aloha+ Challenge natural resource management goals, need and priorities identified in subsection (1); and the~~ -and the extent to which Hawaii's unfunded conservation liabilities will increase based on the current rate of funding;
- (3) An analysis and review of the current utilization and effectiveness of natural resource ~~and climate changemanagement~~ funding throughout state departments and agencies;
- (3) An examination of all existing tax and fee structures that exists to support ~~climate change mitigation~~natural resource management efforts, including an estimated per resident annual contribution;
- (4) An examination of all existing tax and fee structures placed on the visitor accommodation and tourism industry, including an estimated per visitor annual contributiones;

(5) An analysis and recommendations ~~discussion of~~ “greening” the existing funding structure and the advantages or disadvantages of increasing, decreasing, or reallocating existing taxes and fees relative to the option of establishing a new green fee;

—(6) Development of a proposed green fee program rate structures that ~~that would most efficiently be required to~~ close the conservation funding gap over a five-year period;

(7) Consideration of other i a dedicated bond issuance or other innovative financing mechanisms that will ensure the most effective management of funds and result in revenues collected being used explicitly for the purposes of this Act;

(8) Identification of potential short-term and long-term impacts on the Hawaii's tourism industry, and overall economic outlook, including but not limited to possible market impacts, economic and workforce considerations; and

(9) Development of a ten-year implementation plan with rollout of fees funding from a green fees program to begin no later than 2022, including a proposed fee schedule proposed sources of funding, benchmarks and indicators, and mandatory impact reporting.

(b) The office of planning, in consultation with the Hawaii tourism authority, and the department of land and natural resources, shall ~~create an advisory group made up of~~ engage with stakeholders and industry leaders. ~~This group shall include:~~ including but not limited to:

(1) Representatives from relevant state agencies, including the department of budget and finance, department of taxation, and department of business, economic development, and tourism;

(2) Business and industry groups;

(3) Non-governmental organizations with an interest in climate change and natural resource protection;

(4) Legislators; and

~~—(5) Hawaii climate change mitigation and adaptation commission; and~~

(6) Any other relevant parties that the office of planning deems necessary to advise in the development of the plan, assist in outreach and engagement efforts, and provide comments upon completion.

(c) The office of planning shall submit an interim report to the legislature of its progress, findings, recommendations and timeline for completion no later than December 31, 2020. ~~The interim report shall also include a preliminary determination of the conservation funding gap amount.~~

(d) The office of planning shall submit a final report to the legislature of its progress, findings, and recommendations, including the determination of the conservation funding gap amount and gap, and proposed legislation for the establishment and implementation of a green fees program, no later than October 31, 2021.

(e) Nothing in this Act shall preclude the office of planning from executing contracts with appropriate entities having expertise ~~inn tourist industry~~—green fees.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ _____ or so much thereof as may be necessary for fiscal year 2020-2021 for a feasibility and implementation plan prepared by the office of planning relating to the establishment of a green fee program in Hawaii.

The sum appropriated shall be expended by the office of planning for the purposes of this Act; provided that no funds shall be made available under this Act unless the office of

planning obtains matching funds from the private sector for fifty per cent of the cost of the feasibility and implementation plan.

SECTION 4. This Act shall take effect on December 31, 2033.

Report Title:

Tourism; Green Fees; Feasibility Study

Description:

Requires the office of planning to conduct a feasibility study on assessing tourism green fees. Effective 12/31/33. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



Testimony of
KAMANA`OPONO M. CRABBE, PH.D.
Chief Executive Officer
Co-Chair of the Hawai`i Executive Collaborative
Committee on Natural Environment and Cultural Resources Management

Before the House Committee on
COMMITTEE ON TOURISM & INTERNATIONAL AFFAIRS
Rep. Richard H.K. Onishi, Chair
Rep. Daniel Holt, Vice Chair

Thursday, March 12, 2020
9:00 AM
State Capitol, Conference Room 312

In consideration of
SENATE BILL 2696 S.D.2
RELATING TO GREEN FEES, FEASIBILITY STUDY, AND APPROPRIATION

Senate Bill 2696 proposes to appropriate funds to the Office of State Planning to develop a feasibility and implementation study by the legislature to assess the merits to establish a green fees program. The Kohala Institute (KI) supports this measure and offers the following comments.

KI is located in Kohala, Hawai`i and is the principal steward of 2,400 acres of one of a handful of intact ahupua`a in the archipelago dating back to Kamehameha the Great. Our vision is to “Be the world leader in sustainable thinking through a model 21st century ahupua`a where land is king and man is steward.” Thus, as a private, nonprofit in the business of caring for and protecting the natural resources and cultural assets of our lands, watershed, and pristine shoreline it is particularly important we support SENATE BILL 2696 RELATING TO GREEN FEES.

Thanks to the efforts and vision of the Hawaii State Legislature, Hawaii has been a national and global leader in the fight against climate change and the battle to protect our natural resources. Hawaii’s leadership on these issues is rooted in an essential truth: we cannot disentangle our environment from our economy. If our natural resources degrade and decline, so does our overall quality of life and the strength of our economy. Visitors rank nature and the ocean as the top two details that make their trip to Hawaii excellent (Hawaii Tourism Authority, 2017). It is our shared responsibility, our collective kuleana, both resident and visitor, to ensure the protection and survival of our greatest asset, so that our natural resources continues to protect and sustain future generations.

In light of the shared threat of COVID-19 on Hawaii’s economy, now more than ever, we must assess the importance of the visitor industry, needs, and ability to absorb shocks and impacts. With foresight beyond the pandemic: this study lays the groundwork for collective action that we will take in a year or two, presumably long after COVID-19 has subsided.



The funding for natural resource management has not kept pace with the stresses and impacts on our environment. Each year that we delay adequately funding these efforts the interest on that debt to nature grows, paving the way for future shocks to our economy. SB2696 SD2 is a balanced and focused approach that engages all stakeholders in identifying ways to close our conservation gap and hold everyone accountable to ensuring we protect and preserve our precious natural resources. Hawai'i faces challenges beyond the environment, such as housing, healthcare, and affordability – and now COVID-19. As the State addresses many urgent issues, we urge legislators to continue to prioritize the environment as it underpins every aspect of life and long-term wellbeing on our islands.

Hawai'i's `āina or natural landscapes and rarity of mauka to makai climate zones and ecosystems are vital to indigenous Native Hawaiians as one of the principal sources of traditional customary practices, customs, and beliefs that define, shape, and influence Hawaiian cultural identity and mana. Preserving this legacy is not only a birth right but an awesome responsibility to protect such assets in perpetuity to honor the lineage of our ancestors, the kanaka `ōiwi of the living, and our future generations.

The pristine topography of Hawai'i is also vital to the visitor industry as well as its residents. However, according to the 2019 Report Destinations at Risk: The Invisible Burden of Tourism commissioned by the Travel Foundation of United Kingdom, it indicated “the rapid growth of tourism in the 21st century is leading to damage in destinations across the world that is largely unreported and frequently not perceived by tourists, putting destinations at risk without effective response.”

Establishment of a study to evaluate the utility of a green fees program provides a pathway that is visionary and full of foresight that is progressive and common sense. It will help close the gap of the state's unfunded liability, overtime reduce risks to its economy and people, and with innovative financing mechanisms, such as carbon offsets for reforestation and improved forest management, Hawai'i demonstrates affirmative leadership in addressing climate change and Hawaii's tourism economy.

Respectfully,

Kamana`opono M. Crabbe, Ph.D.

Ka Pouhana-CEO

Kohala Institute at `Iole