



TESTIMONY OF DANIEL NĀHO'OPI'I  
INTERIM PRESIDENT & CEO, HAWAII TOURISM AUTHORITY  
BEFORE THE HOUSE COMMITTEE ON TOURISM  
Tuesday, March 12, 2024 10:30 a.m.  
In consideration of  
**SB 2239 SD 2**  
**RELATING TO CONSUMER PROTECTION**

Aloha Chair Quinlan, Vice Chair Hussey-Burdick, and Members of the Committee,

The Hawai'i Tourism Authority (HTA) offers the following comments for consideration on this measure which prohibits advertising, displaying, or offering a price for a transient accommodation that does not include all taxes and fees imposed by a government entity at the time of purchase.

In the most recently available Visitor Satisfaction and Activity survey – fielded in the third quarter of 2023 – visitors who said they are unlikely to return to Hawai'i identified cost and value as some of their top reasons. We generally believe that transparency is important in this area.

We stand ready to assist with outreach to the visitor industry should this measure be enacted.

Mahalo for the opportunity to offer these comments on this measure.



**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I**  
**OFFICE OF THE DIRECTOR**  
**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

**NADINE Y. ANDO**  
DIRECTOR | KA LUNA HO'OKELE

**JOSH GREEN, M.D.**  
GOVERNOR | KE KIA'ĀINA  
**SYLVIA LUKE**  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

**DEAN I HAZAMA**  
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

**KA 'OIHANA PILI KĀLEPA**  
335 MERCHANT STREET, ROOM 310  
P.O. BOX 541  
HONOLULU, HAWAII 96809  
Phone Number: (808) 586-2850  
Fax Number: (808) 586-2856  
cca.hawaii.gov

**Testimony of the Department of Commerce and Consumer Affairs**

**Office of Consumer Protection**

**Before the**  
**House Committee on Tourism**  
**Tuesday, March 12, 2024**  
**10:30 a.m.**  
**Via Videoconference**  
**Conference Room 423**

**On the following measure:**  
**S.B. 2239, S.D. 2 RELATING TO CONSUMER PROTECTION**

Chair Quinlan and Members of the Committee:

My name is Mana Moriarty, and I am the Executive Director of the Department of Commerce and Consumer Affairs (Department) Office of Consumer Protection (OCP). While the Department appreciates the intent of this bill to eliminate junk fees in transient accommodations, the Department respectfully opposes this bill as drafted.

Junk fees are fees that are mandatory but not transparently disclosed to consumers. Consumers are lured in with the promise of a low price, but when they get to the register, they discover that price was never available.<sup>i</sup> Junk fees harm consumers and actively undermine competition by making it impractical for consumers to compare prices, a linchpin of our economic system. The White House Council of Economic Advisers estimates that Americans spend \$90 billion a year on junk fees.<sup>ii</sup>

Taxes are not junk fees. This bill fails to squarely address junk fees because it focuses on taxes—sources of government revenue for public programs—rather than on junk fees.

Equally problematic, this bill targets deceptive pricing and price gouging by hotels and transient accommodations exclusively, however these problems arise in connection with online retail shopping, fitness centers, financial services, rental housing, payday lending, motor vehicle rentals, restaurants, and event ticketing. Or take another example: broadband internet service providers. In response to consumer harm, the Federal Communications Commission issued an order regulating how broadband internet service providers must display and advertise all of their charges to consumers.<sup>iii</sup>

If Hawaii wants to effectively address junk fees, it can take a page out of the playbook used in California S.B. 478 by prohibiting businesses from advertising or displaying prices that fail to disclose all mandatory non-government fees. This session, S.B. 2020, takes the same approach that California took with S.B. 478.

Another policy approach that could effectively address deceptive pricing economy-wide is banning excessive, hidden, and unnecessary fees. The Federal Trade Commission takes this approach in its proposed Trade Regulation Rule on Unfair or Deceptive Fees. Either of these approaches would be better than the approach taken in S.B. 2239.

For the reasons stated above, the Department opposes this bill. Should the Committee be inclined to continue the conversation by passing this bill to the next Committee, the Department respectfully requests that the Committee replace the contents of this bill with the contents of S.B. 2020, as introduced, without amendment.

Thank you for the opportunity to testify on this bill.

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<sup>i</sup> The Price Isn't Right: How Junk Fees Cost Consumers and Undermine Competition (Mar. 5, 2024) available at <https://www.whitehouse.gov/cea/written-materials/2024/03/05/the-price-isnt-right-how-junk-fees-cost-consumers-and-undermine-competition/>.

<sup>ii</sup> Id.

<sup>iii</sup> Broadband Consumer Labels, Federal Communications Commission, available at <https://www.fcc.gov/broadbandlabels> (“The FCC rules [adopted in the Broadband Label Order](#) respond ... to require providers to create consumer-friendly labels with information about their broadband services. The labels must disclose important information about broadband prices, introductory rates, data allowances, and broadband speeds, and include links to information about network management practices, privacy policies, and the FCC's [Affordable Connectivity Program](#).”)

March 8, 2024

The Honorable Sean Quinlan, Chair  
The Honorable Natalia Hussey-Burdick, Vice Chair  
Members of the House Committee on Tourism  
Hawaii State Capitol, Room 433  
415 South Beretania Street  
Honolulu, Hawaii 96813

Hearing: House Committee on Tourism  
Hearing Date: Tuesday, March 12, 2024  
Time: 10:30 a.m.  
Place: Via Videoconference  
Conference Room 423  
State Capitol  
415 South Beretania Street

Testimony in Opposition to Senate Bill 2239 SD2  
Relating to Consumer Protection

Aloha Chair Quinlan, Vice Chair Hussey-Burdick and  
Members of the House Committee on Tourism:

I am legal counsel for members of the Hawaii Hotel Alliance. I respectfully request that you defer Senate Bill 2239 SD2 for the following reasons:

1. SB2020 SD1 (Relating to Deceptive Trade Practices) is the more appropriate vehicle than SB 2239 SD2 for the disclosure of mandatory taxes and fees imposed by a government entity.

2. If adopted, SB2239 SD2 would make Hawaii an outlier when consumers are looking at booking transient accommodations from a national lens. SB2239 SD2 will make Hawaii transient accommodations appear artificially more expensive than other jurisdictions because nowhere else in the U.S. are taxes required to be incorporated as required by SB2239 SD2. Taxes and fees imposed by a government entity should not be required for inclusion in the up-front advertised / displayed / offered rate, but are more appropriate when included immediately prior to the finalization of a transaction.

3. SB2239 SD2 would create for national hotel brands an expensive, Hawaii-only change to their websites/apps.

The Honorable Sean Quinlan, Chair  
The Honorable Natalia Hussey-Burdick, Vice Chair  
Members of the House Committee on Tourism  
March 10, 2024  
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Thank you for considering my testimony.

Mahalo nui,

A handwritten signature in black ink, appearing to read "Ivan M. Lui-Kwan". The signature is fluid and cursive, with a prominent initial "I" and a long, sweeping underline.

Ivan M. Lui-Kwan

**SB-2239-SD-2**

Submitted on: 3/11/2024 10:42:13 AM

Testimony for TOU on 3/12/2024 10:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael EKM Olderr	Individual	Comments	Written Testimony Only

Comments:

I support this measure, but this committee should undo the Senate amendments and return timeshare vacation interests to the bill. So much of how the timeshare industry is predatory and uses hidden fees to steal money from low-income people, and it's already next to impossible for them to get out of the timeshares they are already in. So, if they want to do business in Hawaii, the timeshare industry must and should be transparent about all the financial burdens they bring to consumers.