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# A BILL FOR AN ACT

RELATING TO ECONOMIC DEVELOPMENT.

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

1           SECTION 1. The legislature finds that Hawaii is  
2 experiencing a climate emergency. The effects of climate  
3 change, such as rising temperatures, prolonged droughts, and  
4 increasingly destructive and deadly weather events, are felt  
5 across the island chain. These impacts threaten not only the  
6 State's vibrant ecosystems but, as actors within these  
7 ecosystems, the people of Hawaii as well. To ensure the health,  
8 safety, and well-being of Hawaii's lands, waters, and people,  
9 successful mitigation of and adaptation to climate change is  
10 imperative.

11           The legislature further finds that given the scale and  
12 impact of the climate emergency, the State must invest in bold  
13 actions to prepare for, mitigate, and adapt to climate change,  
14 including resiliency to intensifying natural disasters. A  
15 coordinated approach is necessary, and the department of  
16 defense, charged with protecting the safety and welfare of the  
17 people of Hawaii and the State's lead for hazard mitigation and



1 disaster readiness, is prepared to assume this responsibility,  
2 in coordination with the departments of business, economic  
3 development, and tourism; land and natural resources; and  
4 transportation, as well as the community, to provide for the  
5 safety, security, and well-being of Hawaii's places and people.

6 The legislature additionally finds that economic  
7 development, in particular, must consider climate change.  
8 Tourism, infrastructure, and community development are all  
9 predicated upon Hawaii's land and natural resources. Resiliency  
10 to and mitigation of climate change must remain at the forefront  
11 of any economic development or revitalization project.

12 The legislature also finds that Hawaii needs to invest in  
13 efforts to reduce climate change impacts now to limit current  
14 and future costs of climate change. The anticipated extent of  
15 the impact of climate change is such that state government needs  
16 to take comprehensive and coordinated mitigation efforts as soon  
17 as possible.

18 Accordingly, the purpose of this Act is to:

- 19 (1) Address the impacts of climate change on the State and  
20 mitigate further impacts by authorizing the funding of  
21 resiliency projects;





- 1 (1) The adjutant general;
  - 2 (2) The director of business, economic development, and
  - 3 tourism;
  - 4 (3) The director of finance;
  - 5 (4) The chairperson of the board of land and natural
  - 6 resources;
  - 7 (5) The director of transportation;
  - 8 (6) An at-large member nominated by the president of the
  - 9 senate; and
  - 10 (7) An at-large member nominated by the speaker of the
  - 11 house or representatives;
- 12 provided that the two at-large members shall each be invited to
- 13 serve and appointed by the governor, without the advice and
- 14 consent of the senate, from a list of three nominees submitted
- 15 for each position by the nominating authority specified in this
- 16 section.

17 **§ -3 Climate mitigation and resiliency special fund;**

18 **established.** (a) There is established in the state treasury

19 the climate mitigation and resiliency special fund, to be

20 administered by the department of defense, into which shall be

21 deposited:



- 1       (1) Appropriations made by the legislature to the fund;
- 2       (2) Fees collected under this chapter or any rule adopted
- 3             thereunder;
- 4       (3) Grants provided by governmental agencies or any other
- 5             source;
- 6       (4) Donations made by private individuals or organizations
- 7             for deposit into the fund;
- 8       (5) Interest earned from moneys in the emergency and
- 9             budget reserve fund established in section 328L-3;
- 10       (6) A portion of the revenues from the transient
- 11            accommodations tax established by chapter 237D, as
- 12            provided by section 237D-6.5; and
- 13       (7) Interest earned from moneys in the fund.
- 14       (b) Moneys in the climate mitigation and resiliency
- 15   special fund shall be used to advance projects addressing
- 16   climate change impacts, including projects that mitigate, adapt
- 17   to, or increase resiliency against climate change. Moneys may
- 18   also be used for consultant, personnel, and administrative costs
- 19   required to develop and implement the aforementioned projects.



1 § -4 Rules. The adjutant general shall adopt rules  
2 pursuant to chapter 91 necessary for the purposes of this  
3 chapter, including for the imposition and collection of fees."

4 SECTION 3. Chapter 201, Hawaii Revised Statutes, is  
5 amended by adding to part I a new section to be appropriately  
6 designated and to read as follows:

7 "§201- Economic development and revitalization special  
8 fund. (a) There is established in the state treasury the  
9 economic development and revitalization special fund, to be  
10 administered by the department, into which shall be deposited:

- 11 (1) Appropriations made by the legislature to the fund;
- 12 (2) Fees collected under this chapter or any rule adopted
- 13 thereunder;
- 14 (3) Grants provided by governmental agencies or any other
- 15 source;
- 16 (4) Donations made by private individuals or organizations
- 17 for deposit into the fund; and
- 18 (5) Interest earned from moneys in the fund.

19 (b) Moneys in the economic development and revitalization  
20 special fund shall be used for projects advancing:

- 21 (1) Economic development or revitalization;



- 1        (2) Infrastructure within tourism districts or resort
- 2            areas;
- 3        (3) Climate change mitigation, adaptation, or resiliency;
- 4            and
- 5        (4) Tourism marketing.
- 6        (c) The department shall establish procedures for
- 7 receiving and evaluating project proposals for economic
- 8 development and revitalization special fund allocation; provided
- 9 that:
- 10        (1) The Hawaii tourism authority, office of planning and
- 11            sustainable development, and department of land and
- 12            natural resources shall each review any project
- 13            proposal submitted for funding allocation and submit a
- 14            recommendation for funding allocation to the
- 15            department;
- 16        (2) The department shall review any project proposal
- 17            submitted for funding allocation as well as the
- 18            corresponding recommendations for funding allocation
- 19            submitted to the department pursuant to paragraph (1)
- 20            and make a recommendation for funding allocation to
- 21            the governor; and



1       (3) All funding allocations shall be subject to the  
2           governor's final approval.

3       (d) The department shall submit an annual report to the  
4       legislature no later than twenty days prior to the convening of  
5       each regular session on the sources of moneys deposited into the  
6       economic development and revitalization special fund and  
7       expenditures of moneys from the special fund."

8       SECTION 4. Section 237D-2, Hawaii Revised Statutes, is  
9       amended to read as follows:

10       "**§237D-2 Imposition and rates.** (a) There is levied and  
11       shall be assessed and collected each month a tax of:

12       (1) Five per cent for the period beginning on January 1,  
13       1987, to June 30, 1994;

14       (2) Six per cent for the period beginning on July 1, 1994,  
15       to December 31, 1998;

16       (3) 7.25 per cent for the period beginning on January 1,  
17       1999, to June 30, 2009;

18       (4) 8.25 per cent for the period beginning on July 1,  
19       2009, to June 30, 2010; ~~and~~

20       (5) 9.25 per cent for the period beginning on July 1,  
21       2010, ~~and thereafter;~~ to December 31, 2025; and



1       (6) Eleven per cent for the period beginning on January 1,  
2             2026, and thereafter;

3 on the gross rental or gross rental proceeds derived from  
4 furnishing transient accommodations.

5       (b) Every transient accommodations broker, travel agency,  
6 and tour packager who arranges transient accommodations at  
7 noncommissioned negotiated contract rates and every operator or  
8 other taxpayer who receives gross rental proceeds shall pay to  
9 the State the tax imposed by subsection (a), as provided in this  
10 chapter.

11       (c) There is levied and shall be assessed and collected  
12 each month, on the occupant of a resort time share vacation  
13 unit, a transient accommodations tax of:

14       (1) 7.25 per cent on the fair market rental value until  
15             December 31, 2015;

16       (2) 8.25 per cent on the fair market rental value for the  
17             period beginning on January 1, 2016, to December 31,  
18             2016; and

19       (3) 9.25 per cent on the fair market rental value for the  
20             period beginning on January 1, 2017, [~~and thereafter.~~]  
21             to December 31, 2025; and



1       (4) Eleven per cent on the fair market rental value for  
2       the period beginning on January 1, 2026, and  
3       thereafter.

4       (d) Every plan manager shall be liable for and pay to the  
5 State the transient accommodations tax imposed by subsection (c)  
6 as provided in this chapter. Every resort time share vacation  
7 plan shall be represented by a plan manager who shall be subject  
8 to this chapter.

9       (e) Notwithstanding the tax rates established in  
10 subsections (a) (5) and (6) and (c) (3) [~~7~~] and (4), the tax rates  
11 levied, assessed, and collected pursuant to subsections (a) and  
12 (c) shall be 10.25 per cent for the period beginning on  
13 January 1, 2018, to December 31, 2025, and twelve per cent for  
14 the period beginning on January 1, 2026, to December 31, 2030;  
15 provided that:

16       (1) The tax revenues levied, assessed, and collected  
17 pursuant to this subsection that are in excess of the  
18 revenues realized from the levy, assessment, and  
19 collection of tax at the [~~9.25 per cent rate~~] rates  
20 established in subsections (a) (5) and (6) and (c) (3)  
21 and (4) shall be deposited quarterly into the mass



1 transit special fund established under section  
 2 248-2.7; and  
 3 (2) If a court of competent jurisdiction determines that  
 4 the amount of county surcharge on state tax revenues  
 5 deducted and withheld by the State, pursuant to  
 6 section 248-2.6, violates statutory or constitutional  
 7 law and, as a result, awards moneys to a county with a  
 8 population greater than five hundred thousand, then an  
 9 amount equal to the monetary award shall be deducted  
 10 and withheld from the tax revenues deposited under  
 11 paragraph (1) into the mass transit special fund, and  
 12 those funds shall be a general fund realization of the  
 13 State.

14 The remaining tax revenues levied, assessed, and collected  
 15 at the [~~9.25 per cent tax rate pursuant to~~] rates established in  
 16 subsections (a) and (c) shall be deposited into the general fund  
 17 in accordance with section 237D-6.5(b)."

18 SECTION 5. Section 237D-6.5, Hawaii Revised Statutes, is  
 19 amended by amending subsection (b) to read as follows:

20 "(b) Except for the revenues collected pursuant to section  
 21 237D-2(e), revenues collected under this chapter shall be



1 distributed in the following priority, with the excess revenues  
2 to be deposited into the general fund:

- 3 (1) \$1,500,000 shall be allocated to the Turtle Bay  
4 conservation easement special fund beginning July 1,  
5 2015, for the reimbursement to the state general fund  
6 of debt service on reimbursable general obligation  
7 bonds, including ongoing expenses related to the  
8 issuance of the bonds; the proceeds of which were used  
9 to acquire the conservation easement and other real  
10 property interests in Turtle Bay, Oahu, for the  
11 protection, preservation, and enhancement of natural  
12 resources important to the State, until the bonds are  
13 fully amortized;
- 14 (2) \$11,000,000 shall be allocated to the convention  
15 center enterprise special fund established under  
16 section 201B-8;
- 17 (3) An allocation shall be deposited into the tourism  
18 emergency special fund, established in section  
19 201B-10, in a manner sufficient to maintain a fund  
20 balance of \$5,000,000 in the tourism emergency special  
21 fund; [and]



1 (4) \$3,000,000 shall be allocated to the special land and  
2 development fund established under section 171-19;  
3 provided that the allocation shall be expended in  
4 accordance with the Hawaii tourism authority strategic  
5 plan for:

6 (A) The protection, preservation, maintenance, and  
7 enhancement of natural resources, including  
8 beaches, important to the visitor industry;

9 (B) Planning, construction, and repair of facilities;  
10 and

11 (C) Operation and maintenance costs of public lands,  
12 including beaches, connected with enhancing the  
13 visitor experience[-]; and

14 (5) 7.3 per cent of the total revenue collected pursuant  
15 to section 237D-2 shall be allocated to the climate  
16 mitigation and resiliency special fund, established  
17 under section 1-1.

18 All transient accommodations taxes shall be paid into the state  
19 treasury each month within ten days after collection and shall  
20 be kept by the state director of finance in special accounts for  
21 distribution as provided in this subsection."



1 SECTION 6. There is appropriated out of the general  
2 revenues of the State of Hawaii the sum of \$50,000,000 or so  
3 much thereof as may be necessary for fiscal year 2025-2026 to be  
4 deposited into the climate mitigation and resiliency special  
5 fund.

6 SECTION 7. There is appropriated out of the climate  
7 mitigation and resiliency special fund the sum of \$50,000,000 or  
8 so much thereof as may be necessary for fiscal year 2025-2026 to  
9 advance projects addressing climate change impacts.

10 The sum appropriated shall be expended by the department of  
11 defense for the purposes of this Act.

12 SECTION 8. There is appropriated out of the climate  
13 mitigation and resiliency special fund \$90,000,000 or so much  
14 thereof as may be necessary for fiscal year 2025-2026 and the  
15 same sum or so much thereof as may be necessary for fiscal year  
16 2026-2027 to advance projects addressing climate change impacts.

17 The sums appropriated shall be expended by the department  
18 of defense for the purposes of this Act.

19 SECTION 9. There is appropriated out of the economic  
20 development and revitalization special fund \$90,000,000 or so  
21 much thereof as may be necessary for fiscal year 2025-2026 and



1 the same sum or so much thereof as may be necessary for fiscal  
2 year 2026-2027 to advance resilient economic development and  
3 revitalization projects.

4 The sums appropriated shall be expended by the department  
5 of business, economic development, and tourism for the purposes  
6 of this Act.

7 SECTION 10. The appropriations made by this Act shall not  
8 lapse at the end of the fiscal year for which the appropriation  
9 is made; provided that all moneys from the appropriation  
10 unencumbered as of June 30, 2028, shall lapse into the fund from  
11 which appropriated as of that date. Any unissued balance of any  
12 authorization made by this Act as of the close of business on  
13 June 30, 2028, shall lapse.

14 SECTION 11. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

16 SECTION 12. This Act shall take effect on July 1, 2050.



**Report Title:**

DOD; DBEDT; Climate Mitigation and Resiliency Special Fund;  
Economic Development and Revitalization Special Fund; Rules;  
Transient Accommodations Tax; Report; Appropriations

**Description:**

Establishes the Climate Mitigation and Resiliency Special Fund to be administered by the Department of Defense to advance projects addressing climate change impacts. Requires the DOD to convene a selection committee to review and recommend projects for Climate Mitigation and Resiliency Special Fund allocation. Requires the Adjutant General to adopt rules. 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. Requires DBEDT to establish procedures for receiving and evaluating project proposals for Economic Development and Revitalization Special Fund allocation. Requires DBEDT to submit annual reports to the Legislature. Beginning 1/1/2026, increases the Transient Accommodation Tax and allocates a portion thereof to the Climate Mitigation and Resiliency Special Fund. Appropriates funds. Effective 7/1/2050. (SD1)

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

