

STAND. COM. REP. NO.

2023

Honolulu, Hawaii

APR 04 , 2025

RE: S.B. No. 1396
S.D. 3
H.D. 3

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Finance, to which was referred S.B. No. 1396, S.D. 3, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Amend the Transient Accommodations Tax rate beginning on January 1, 2027;
- (2) Assess the Transient Accommodations Tax on cruise ship cabins, prorated by the percentage of total time the cruise ship is docked at any port in the State; and
- (3) Appropriate funds to the Department of Land and Natural Resources for the protection, management, and restoration of the State's natural resources; environmental stewardship; climate and hazard mitigation; and sustainable tourism.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources; Hawai'i Climate Advisory Team; Coalition Earth; Hawaii Reef and Ocean Coalition; Climate Protectors Hawai'i; Kupu; Council for Native Hawaiian

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Advancement; Hawai'i Alliance of Nonprofit Organizations; Hawaii Ocean Legislative Task Force; Hawaii Food+ Policy; Hawai'i Appleseed Center for Law & Economic Justice; Resources Legacy Fund; Hawai'i Workforce Funders Collaborative; The Nature Conservancy Hawai'i and Palmyra; Vibrant Hawai'i; Coral Reef Alliance; Wildfire Safety Advocates of Waikoloa; and numerous individuals.

Your Committee received testimony in opposition to this measure from the Activities and Attractions Association of Hawaii; Hawaii Mid- and Short-Term Rental Alliance; O'ahu Short-Term Rental Alliance; Kona Kai LLC; Serendipity Associates; Maui Hotel & Lodging Association; Norwegian Cruise Line Holding Ltd; Grassroot Institute of Hawaii; Maui Chamber of Commerce; Honu Hawaii Home, LLC; Maui Vacation Rental Association; ARDA Hawaii; Kohala Coast Resort Association; Ala Wai House LLC; and numerous individuals.

Your Committee received comments on this measure from the Office of the Governor; Recovery and Resiliency Unit; Department of Hawaiian Home Lands; Department of Taxation; Hawai'i Tourism Authority; Department of Business, Economic Development, and Tourism; Hawaii Green Infrastructure Authority; Hawai'i Climate Change Mitigation and Adaptation Commission; Hawai'i State Energy Office; Hawai'i Emergency Management Agency; Kauai Climate Action Coalition; Kua'āina Ulu 'Auamo; Mālama Learning Center; Cruise Lines International Association; Care for 'Āina Now Coalition; Sustainable Coastlines Hawai'i; Hawai'i Green Growth Local2030 Hub; 'Āina Aloha Economic Futures; Hawai'i Wildfire Management Organization; Tax Foundation of Hawaii; Hawai'i Lodging & Tourism Association; and six individuals.

Your Committee has amended this measure by:

- (1) Adjusting the allowable uses of the Special Land and Development Fund;
- (2) Removing the requirement that Transient Accommodations Tax allocations to the Special Land and Development Fund be expended in accordance with the Hawaii Tourism Authority Strategic Plan; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1396, S.D. 3, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1396, S.D. 3, H.D. 3.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



KYLE T. YAMASHITA, Chair



