

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

House Committee on Energy and Environmental Protection

Thursday, March 13, 2025

9:45 a.m.

State Capitol, Conference Room 325, and Videoconference

In Support

S.B. No. 1396, S.D. 3, Relating to Economic Development

Chair Lowen, Vice Chair Perruso, and Members of the House Committee on Energy and Environmental Protection:

The Office of the Governor supports S.B. No. 1396, S.D. 3, Relating to Economic Development. S.B. No. 1396, S.D. 3, increases the Transient Accommodations Tax (TAT) beginning January 1, 2026. The bill also requires the Governor to request in the executive budget submitted to the Legislature an amount of general funds equal to an unspecified percentage of TAT revenues to advance projects that address climate change and support tourism marketing and destination management.

Among Governor Green's Climate Advisory Team's policy recommendations to increase Hawaii's preparedness for and mitigation of climate-related disasters is a dedicated source of funding for climate and disaster resiliency initiatives. Such initiatives include projects that mitigate, adapt to, or increase resiliency against climate change, such as the following projects.

- Hale Piula Watertank Replacement and Cleanup (\$5,000,000): replaces the water tanks at Hale Piula for fire suppression activities, helping to protect the forests, property, and people of North Kona
- Kauai Watershed Forest Protection (\$2,000,000): protects native forests and increases climate resilience through invasive plant removal, fence maintenance, and invasive hooved animal removal; prevents the conversion of the Lumahai watershed from forests to bare ground to reduce threats of flooding and erosion
- JC Shrimp Ponds and Waiale'e Pond Management (\$1,000,000): restores shrimp ponds at JC to support threatened and endangered birds and flood management; revitalizes a degraded wetland, including through invasive species removal and planting of sustainable food; and conducts workforce training to bolster capacity for wetland restoration and management staff

As climate change intensifies, rising sea levels, extreme weather events, and coastal erosion also threaten Hawaii's resort and tourism areas, which are central to the State's economy. Without proactive investment in climate mitigation, adaptation, and resiliency efforts, Hawaii's tourism industry risks significant economic losses, infrastructure damage, and reduced visitor appeal. By integrating climate adaptation with economic revitalization, the State can safeguard its tourism industry while promoting a more sustainable and resilient future.

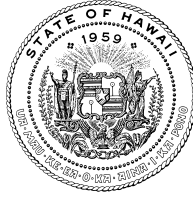
Given the scale of current and future climate impacts to Hawaii, the Climate Advisory Team advised allocating \$1.375 billion over the next five years to climate and disaster resiliency. To avoid placing an undue financial burden upon Hawaii residents, the team recommended increasing the Transient Accommodations Tax (TAT). The TAT is currently at a statewide minimum of 10.25 percent and is expected to generate an estimated \$1.054 billion in fiscal year 2024, according to the Department of Budget and Finance. By increasing the TAT rate by 1.75 percent to a total of 12.00 percent, for example, the State could raise annual TAT revenues to an estimated \$1.234 billion.

Utilizing increased TAT revenues to fund resiliency and economic development projects would couple visitor impacts to the State's natural and built resources to their continued financial support and longevity. Tourism areas, including our precious beaches and waterfalls, cultural landmarks, and heritage sites, experience significant use due to large numbers of visitors. Everyone must do their part to ensure the health of these resources. For visitors to the islands, this includes supporting Hawaii's places and people, especially those heavily impacted by tourism, through the TAT.

While the Office of the Governor appreciates the previous committee's amendments depositing a portion of TAT revenues into the general fund, the Office of the Governor prefers the original draft of the bill and requests your committee restore its provisions. Specifically, the Office of the Governor believes that establishing a special fund into which TAT revenues could be deposited, rather than depositing the revenues into the general fund, is a more appropriate and prudent fiscal practice.

Climate mitigation and resiliency is essential to the health, safety, and wellbeing of Hawaii's islands and people. The tourism industry is essential to our economy. We must fund projects that will strengthen the State's ability to mitigate and adapt to the impacts of climate change without financially burdening Hawaii's residents, and the Office of the Governor believes that depositing a portion of TAT revenues into a special fund for the financing of climate resiliency and destination management projects will accomplish these dual goals.

The Office of the Governor looks forward to continuing discussions on this bill. Thank you for the opportunity to provide testimony on this measure.



EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

House Committee on Energy & Environmental Protection

Thursday, March 13, 2025

9:45 a.m.

State Capitol, Conference Room 325 and Videoconference

With Comments

S.B. No. 1396, SD3 Relating to Economic Development

Chair Lowen, Vice Chair Perruso, and members of the House Committee on Energy & Environmental Protection:

The Office of the Governor Recovery and Resiliency Unit **Offers Comments** on S.B. No. 1396 SD3, Relating to Economic Development.

This measure represents a crucial step forward in strengthening our state's economic and environmental resilience. Resiliency projects play a vital role in reducing hazard vulnerability by proactively addressing risks associated with natural disasters and climate change. By implementing funds towards mitigation and resiliency efforts such as flood mitigation, hardening homes with retrofits, and infrastructure reinforcement, we can minimize the impact of severe weather incidents and other threats before they escalate into crises. These investments help protect lives, property, critical infrastructure, and the environment, ensuring that our communities are better equipped to withstand and recover from disasters.

A well-prepared community significantly reduces the time it takes to recover from disasters. By investing in proactive measures rather than reactive responses, we can minimize economic disruptions, protect jobs, and ensure that essential services are restored quickly. A shorter recovery period means less strain on government resources, a faster return to normalcy for residents, and a more resilient local economy.

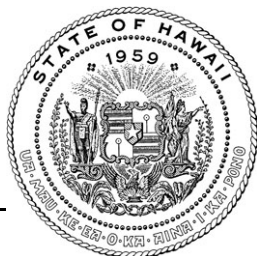
There is great value in resiliency projects as these proactive investments can radically reduce risks. For instance, retrofitting homes to withstand environmental hazards are proven to be a cost-effective avenue to reduce risks. In wildfire prone areas, implementing fire mitigation strategies such as creating defensible space around properties or utilizing fire-resistant building materials can dramatically reduce the spread of wildfires.

Similarly, in flood prone regions, elevating structures above expected flood levels or strategically relocating them to safer areas can prevent devastating losses. In hurricane prone areas, retrofitting homes to withstand high winds can be a simple, yet incredibly effective upgrade through installing hurricane clips and/or larger structure envelope hardening. These measures ensure that homes remain intact and reduce costly repairs and displacement of families including short-term sheltering and long-term interim housing. As communities become more resilient, they become more attractive to businesses which foster long-term economic revitalization.

Despite the clear benefits of these resiliency projects, funding for such initiatives has traditionally been reliant on federal sources, particularly through the Federal Emergency Management Agency (FEMA) and other partners in the federal government. This creates a reliance on federal funds, and that dependence can create uncertainty. To ensure long-term stability, establishing a dedicated state fund would guarantee a more consistent and reliable source of support. These funds are often nationally competitive in nature, require various matching funds, and can take years to secure and implement and with no guarantee our partners will secure funding. Senate Bill 1396 SD3 takes that step in addressing this gap by establishing a dedicated state level fund for climate mitigation and resiliency efforts. This will allow for a more strategic, long-term approach to resiliency planning and implementation.

To ensure the effective implementation of these resiliency initiatives, it is essential that a primary agency be designated to oversee the administration of these funds. This agency must possess the necessary expertise, be equipped with the appropriate resources, and ensure funds are allocated efficiently.

If you have any questions on this testimony please contact Luke Meyers, Branch Chief Hawai'i Office of Recovery and Resiliency (HI-ORR) and State Disaster Recovery Coordinator for the Maui Wildfires. Thank you for the opportunity to provide testimony on this measure.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'I

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

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Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Thursday, March 13, 2025
9:45 AM
State Capitol, Conference Room 325

In consideration of
SB 1396, SD3
RELATING TO ECONOMIC DEVELOPMENT.

Chair Lowen, Vice Chair Perruso, and members of the Committee:

SB1396, SD3 requires the Governor to submit project-specific budget requests to the Legislature that address climate change and supports tourism marketing and destination management to be funded by an increase in the Transient Accommodations Tax (TAT). The Department of Business, Economic Development and Tourism (DBEDT) supports the intent but respectfully requests the committee to revert back to the original version which established the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund, financed by an increase in the TAT.

The Climate Advisory Team (CAT), convened by Governor Green, has emphasized that Hawai'i faces an increasing frequency and severity of climate-related disasters, which pose an existential threat to our economy, natural resources, and communities. Their Policy Recommendations on Climate Disaster Resilience, Recovery, and Funding stress the urgent need for dedicated funding to support resilience projects, enhance economic stability, and protect Hawai'i from catastrophic financial and environmental losses.

The Need for SB1396: Economic and Climate Resilience

SB1396 aligns with key CAT policy recommendations, which highlight that:

- Hawai'i incurs an estimated \$1.4 billion in annual damages from hurricanes, wildfires, and flooding. Without intervention, these losses are expected to increase by 25% over the next 25 years.
- Investing in resilience has a proven return on investment. For every \$1 spent on disaster preparedness, \$6 in future disaster recovery costs are avoided.
- The lack of dedicated climate disaster funding has exacerbated vulnerabilities, as seen in the Lahaina wildfire tragedy, which resulted in 102 lives lost and over \$5 billion in damage.
- Invasive species, unmanaged vegetation, and inadequate fire mitigation efforts have increased wildfire risks across the islands, with the CAT calling for immediate action to remove hazardous fuel loads.
- Hawai'i's housing crisis is compounded by climate risks, making post-disaster recovery funding essential to prevent displacement and long-term economic instability.

The Role of the Climate Mitigation and Resiliency Special Fund

The Climate Mitigation and Resiliency Special Fund proposed in SB1396 addresses the CAT's recommendation to establish a Hawai'i Climate Resilience Fund (HCRF), which would:

- Fund large-scale wildfire fuel reduction and coastal restoration projects.
- Invest in climate-adaptive infrastructure, such as resilient energy grids and fortified housing.
- Develop emergency response and recovery capabilities to prevent economic collapse in the wake of disasters.
- Support the removal of invasive plant species that fuel wildfires and worsen storm surges.
- Create resilience hubs and upgrade emergency communication systems to protect vulnerable communities.

The Role of the Economic Development and Revitalization Special Fund

The Economic Development and Revitalization Special Fund aligns with CAT's call for economic resilience investments, ensuring:

- Critical infrastructure repairs and upgrades in response to climate-related disasters.
- Support for economic diversification strategies that reduce Hawai'i's reliance on tourism while ensuring that visitors contribute to the cost of maintaining the islands' environment and infrastructure.
- Sustained revenue streams for climate action without burdening local taxpayers.

Leveraging the Transient Accommodations Tax for Sustainable Funding

The CAT policy recommendations emphasize that new revenue sources must be fair, reliable, and avoid increasing costs for local residents. Increasing the Transient Accommodations Tax (TAT) ensures that visitors contribute to preserving the environment and funding the state's resilience measures. Similar policies have been successfully implemented in other high-risk regions, reinforcing the need for Hawai'i to secure a stable, dedicated funding source for climate adaptation and economic revitalization.

SB1396 represents a critical investment in Hawai'i's long-term safety and prosperity. By aligning with the Climate Advisory Team's urgent recommendations, this bill provides a comprehensive framework for mitigating climate risks, protecting communities, and ensuring economic resilience.

For these reasons, the Department of Business, Economic Development and Tourism strongly supports SB1396.

Mahalo for the opportunity to testify on this important measure.



TESTIMONY OF
DANIEL NĀHO'OPI'I
Interim President & CEO
Hawai'i Tourism Authority
before the
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

Thursday, March 13, 2025
9:45 a.m.
State Capitol, Room 325

In consideration of
SB 1396 SD 3
RELATING TO ECONOMIC DEVELOPMENT

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee,

The Hawai'i Tourism Authority (HTA) offers comments supporting the intent of SB 1396 SD 3, which beginning January 1, 2026, increases the Transient Accommodation Tax (TAT) by an unspecified amount. It also requires the Governor to request in the budget or supplemental budget submitted to the Legislature for an amount of general funds equal to an unspecified percentage of the TAT revenue be expended to advance specific projects that support tourism marketing and destination management and address climate change. It sets the effective date to July 1, 2050.

As stated in the bill, tourism's resiliency to climate change is critical since it is predicated on land and natural resources. Please consider the nexus to tourism resiliency and assurances of direct funding for tourism marketing, destination management and infrastructure improvements in visitor areas.

While we understand the intention behind raising the TAT, the HTA must ensure that such tax increases do not create barriers to travel but should provide a positive and competitive business environment [HRS 201B-3(a)(17)].

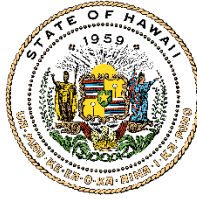
The measure does not include the establishment of special funds as outlined in the original bill. We want to emphasize that if the revenues are deposited into the general fund, there should be a strong connection to tourism with the increase of the TAT. A special fund would provide greater assurance for dedicated funding that supports tourism marketing, destination management, and infrastructure improvements in areas that serve visitors.

Nonetheless, whether the TAT funds are in the general fund or with a special fund, we urge the Legislature that HTA/DBEDT be included in the decision-making process for the use of those funds. The HTA looks forward to collaborating with the appropriate agencies.

Mahalo for the opportunity to share our comments.

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
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KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of
DAWN N. S. CHANG
Chairperson

Before the House Committee on
ENERGY & ENVIRONMENTAL PROTECTION

Thursday, March 13, 2025
9:45 AM

State Capitol, Conference Room 325 & Videoconference

In consideration of
SENATE BILL 1396, SENATE DRAFT 3
RELATING TO ECONOMIC DEVELOPMENT

Senate Bill 1396, Senate Draft 3, increases the Transient Accommodation Tax by an unspecified amount, requires the Governor to request in the budget or supplemental budget submitted to the Legislature for an amount of general funds equal to an unspecified percentage of the transient accommodations tax revenue be expended to advance specific projects that address climate change and support tourism marketing and destination management. **The Department of Land and Natural Resources (Department) supports this measure.**

According to the Climate Advisory Team's (CAT) policy recommendations, Hawai'i's first line of defense against climate change threats is a thriving environment. The CAT report prioritizes invasive species removal to lessen wildfire risk and fortify natural protections such as native forested watersheds and wetlands against storms. Forests and wetlands dramatically reduce erosion and flooding by holding soil and increasing water infiltration. Protecting Hawai'i's native forests is a priority action to secure Hawai'i's water supplies, which are increasingly affected by drought. Forests absorb cloud moisture, increasing water capture up to 50% more than rainfall alone. These actions directly mitigate climate change impacts and improve Hawai'i's adaptation to a changing climate. A study commissioned by the Greenhouse Gas Sequestration Task Force identified forest protection as the food and land use solution with the most impactful emissions reduction.

The Department supports directing general funds to advance projects that address climate change to close the funding gap for managing Hawaii's natural resources. The CAT recommended that

environmental investment and stewardship of public lands receive \$137.5 million per year. For a more detailed understanding of specific projects these funds could support, please explore the Division of Forestry and Wildlife’s [interactive story map](#)^[1], highlighting ongoing and potential environmental stewardship initiatives across the state. Viewers can learn about the location, budget, and descriptions of over 80 potential projects, such as the example project below.



The image displays an interactive story map of the Hawaiian Islands. The map shows the islands of Kauai, Niihau, Oahu, Molokai, Maui, Hawaii, and Kahoolawe, with numerous numbered blue circular markers indicating project locations. A callout box for project 50 is positioned over the West Hawaii region of the main island of Hawaii. The callout includes a photograph of a fire, a title, and a description of the project.

50

West Hawaii Fence Infrastructure for Fire Prevention and Suppression \$2,500,000

This project constructs fencing infrastructure and fuel breaks at the Puu Anahulu Game Management Area to protect the increasingly rare native dryland forest. Fencing will allow managed grazing of fuels to create a fuel break, preventing rapid fire starts and spreads in the area. Additionally, this fence will also keep sheep, goats, and pigs off the highway, reducing road strikes.

Mahalo for the opportunity to testify on this measure.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
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GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 1396, S.D. 3, Relating to Economic Development.

BEFORE THE:

House Committee on Energy & Environmental Protection

DATE: Thursday, March 13, 2025

TIME: 9:45 a.m.

LOCATION: State Capitol, Room 325

Chair Lowen, Vice-Chair Perruso, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 1396, S.D. 3, an Administration measure, for your consideration.

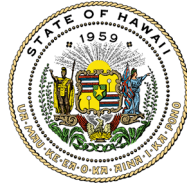
Section 3 of S.B. 1396, S.D. 3, amends section 237D-2, Hawaii Revised Statutes (HRS), by increasing the Transient Accommodation Tax (TAT) rate by an unspecified amount, effective January 1, 2026. Additionally, the bill provides that an unspecified portion of the TAT will continue to be allocated to the Mass Transit Special Fund for the period between January 1, 2026, and December 31, 2030.

The bill has a defective effective date of July 1, 2050.

DOTAX can administer changes to the TAT rate with a January 1, 2026 effective date.

Thank you for the opportunity to provide comments on this measure.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



STEPHEN F. LOGAN
MAJOR GENERAL
ADJUTANT GENERAL
KA 'AKUKANA KENELALA

JAMES DS. BARROS
ADMINISTRATOR OF
EMERGENCY MANAGEMENT
KAHU HO'OMALU PŪLIA

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF DEFENSE
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STATE OF HAWAI'I
DEPARTMENT OF DEFENSE
HAWAI'I EMERGENCY MANAGEMENT AGENCY

TESTIMONY ON SENATE BILL 1396 SD3,
RELATING TO ECONOMIC DEVELOPMENT

BEFORE THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION

BY

JAMES DS. BARROS
ADMINISTRATOR
HAWAI'I EMERGENCY MANAGEMENT AGENCY

MARCH 13, 2025

Aloha Chair Lowen, Vice-Chair Perruso, and Members of the Committee:

Thank you for the opportunity to submit testimony to **SUPPORT** Senate Bill 1396 SD3.

The Hawai'i Emergency Management Agency supports this bill as it provides crucial funding for resiliency and climate mitigation projects, which are vital for preparing Hawai'i for increasingly frequent and severe climate impacts. HIEMA endorses any initiative that aims to strengthen and bolster the resilience of real properties within the communities of Hawai'i.

By establishing dedicated special funds, this measure ensures that the state can take swift and coordinated action to protect communities. This bill will reinforce Hawai'i's ability to prepare for and respond to climate-induced disasters, safeguarding public safety and minimizing future costs from climate-related damage.

This measure prioritizes climate resiliency in economic development projects, further ensuring that the state's infrastructure and tourism industries are better equipped to withstand future climate challenges; hence, HIEMA supports this measure, with the

understanding that its passage will not negatively impact the priorities outlined in the Executive Budget.

Thank you for the opportunity to provide testimony supporting Senate Bill 1396 SD3.

James Barros: james.barros@hawaii.gov; 808-733-4300



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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Thursday, March 13, 2025
9:45 AM
State Capitol, Conference Room 325 and Videoconference

In SUPPORT of the INTENT of
SB 1396, SD3

RELATING TO ECONOMIC DEVELOPMENT.

Chair Lowen, Vice Chair Perruso, and members of the Committee, the Hawai'i State Energy Office (HSEO) supports the intent of SB 1396, SD3, an Administration measure, which increases the Transient Accommodation Tax (TAT) by an unspecified amount starting on January 1, 2026, and requires the Governor to request in the budget or supplemental budget submitted to the Legislature for an amount of general funds equal to an unspecified percentage of the TAT revenue be expended to advance specific projects that address climate change and support tourism marketing and destination management.

HSEO concurs with the Legislature's finding that immediate investments in climate change resilience and mitigation are needed to protect Hawai'i's economy and people and respectfully seeks the Committee's support of restoring the original version of this measure which established the Climate Mitigation and Resiliency Special Fund (CMRSF) and the Economic Development and Revitalization Special Fund (EDRS), increases the TAT starting in 2026, and allocates a portion of this increase to the newly established CMRSF. With a balanced approach, HSEO believes the TAT is an appropriate and effective vehicle to fund such investments given their long-term benefits to Hawai'i's visitor industry.

Should the original version of this measure be reinstated, HSEO stands ready to support the agencies tasked with administration of the CMRSF and EDRS, and the Selection Committee to review and recommend CMRSF investments; particularly those related to energy and transportation resilience.

As this is a fiscal issue, we defer to the appropriate agency for comment.

Thank you for the opportunity to testify.



**STATE OF HAWAII
HAWAII CLIMATE CHANGE MITIGATION & ADAPTATION
COMMISSION
POST OFFICE BOX 621
HONOLULU, HAWAII 96809**

**Testimony of
LEAH LARAMEE
Climate Change Coordinator on behalf of
Climate Change Mitigation and Adaptation Commission Co-Chair Mary Alice Evans and
Co-Chair Dawn N.S. Chang**

**Before the House Committee on
ENERGY AND ENVIRONMENTAL PROTECTION**

**Thursday, March 13, 2025
9:45 AM
State Capitol, Conference Room 325 & Videoconference**

**In consideration of
SENATE BILL 1396 SENATE DRAFT 3
RELATING TO ECONOMIC DEVELOPMENT**

Senate Bill 1396 SD3 increases the Transient Accommodation Tax by an unspecified amount; requires the Governor to request in the budget or supplemental budget submitted to the Legislature for an amount of general funds equal to an unspecified percentage of the transient accommodations tax revenue be expended to advance specific projects that address climate change and support tourism marketing and destination management. The Hawai'i Climate Change Mitigation and Adaptation Commission (Commission) **provides the following comments.** The Commission consists of a multi-jurisdictional effort between 20 different departments, committees, and counties to protect the lives and livelihoods of the people of Hawai'i through accelerated climate action.

Previous versions of this bill provide a sustainable funding mechanism to support climate actions across the state to mitigate and recover from the life-threatening impacts of climate change. Climate change is accelerating yet our state response has not matched the ambitions set or met the rate of implementation to meet the many challenges Hawai'i is already facing. Climate actions have been severely underfunded with expected costs rising each year of inaction. In order to adequately meet the growing impacts and costs of climate change to our economy, natural resources, communities and health, a Climate Mitigation and Resiliency Special Fund that allows for both long term dedicated funding for long range planning and nimble emergency response should be established.

The devastating fires of Lahaina, a singular event exacerbated by climate change, is expected to cost over \$12 billion dollars. Skyrocketing insurance premiums and mass exodus from insurance agents in vulnerable areas are a clear indication that we can no longer ignore the costly impacts

of climate. A 2024 study shows that every \$1 spent on climate resilience and preparedness saves communities \$13 in damages, cleanup costs and economic impact.¹ An investment into climate mitigation and resilience is an investment into our people, economy and future. Annual allocations do not allow for both the flexibility needed to respond to emergency situations nor for the long term planning that can take place when funding is dedicated.

There is no shortage of actions that can be taken today. The Commission’s “Grants to Projects Bridge” (<https://climate.hawaii.gov/grants-to-projects-bridge>) has identified unfunded climate projects totaling nearly \$1 billion annually. These projects were identified as needs by state agencies, included in state and county plans, and submitted by community members ready to implement climate resilience in their communities. Climate action can not take place without funding. The new version of this bill does little to ensure that funding will be readily available to meet the needs of communities to build a resilient, affordable and safe climate ready Hawai‘i. Funding climate action is a hugely popular initiative that will not only save kama‘aina money and boost the economy but will also save lives.

Regarding testimony voicing concerns over increases to the TAT leading to declining visitor numbers, the Department of Business, Economic Development and Tourism November 2024 marked the fourth-consecutive month with year-over-year growth in both visitor arrivals and expenditures.¹ Tourism has large impacts on our environment, is a big contributor to climate change in the state and it is time to prioritize residents’ needs. Visitor destination management plans are making progress. However, much work still needs to be done to create a sustainable tourism economy. The contribution of the TAT can help to contribute to actions to making Hawai‘i safer in the face of climate change.

Mahalo for the opportunity to testify on this measure.

¹ [Department of Business, Economic Development & Tourism | Visitor Industry Recorded Fourth Consecutive Year-over-Year Growth in November 2024](#)



**Testimony of
Gwen Yamamoto Lau
Executive Director
Hawaii Green Infrastructure Authority
before the
House Committee on Energy & Environmental Protection
Thursday, March 13, 2025, 9:45 AM
State Capitol, Conference Room 325
in consideration of
Senate Bill No. 1396, SD3
RELATING TO ECONOMIC DEVELOPMENT**

Chair Lowen, Vice Chair Perruso and Members of the Committee:

Thank you for the opportunity to testify on SB1396, SD3, to address the impacts of climate change and support tourism marketing and destination management, funded by an increase in the Transient Accommodations Tax. The Hawaii Green Infrastructure Authority supports the intent of this bill but respectfully request that it reverts back to the original version.

Serving as a member of the Climate Advisory Team over the past six months has heightened my awareness of the devastating impacts of disasters and underscored the importance of investing in pre-disaster preparedness to mitigate future losses and long-term recovery.

As an island state, we are at ground-zero for climate related disasters. Adding to our vulnerabilities are islanded grids, with the next closest land mass that will be able to provide much needed resources over 2,300 miles away.

The objective in creating a Climate Mitigation and Resiliency Special Fund is to provide ongoing funding to:

- Increase resilience in our communities by fortifying homes susceptible to hurricanes, as well as ensuring our communities are provided with necessary resources, capacity building technical assistance (e.g., Vibrant Hawaii, Hawaii Hazards Awareness and Resilience Program; Hawaii Wildfire Management Organization, etc.) to provide pre and post-disaster education, planning and coordination through community-based organizations, to increase a community's readiness, in collaboration with local, state and federal agencies;
- Coordinate statewide planning, collaboration and conduct disaster preparedness exercises and drills on a regular basis to ensure communities, local, state and federal governments are aligned during an actual disaster; and
- Ensure a thriving environment by removing invasive plants that provide fuel for wildfires and fortify natural protections against hurricanes and storm surges.

This recurring funding source will enable the state to invest in much needed revitalization projects, shore up infrastructure within tourist districts and resort areas, implement resiliency and adaptation measures and provide funding for tourism marketing.

It is our *kuleana* to invest in our communities to mitigate the impacts of climate disasters as well as take care of our fragile ecosystems that keep Hawaii a top travel destination by investing in these projects.

Thank you for this opportunity to testify and provide comments on SB 1396, SD3.



Hawai'i Climate Advisory Team

To: Rep. Nicole E. Lowen, Chair
Rep. Amy A. Perruso, Vice Chair
House Committee on Energy & Environmental Protection

From: The Climate Advisory Team
SB1396, SD3 - Relating to Economic Development - Support With Comments
Thursday, March 13, 2025, 9:45 a.m., Conference Room 325 & Videoconference

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee,

Mahalo for the opportunity to testify in **support of the intent** of SB1396, SD3 relating to economic development. As members of the Governor's Climate Advisory Team (CAT), we believe the state must invest in bold actions to prepare for, mitigate, and adapt to the adverse impacts of disasters, which are increasing in severity and frequency with climate change. This bill takes an important step in that direction by establishing a mechanism to fund the critical resilience work that must be done to protect homes, businesses, and lives in the face of extreme disasters.

The CAT is a volunteer group, convened by Governor Green to develop community-informed policy recommendations to help make Hawai'i more resilient to natural disasters. The CAT published its findings and recommendations in a [policy paper](#) in January 2025. **The CAT's top priority recommendation is for the state to establish dedicated revenue sources that ensure long-term funding for resilience projects. It is also a top priority of the Governor's administration for the 2025 legislative session.** Increasing the Transient Accommodation Tax (TAT) and directing those funds towards resilience projects is an important step the state can take to protect residents, businesses, infrastructures, and communities from the known devastation of disasters.

While we support the intent of SB1396, SD3 in that it would establish a funding mechanism to raise TAT revenues and direct those funds towards climate mitigation and resiliency work, the CAT respectfully requests that the bill be reverted to its original form which would establish a dedicated Climate Mitigation and Resiliency Special Fund. The special fund would ensure revenues generated from a TAT increase are directly spent on disaster resilience and climate mitigation work and allow for more expeditious release of funds for projects. The CAT underscores the viability of this funding approach to support disaster resilience work in Hawai'i, particularly the fact that it would not place significant added financial burden on residents, while still providing urgently needed revenues to address the increasing costs associated with disasters.

Hawai'i faces increasingly devastating risks of climate-related disasters, yet we lack a reliable, consistent funding source for disaster mitigation and resiliency efforts. If it persists, this imbalance



Hawai'i Climate Advisory Team

threatens significant harm to Hawai'i's families, communities, businesses, economy, and precious natural resources. While funding alone will not solve the challenges we face from disasters, the CAT emphasizes the fact that a coordinated approach for state climate resiliency requires sustained financial support from sources that do not exacerbate the cost of living crisis Hawai'i's families face.

The CAT's analysis finds that increasing the Transient Accommodation Tax (TAT) to a total of 12 percent would provide a substantial and likely consistent funding stream for disaster resiliency and economic revitalization initiatives while minimizing any direct financial hit to residents and the most vulnerable populations of our state. While the stability of this revenue source is closely tied to visitor numbers which can vary, it is also tied to visitor impacts on the environment and our State's built infrastructure.

In the CAT's policy paper, we make several recommendations for climate mitigation and resiliency work that urgently requires coordinated action and funding by the state. These are specific areas where revenues generated by the TAT increase should be directed to address the most pressing disaster-related threats we face:

Environmental Resilience Projects:

- **Wildfire Risk Reduction:** Perpetual management of high-fire-risk vegetation to remove invasive grasses, bushes, and trees; replacing invasive-dominant areas with thriving native ecosystems; restoration and management of healthy forests; environmental stewardship of watersheds and streams to create and capture rainfall, recharge aquifers and reduce fire risk.
- **Hurricane and Tsunami Damage Mitigation:** Beach and dune conservation; coral reef management, stewardship, and restoration; fishpond restoration and stewardship of coastal wetlands that buffer communities from risk; restoration and management of native coastal vegetation and dunes; prevention of overgrowth of albizia and other high-risk trees that can topple onto homes, roads, and utility infrastructure.
- **Minimize Flooding Risk:** Management of healthy native watersheds and stream buffers to absorb rainwater, slow the speed and volume of runoff, and decrease flooding; vegetation management and maintenance of permeable surfaces to continue runoff absorption and slow flows; restoration of lo'i kalo and 'auwai systems; establishment or maintenance of natural retention areas in high-pavement or high-risk areas.

These critical investments will strengthen our environment as our first line of defense against disasters. Environmental resiliency work in other states like California has been found to reduce wildfire risk and significantly reduce the cost of recovery when disasters do occur. Please see [Section 3.3 of the CAT's Policy Recommendations on Climate Disaster Resilience, Recovery and Funding](#) for more information, and summaries of dozens of environmental resilience projects that need funding [from the Department of Land and Natural Resources](#) (DLNR).



Hawai'i Climate Advisory Team

Other projects funded by the Climate Mitigation and Resiliency Special Fund should be directed towards increasing the resilience of Hawai'i's communities and infrastructure. A tremendous amount of work is already underway by communities and homeowners themselves to enhance their own readiness, but more financial, organizational, and planning support from the state is needed to accelerate these efforts. Some of these initiatives have been proposed in separate legislation this session and could be funded with the TAT increase. These priority areas for community resilience are:

- **Establish a Home Retrofit Program:** Create a home retrofit grant program modeled after the Strengthen Alabama Homes program to fortify residential structures against wind damage.
- **Promote Community Resilience Through Pre-Disaster Education and Coordination:** Organize an annual conference focused on disaster prevention, preparation, and education to bring together experts, local leaders, and community members to develop coordinated strategies to face disasters.
- **Promote Resilience Hubs:** Support resilience hubs across our communities through state funding for community-driven efforts to develop hubs and subsidization of ongoing operations.
- **Upgrade Emergency Communications:** Upgrade emergency communication systems and processes.

Hawai'i's tourism industry depends on our state's land and natural resources. If we don't act now to preserve our state's precious natural resources and protect our islands from future disasters, the tourism industry is likely to feel significant impacts. Investing now to protect our natural environment and local communities from the devastating impacts of climate-related disasters will help ensure Hawai'i remains a desirable travel destination for visitors. The proposed increase to the TAT to fund statewide resiliency and sustainable tourism initiatives is fair because it accounts for the visitor industry's impact on state resources and avoids added financial burdens on our most vulnerable residents.

Thank you for the opportunity to testify before your committee and provide comments on SB1396, SD3.

With aloha,

The Climate Advisory Team



COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

DATE: Thursday, March 13, 2025

TIME: 9:45 AM

Strongly Oppose SB1396

Aloha Chair Lowen, Vice Chair Perruso, and committee members,

My name is Antoinette Davis. It has been my honor to represent the Activities and Attractions Association of Hawaii (A3H), a not-for-profit 501c6 trade organization, as its executive director since 1997 (28 years). **A3H strongly opposes SB1396 due to the detrimental impact this will have on Tourism's most vulnerable small businesses.**

While it is commendable & prudent to plan for the future and address climate concerns, we must approach this issue with a balanced perspective that considers both environmental impacts (future) and the affordability of a vacation in Hawaii (present). Increasing the Transient Accommodation Tax (TAT) will impose a significant financial burden on visitors, further pricing Hawaii vacations out of reach for many more and reducing the amount of money those who can afford to visit spend on other items.

Currently, Hawaii has the highest TAT in the nation, and evidence from 2023 and 2024 indicates that higher taxes lead to reduced spending by visitors in other areas rather than an increase in their overall per-person per-trip expenditure.

This trend suggests that while we strive for sustainable tourism, we must also ensure that our local economy remains robust and our visitor experience remains enjoyable. A3H is committed to fostering collaboration among industry stakeholders to explore innovative strategies that harmonize environmental sustainability with economic vitality, and we invite open dialogue on how we can achieve this balance together.

As the cost of air, hotels, and rental cars increase, attractions, activities, retail, and restaurants receive less and less of the visitors' spending. Increasing the TAT will only exasperate this problem even more. This Bill will hurt the small businesses, resident-owned businesses, and businesses whose profits remain within this economy.

Mahalo, thank you for your time, consideration, and opportunity to testify.

**Testimony of The Nature Conservancy
Supporting SB1396 SD3, Relating to Economic Development.
Committee on Energy & Environmental Protection
March 13, 2025 at 9:45 am
Conference Room 325 and via Videoconference**

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committees:

Mahalo for the opportunity to testify today. The Nature Conservancy (TNC) Hawai'i and Palmyra supports SB1396 SD3, which increases the Transient Accommodation Tax and requires the Governor to request in the budget or supplemental budget submitted to the Legislature for an amount of general funds equal to an unspecified percentage of the transient accommodations tax revenue be expended to advance specific projects that address climate change and support tourism marketing and destination management.

Hawai'i faces surmounting environmental challenges like wildfires, disappearing coastlines, bleached coral reefs, and an underinvestment in the management of these natural and cultural resources. As an island region, our community safety faces growing risk the longer we go without significant funding toward environmental protection and restoration. Hawai'i is in immediate need of additional resources to conserve and protect our ecosystems, native species, coastlines, and the community livelihoods that depend on these resources.

Recent polling funded by the Nature Conservancy and the Trust for Public Land shows that 3 in 4 visitors support paying their appropriate contribution for the protection and restoration of the natural places and resources they use, visit, and experience during their time here. Paired with polling from previous years showing support with over 85% of Hawai'i voters, there is clearly immense public support for this initiative.

SB1396 SD3 is one clear pathway to protecting, restoring, and enhancing Hawai'i for our local communities and the visitors we share it with, for future generations and beyond. By establishing a clear climate resilience fund, we ensure that our State makes the long-term, sustained investments to care for our 'āina and reduce risk to our communities. However, we encourage the legislature to ensure that the proposed mechanisms in this bill align with the scale of our challenges and make use of the strong expertise already in place in our State government.

Mahalo for the opportunity to testify in support of SB1396 SD3.

Guided by science, TNC 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 have supported over 50 coastal communities to help protect and restore the nearshore reefs and fisheries of the main Hawaiian Islands.

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Care for 'Āina Now Coalition in Support of an Environmental Stewardship Fee

Testimony in Support of SB1396 SD3 House Committee on Energy & Environment

Aloha Chair, Vice Chair, and Members of the Committee,

This coalition is made up of local businesses, community groups, and nonprofits organizations who have supported dedicated funding for our 'āina for many years. We are writing in **strong support of SB1396, a measure that would invite visitors to contribute to climate resiliency, public safety, and economic opportunity through an increase to the Transient Accommodations Tax.** The Care for 'Āina Now Coalition mission is to enhance visitor stewardship, conserve our cultural and natural resources, and invest in our 'āina to keep our community safe.

As community members across Hawai'i, we've seen the consequences of underinvesting in natural resources over time. Fires, floods, brown water pollution, and coral bleaching are all symptoms of this underinvestment. An updated assessment published in December 2024 showed a \$560 million annual funding gap in our current stewardship investment. This growing gap creates vulnerabilities for community safety and economic opportunities, especially when natural disasters strike in our backyards. **Each investment in resilience, environmental health, and collaborative stewardship saves our state costs in the long term and protects the resources that underpin our economy.**

There is immense public support for this initiative. A January 2025 polling of visitors show that two-thirds of visitors support a \$50 annual fee, half of them say a fee would not deter them from visiting Hawai'i, and a quarter of them are more likely to visit Hawai'i with an enacted fee. This initiative will not impact our visitor sector negatively, it will enhance it.

We applaud the leadership of the Senate for including a selection committee with expertise to select resiliency projects. However, we recommend the inclusion of additional policy elements to strengthen the measure.

1. **Department of Land & Natural Resources:** We recommend this program fall under the purview of DLNR and work in partnership with other agencies, including the selection committee. Climate resiliency is



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interconnected with natural and cultural resource management, protection, restoration, and regeneration and the expertise within DLNR and their community partners is instrumental in the effectiveness of selected projects.

2. **Granting mechanism:** A shared revenue distribution model for a visitor stewardship fee is imperative. The specific inclusion of a community grant program that dedicated at least 50% of annual revenue toward the groups working on the frontlines of mālama 'āina work in Hawai'i is essential. When it comes to this crucial work, we have leaders with lifelong expertise who have dedicated their careers to specific stewardship solutions. As the fund prioritizes projects, these partners can support DLNR in implementation. **We urge the committee to include a dedicated community grant program for project selection.**

This coalition, which works on the frontlines of natural and cultural resource management across the State, applauds the legislature for considering diverse solutions to this complex problem, and urges you all as leaders to pass an environmental stewardship fee this session.

These community groups, organizations and businesses support funding for 'āina, resilience, restoration, protection, management, and stewardship solutions for the communities of Hawai'i

1. Agripelago
2. Blue Planet Foundation
3. Benioff Ocean Science Laboratory
4. Care About Climate
5. Citizens' Climate Lobby Hawai'i
6. Conservation Council for Hawai'i
7. Conservation International
8. Conservation Council of Hawai'i
9. Coral Reef Alliance
10. Council for Native Hawaiian Advancement
11. Delphi Cinema
12. Excurinsure
13. Everblue



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14. Fish Pono–Save Our Reefs
15. Friends of Hanauma Bay
16. Full Circle Farm
17. FutureSwell
18. Good Food Movement
19. Hanalei Initiative
20. Hawai'i Alliance for Community-Based Economic Development (HACBED)
21. Hawai'i Alliance for Progressive Action (HAPA)
22. Hawai'i Environmental Change Agents
23. Hawai'i Green Growth
24. Hawai'i Impact Collaborative
25. Hawai'i Land Trust
26. Hawai'i Reef and Ocean Coalition
27. Hawai'i Wildlife Fund
28. Hawai'i Youth Climate Coalition
29. Kailua Beach Adventures
30. Kauai Climate Action Coalition
31. Kauai Farm Planning
32. Kanu Hawai'i
33. Kingdom Pathways
34. Kua'āina Ulu 'Auamo (KUA)
35. Kuleana Coral Restoration
36. Kupu
37. Limahuli Garden and Preserve
38. Leftover Love Co
39. Mālama Huleia
40. Mālama Learning Center
41. Mālama Maunaloa
42. Mālama Pūpūkea-Waimea
43. Maui Ocean Center



44. Maui Ocean Center Marine Institute
45. National Tropical Botanical Garden
46. Native Ecosystem Services
47. The Nature Conservancy
48. North Shore Community Land Trust
49. Papahānaumokuākea Marine Debris Project
50. Parley for the Oceans
51. Pono Hawai'i Initiative
52. Protea Zero Waste Store
53. Resources Legacy Fund
54. Reuse Hawai'i
55. Surfrider Foundation Hawai'i Chapters
56. Sustainable Coastlines Hawai'i
57. Sustainable Moloka'i
58. Travel2Change
59. Trust for Public Land
60. Waipā Foundation
61. Wai'oli Valley Taro Preserve
62. Wakeful State
63. Wastewater Alternatives & Innovations (WAI)
64. Wild Kids
65. Young Progressives Demanding Action
66. Zero Waste Hawai'i Island

Mahalo for your consideration to protect Hawai'i's natural resources.
 Coalition for Care for 'Āina Now



Care for 'Āina Now Coalition

March 13, 2025

House Committee on Energy & Environmental Protection
Rep. Nicole Lowen, Chair
Members of the Committee

Re: The Imperative of Allocating Adequate Funding to Protect Natural Resources
Support SB1396 SD3, Relating to Economic Development

Aloha kākou,

On behalf of our coalition's leadership committee, we are writing to support SB1396 SD3 to generate funding for natural resource protection and restoration. The Care for 'Āina Now Coalition is on a mission to enhance visitor stewardship, conserve our cultural and natural resources, and invest in our 'āina to keep our community safe.

While we support the direction of this measure, we wish to work collaboratively with policy leaders to strengthen the potential impact this measure. The Care for 'Āina Now Coalition is composed of individuals and organizations dedicated to improving the management and protection of Hawai'i's natural resources for the benefit of our communities, economy, and environment. While we recognize the intent of this bill and its potential benefits, we also offer recommendations to ensure that it fully meets the urgent needs of our state. The growing impacts of climate change, including wildfires and severe flooding--in addition to the impacts of over-tourism--demand bold action, and we urge the legislature to make meaningful, long-term investments in safeguarding our island home.

At its core, our recommendation is for Hawai'i to significantly increase funding for natural resource management and restoration. Studies indicate that an additional \$560 million annually is required to address the current budget shortfall in protecting our islands from environmental threats. Without adequate investment, we will continue to see devastating wildfires, damaging floods, loss of biodiversity, and degradation of vital ecosystems. This measure represents an opportunity to help close this funding gap and build a more resilient future. However, we encourage the legislature to ensure that the proposed mechanisms in this bill align with the scale of our challenges and provide stable, long-term funding sources. We are requesting that the Fund established by this bill be under the purview of the Department of Land and Natural Resources instead of the Department of Defense and attach it administratively.

In addition, we request that the committee include DHHL, the Office of Hawaiian Affairs, and the Office of Planning and that at-large members to have expertise in climate science, adaptation, or resilience. Hawai'i's natural resources are the foundation of our islands' health, safety, and economic well-being. Clean water, healthy forests, intact coral reefs, and stable coastlines are not luxuries—they are necessities for our survival that protect our communities from wildfire, coastal storm surge, and flooding and storm-related erosion events. We commend the legislature for its past leadership, particularly in

declaring a climate emergency, and urge continued action to implement policies that translate this declaration into concrete solutions.

Legislators have a unique responsibility to enact policies that uphold our ethical duty to protect the environment now and for future generations. We encourage the committee to strengthen this measure by incorporating provisions that ensure transparent and equitable allocation of resources, prioritize community-led conservation efforts, and include accountability measures to track progress. Meaningful collaboration with local organizations and Indigenous knowledge holders will also be key to achieving the bill's goals.

In closing, we appreciate the opportunity to provide these comments on SB1396 SD3. We urge the legislature to use this measure as a foundation for further action, ensuring that Hawai'i commits the necessary investments to protect our islands. By doing so, we honor our kuleana to safeguard our natural heritage for all who call this place home—now and in the future.

Thank you for the opportunity to comment on this measure.



RESOURCES LEGACY FUND®
CREATIVE SOLUTIONS. LASTING RESULTS.

DATE: March 13, 2025

Re: Support for SB1396 SD3, Relating to Economic Development

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee,

On behalf of Resources Legacy Fund, I am writing to express our support for SB1396 SD3 Relating to Economic Development. This bill establishes special funds for climate mitigation and economic revitalization in Hawaii, increases the transient accommodations tax to support these initiatives, and would allocate funding for resiliency projects.

Hawai'i's natural environment is central to the state's identity and appeal, offering stunning landscapes and unique ecosystems enjoyed by millions of visitors. Our ecosystems sustain our way of life as residents, ensuring our freshwater supply and protecting our coastal infrastructure. Heavy visitation and escalating climate change impacts—such as wildfire, flooding, coastal erosion and coral bleaching—have taken a toll, creating urgent challenges that require immediate action and durable investment.

Resources Legacy Fund partners with communities and government to advance innovative solutions to catalyze action for conservation, equity, and climate solutions. With extensive experience supporting conservation policies and sustainable funding mechanisms, we are committed to ensuring long-term environmental stewardship for Hawai'i.

Funding generated by this measure could support critical conservation efforts such as restoring native forests and watersheds that supply our drinking water and reduce our wildfire risk and protecting coral reefs that feed our communities and protect us from coastal flooding.

This measure is more than an environmental safeguard—it is an investment in the safety of our communities and in Hawai'i's future. By linking tourism to stewardship, SB1396, SD3, helps preserve Hawai'i's natural and cultural resources while supporting its tourism economy.

We respectfully urge the committee to approve this legislation and ensure a sustainable future for Hawai'i.

Thank you for the opportunity to testify.

Hawai'i Ocean Legislative Task Force



March 13, 2025

Hawai'i State Legislature
House Committee on Energy & Environmental Protection

Re: Testimony in SUPPORT of SB1396 SD3, Relating to Economic Development

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee,

The Ocean Legislative Task Force, a coalition of over 100 individuals and organizations committed to protecting Hawai'i's marine ecosystems, supports SB1396 SD3, Relating to Economic Development. This bill increases the transient accommodations tax and requires the Governor to allocate a portion of the funds to projects addressing climate change and supporting destination management.

Hawaii is facing a climate emergency, with rising temperatures, prolonged droughts, and increasingly destructive weather events threatening both its natural ecosystems and its residents. Without immediate and coordinated action, these climate impacts will continue to worsen, leading to severe consequences for public safety, infrastructure, and the economy. This bill provides a necessary framework for investing in climate mitigation and resiliency projects to safeguard the state's future.

Economic development in Hawaii is directly tied to its environment, particularly through tourism and community infrastructure. By establishing the Economic Development and Revitalization Special Fund, this bill ensures that growth and revitalization efforts are sustainable and resilient against climate change. Investing in these areas now will protect Hawaii's economy from climate-related disruptions and create long-term economic opportunities.

Funding these initiatives through an increase in the Transient Accommodations Tax is a strategic approach that places the responsibility on the tourism industry rather than burdening local residents. With Hawaii's tourism industry benefiting from the state's natural beauty, it is both logical and fair to allocate a portion of tourism revenue toward protecting and preserving the very resources that attract visitors. This bill is a necessary step to ensure Hawaii remains a thriving, resilient, and economically stable state for future generations.

Mahalo for the opportunity to testify in support of this important measure.

The Ocean Legislative Task Force advocates for measures that promote funding for natural resource protection and restoration, ocean resources, coral reefs, subsistence fishing, and coastal resilience, and other priorities.

Committee on Energy and Environmental Protection

Date: Thursday, March 13, 2025

Time: 9:45 AM

Strongly Oppose SB1396

Aloha Chair Lowen, Vice Chair Perruso, and Committee Members,

My name is Jim Walsh, I am the General Manager for our Atlantis Submarines ~ Maui location. Atlantis Hawaii has been in operation here in Hawaii for 38 years. We have operations on the island of Hawaii, in Kona, on Oahu, in Waikiki, and Lahaina Maui (looking forward to restarting that operation). We **Oppose** SB1396. This bill will have detrimental impact on the visitor industry.

The world has become a very competitive place for Hawaii and the traveler. The cost of a Hawaii vacation has been raised above most of our competitors in other world areas. We see the decline in visitor arrival today. We are currently losing airline routes and we are losing airline seats. These are all indications that our visitor industry needs help in enticing people to come here, not drive them away due to the continued rising expense of a Hawaiian vacation.

An increase in the Transient Accommodation Tax will hurt the hotels, condos, restaurants, activity and attraction businesses, just to name a few. The state needs to take a balanced approach in dealing with Hawaii's potential environmental impacts as well as the affordability of visitors to Hawaii. Revenues to deal with the environmental impacts can come through increased visitor spending through GET rather than increasing the TAT.

Thank you for the opportunity to testify on this important issue.

Respectfully yours,

Jim Walsh
General Manager



Support of SB1396 SD3

Testimony in Support of SB1396 SD3
House Committee on Energy & Environmental Protection
Position: Support

Aloha e Chair Lowen, Vice Chair Perruso, and Members of the Committee,

My name is Tami Rollins, and I serve as the Interim CEO of the National Tropical Botanical Garden (NTBG). I am submitting written testimony in **strong support** of SB1396 SD3.

While the visitor industry is a vital part of Hawai'i's economy, unchecked visitation can have serious consequences for our islands' ecosystems and cultural heritage. As visitor numbers grow, so do the risks: the introduction of invasive species, the spread of pathogens like Rapid 'Ōhi'a Death, increased erosion in sensitive landscapes, plant poaching, and more. **SB1396 provides a critical mechanism to protect Hawai'i's natural and cultural resources from these mounting pressures.**

At NTBG, we experience firsthand the immense challenges and costs of conservation. Despite limited resources, our dedication and expertise allow us to maximize impact. **The funding provided by this bill would be transformative—powering essential conservation efforts across Hawai'i.**

The visitor industry **can** evolve. Visitors can learn to mālama 'āina and be part of the solution. That is the message we share daily in our botanic gardens on Kaua'i and Maui. **An increase in the transient accommodations tax is not a penalty—it is an invitation to invest in the land and culture that sustain us all.**

I urge lawmakers to take bold action in defense of Hawai'i's natural and cultural legacy. Visitors and residents alike have been calling for meaningful change—it is time to listen and act.

Mahalo nui,

Tami Rollins
Interim CEO



Testimony Before The
House Committee on Energy & Environmental Protection (EEP)
IN SUPPORT OF SB1396 SD3
March 13, 2025, 9:45 a.m., Room 325 Via Videoconference

We are Olan Leimomi Fisher and Kevin Chang, Kua'āina Advocate and Executive Director, respectively, testifying on behalf of [Kua'āina Ulu 'Auamo \(or KUA\)](#). "Kua'āina Ulu 'Auamo" stands for "grassroots growing through shared responsibility," and our acronym "KUA" means "backbone." **Our mission is to connect and empower communities to improve their quality of life through the collective care for their biocultural (natural and cultural) heritage, serving as a "backbone organization" that supports creative, community-driven solutions to problems stemming from environmental degradation.** Hawai'i's biocultural resources continue to be negatively impacted by political, economic, and social changes, and the increasing dangers of climate change make fostering and empowering resilient communities acutely critical.

Currently KUA supports three major networks of: (1) over 40 mālama 'āina (caring for our 'āina or "that which feeds") community groups collectively referred to as E Alu Pū (moving forward together); (2) over 60 loko i'a (fishpond aquaculture systems unique to Hawai'i) and wai 'ōpae (anchialine pool systems) sites in varying stages of restoration and development, with numerous caretakers, stakeholders, and volunteers known as the Hui Mālama Loko I'a ("caretakers of fishponds"); and (3) the Limu Hui made up of over 50 loea (master experts) and practitioners in all things "limu" or locally-grown "seaweed." **Our shared vision is to once again experience what our kūpuna (ancestors) referred to as 'ĀINA MOMONA – abundant and healthy ecological systems that sustain our community resilience and well-being.**

KUA supports SB1396 SD3 with comments, as a step towards 'āina momona.

This bill would increase the Transient Accommodations Tax (TAT) and require the Governor to request an amount of general funds equal to an unspecified percentage of the TAT revenue be expended to advance projects addressing climate change. We appreciate that the preamble of this bill acknowledges that "the community" is a key player and partner with the Department of Defense and others "to provide for the safety, security, and wellbeing of Hawaii's places and people."

However, missing from SB1396 SD3 is the understanding and recognition that Native Hawaiian cultural values and stewardship practices already hold many of the solutions to prevent and mitigate the climate crisis. Engaging our local communities in direct environmental management and governance, often in collaboration with our state agencies, is key to overcoming the many challenges of our changing climate. As such, **if this measure is passed, we strongly urge that a dedicated portion of the proposed TAT percentage specifically support and empower community-based individuals, groups, and organizations as essential partners with governmental agencies and/or private businesses in restoring, protecting, and caring for our shared biocultural resources.**

We appreciate the necessary, creative, and collaborative approaches our state supports that build up our incoming generations with intention, and in a way that benefits ongoing community efforts to support ecosystem regeneration.

The communities we work with are committed to ensuring the long-term health of our biocultural resources. They have depended on them for generations. **We believe our environment, the foundation of our very existence, is about long-term investment and a vision of ‘āina momona.** To get there it requires greater self-sufficiency including development of innovative and sustainable career pathways, mindsets, relationships, and resource flows for mālama ‘āina efforts led by the communities doing the work on the ground. Passing this bill out of your Committee will open an essential ‘auwai system toward reaching this vision.

Mahalo nui loa for considering our testimony. Please **PASS** SB1396 SD3.

Aloha ‘Āina Momona no nā kau ā kau.

Testimony in Support of SB1396 SD3
House Committee on Energy & Environmental Protection
Position: Support

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee,

My name is Carmen Guzman-Simpliciano, Co-Founder of Kingdom Pathways and I am submitting written testimony in strong support of SB1396 SD3, which would help dedicate funding toward Hawai'i's natural and cultural resources that sustain the safety of our people, place, and economy. Aloha, my name is Carmen Guzman-Simpliciano, and I am from Wai'anae, O'ahu. I write today with deep urgency and unwavering conviction to advocate for funding that protects and restores our 'āina. As someone dedicated to environmental justice, cultural preservation, and community well-being, I have seen firsthand the consequences of neglecting our natural resources.

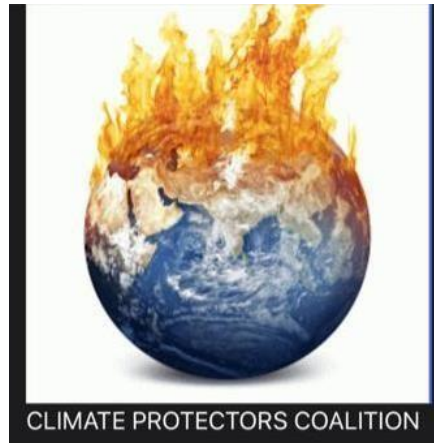
The health of our 'āina is directly tied to the health of our people. When our waters are polluted, when our native ecosystems are destroyed, and when the wisdom of our kūpuna is ignored, our communities suffer. In Wai'anae, we have long fought against environmental degradation, from unsafe water quality to the loss of native habitats, and we have worked tirelessly to restore what has been lost. But we cannot do this alone government support is essential.

We are watching the consequences of underinvesting in our 'āina impact the people and places we love. Coral bleaching, fires, floods, and brown water pollution are harming the environment that sustains our visitor industry and economic livelihoods. This consistent underinvestment is costing our state tremendous financial resources when disasters strikes, when instead we could be preventatively resourcing community-driven projects that build resilience and prevent damage when climate shocks come. It is estimated **we need at least \$560 million each year** to effectively care for our natural and cultural resources in Hawai'i. Enacting legislation like SB1396 could help fund this preventative work that can save our state millions of dollars each year, create jobs, and sustain our economic livelihoods.

Now is the time for lawmakers to take decisive action. We cannot afford to delay, as the impacts of climate change, contamination, and ecosystem collapse continue to accelerate. The decisions made this year will determine whether future generations inherit a thriving, resilient environment or a landscape irreversibly damaged by inaction. Investing in 'āina restoration means investing in food security, clean water, and a future where our keiki can continue to call Hawai'i home.

I urge you to prioritize funding that empowers communities to protect and steward the land, in alignment with traditional knowledge and modern innovation. Let us act with urgency, responsibility, and aloha for the generations to come.

Mahalo for the opportunity to testify,
Carmen Guzman-Simpliciano
Co-Founder of Kingdom Pathways



To: The Honorable Chair Nicole Lowen, the Honorable Vice Chair Amy Perruso, and Members of the Committee on Energy and Environment.

From: Hawai'i Reef and Ocean Coalition and Climate Protectors Hawai'i (by Ted Bohlen)

Re: Hearing **SB1396 SD3 RELATING TO ECONOMIC DEVELOPMENT**

Hearing: Thursday March 13, 2025 9:45 a.m. Rm.325

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee on Energy and Environment:

Hawai'i Reef and Ocean Coalition (HIROC) is a group of scientists, educators, filmmakers and environmental advocates who have been working since 2017 to protect Hawaii's coral reefs and ocean. The Climate Protectors Hawai'i seeks to educate and engage the local community in climate change action, to help Hawai'i show the world the way back to a safe and stable climate.

Hawai'i Reef and Ocean Coalition and Climate Protectors Hawai'i **SUPPORT SB1396 SD3!**

Hawai'i is experiencing a **climate emergency! The effects of climate warming are here now and will increase in the future!** From the rain bomb in Haena to the catastrophic fire in Lahaina, to droughts, floods, and more intense storms and more invasive species, **climate warming will necessitate greater reserves for the increased level of disasters. We need to invest now in efforts to limit and adapt to climate effects and become more resilient against both current and future climate impacts.**

This bill would increase the Transient Accommodations Tax by an unspecified amount and require the Governor to request in the budget an equal amount of general funds to advance projects that address climate change, tourism marketing and destination management.

Please pass a funding bill to mitigate the impacts and costs of climate warming and make Hawaii more resilient against climate warming.

Mahalo!

Hawai'i Reef and Ocean Coalition and Climate Protectors Hawai'i (by Ted Bohlen)



To: Rep. Nicole E. Lowen, Chair
Rep. Amy A. Perruso, Vice Chair
House Committee on Energy & Environmental Protection

From: The Climate Advisory Team
SB1396, SD3 - Relating to Economic Development - In Strong Support
Thursday, March 13, 2025, 9:45 a.m., Conference Room 325 & Videoconference

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee,

Mahalo for the opportunity to testify **in support** of SB1396, SD3 relating to economic development. I am the Executive Director of Vibrant Hawai'i, a nonprofit organization on Hawai'i Island dedicated to bringing people together to build capacity, confidence, and courage to take action and build a vibrant Hawai'i. I write today in support of this bill, which would establish a funding mechanism for the state to address climate-related disasters by allocating revenues generated by an increased Transient Accommodation Tax (TAT) toward resilience projects.

Vibrant Hawai'i is deeply involved in fortifying the resilience of our island communities, particularly in the face of increasingly severe disasters like wildfires, hurricanes, earthquakes, floods, and tsunamis. We coordinate a network of community-led [Resilience Hubs](#) that are equipped to fulfill community needs during disasters. We also facilitate the [Resilience Alliance](#), a network of Hawai'i Island nonprofits and businesses that are committed to building internal resilience and preparedness in the event of an emergency, as well as participating in coordinated responses to disasters when they happen.

Hawai'i Island – with its vast geography, rural communities, and exposure to multiple disaster risks – needs sustained investment in environmental, infrastructure, and community resilience initiatives. SB1396, SD3 would provide a practical revenue source to fund programs that will build a more resilient future for our people without placing added financial burden on kama'āina. A marginal increase in the TAT is unlikely to dissuade visitors from coming to Hawai'i; in fact, a [recent survey](#) by the Care for 'Āina Now Coalition finds that many visitors are in favor of financially contributing to the preservation and protection of Hawai'i's environment.

Increasingly devastating disasters exacerbate existing economic disparities by increasing the cost of housing, food, and utilities – not to mention the staggering cost associated with recovery and rebuilding. Investing in disaster resilience has been found to reduce the cost of recovery in other states. It could also provide employment opportunities for Hawai'i Island youth to do impactful work in their local communities, ensuring more of our young people can remain in Hawai'i.



Disasters are not a future problem: they are here now, and growing worse each year. SB1396, SD3 is an important step in ensuring that revenues generated from a small increase in the TAT can be strategically directed towards solutions that protect Hawai'i Island communities, our environment, and our way of life. Please advance this measure for further discussion. Mahalo for your leadership and commitment to a more resilient Hawai'i.

Mahalo,

Janice Ikeda
Executive Director
Vibrant Hawai'i



HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

MARCH 13, 2025

SB 1396, SD2, RELATING TO STATE FUNDS

POSITION: SUPPORT WITH AMENDMENTS

Coalition Earth **supports and suggests amendments** for SB 1396, SD2, relating to economic development, which beginning 1/1/2026, increases the Transient Accommodation Tax by an unspecified amount; and requires the Governor to request in the budget or supplemental budget submitted to the Legislature for an amount of general funds equal to an unspecified percentage of the transient accommodations tax revenue be expended to advance specific projects that address climate change and support tourism marketing and destination management.

Please amend this measure by reverting its language back to the bill's original intent, which automatically allocated funds generated by the proposed Transient Accommodations Tax increase to the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund. While we understand the desire to sustain the legislature's appropriation authority, we note that the climate crisis is a persistent threat, something the legislature itself acknowledged in July 2021, when it passed SCR 44 and made Hawai'i the first state to declare a climate emergency.

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.

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.

Just two years ago, we witnessed the impact of the climate emergency on our shores. On August 8, 2023, wildfires swept across Maui and killed at least 100 people, making it one of the nation's deadliest natural disasters. The spread of the fires has been attributed to climate change conditions, such as unusually dry landscapes and the confluence of a strong high-pressure system to the north and Hurricane Dora to the south. The wildfires destroyed over 2,200 structures, including numerous residential buildings, historic landmarks, and school facilities. In September 2023, a report from the United States Department of Commerce estimated the total economic damage of the wildfires to be roughly \$5.5 billion. Investing in renewable energy generation could not be more urgent, given the growing threat of climate catastrophes to our island home.

Therefore, **our state should take steps to accelerate our transition to a clean energy economy and continue our fight against climate change, including by implementing “green fees” that ensure our state’s visitors pay their fair share to sustain our ‘āina.** In 2019, Conservation International published a report on our need to boost funding to defend our islands’ natural resources. Entitled “Green Passport: Innovation Financing Solutions for Conservation In Hawai’i,” the report concluded that the state has an annual spending gap of \$358 million to sufficiently manage its natural environment. **A 2024 update to this figure for the Care for ‘Āina Now Coalition found that the gap has ballooned to \$580 million,** while our natural and cultural resources provide over \$6 billion in value to our economy each year.

New Zealand, the Maldives, Cancun, and Venice, and numerous other countries have green fee programs for visitors, which vary from \$1 per night to a \$100 entrance fee for the purpose of environmental conservation. **Palau’s per-tourist investment in its natural environment is \$92, New Zealand’s is \$188, and the Galapagos Islands’ is \$373. Hawai’i’s is just \$9 per tourist,** according to the Green Passport report. We need to catch up.

We are facing a similar gap when it comes to generating sustainable revenue to combat the worst effects of the climate emergency. In June of last year, the state reached a settlement agreement in the landmark case of *Navahine v. Hawai’i Department of Transportation*, in which Gov. Josh Green acknowledged the constitutional rights of Hawai’i’s youth to a life-sustaining climate and confirmed the commitment by HDOT to plan and implement transformative changes to Hawai’i’s transportation system to achieve the state’s goal of net-negative emissions by 2045. The agreement included numerous provisions for climate action, such as:

- Establishing a Greenhouse Gas Reduction Plan within one year of the agreement, laying the foundation and roadmap to decarbonize Hawai’i’s transportation system within the next 20 years;

- Creating a lead unit and responsible positions within HDOT to coordinate the mission of GHG reduction throughout the agency; oversee climate change mitigation and adaptation for the highways program; and ensure implementation of the Complete Streets policy of building and upgrading public highways for all users, ages, and abilities;
- Establishing a volunteer youth council to advise on HDOT mitigation and adaptation commitments in the years to come;
- Improving the state transportation infrastructure budgeting process to prioritize reduction of GHG and vehicles miles traveled (VMT) and transparently analyze and disclose the GHG and VMT impacts of each project and the overall program; and
- Making immediate investments in clean transportation infrastructure, including completing the pedestrian, bicycle, and transit networks in five years, and dedicating a minimum of \$40 million to expanding the electric vehicle charging network by 2030.

On January 28th, Gov. Green issued an executive order to promote and expedite the development of renewable energy in our state. Amidst uncertainty regarding renewable energy policy created by the Trump administration and concerns over grid stability across the state, the order accelerates renewable development for neighbor island communities to hit 100 percent renewable portfolio standards from 2045 to 2035, sets a statewide goal of 50,000 distributed renewable energy installations (such as rooftop solar and battery systems) by 2030, and directs state departments to streamline the permitting of renewable developments to reduce energy costs and project development timelines.

These ambitious actions are essential to the preservation of our state's and our keiki's future. We must ensure that funding is available to meet our obligation to safeguard our planet from the climate catastrophe for generations to come.

Coalition Earth is a nongovernmental organization that works to preserve the well-being of people and our planet. We champion policies that advance climate resilience, clean energy, public health, and economic fairness for working families. Contact us at info@coalitionearth.org.

Council for Native Hawaiian Advancement
91-1270 Kinoiki St., Bldg. 1
Kapolei, HI 96707

Hawai'i State House of Representatives
Committee on Energy and Environmental Protection
SB1396 – Relating to Economic Development

RE: Support of SB1396

March 13, 2025

The Council for Native Hawaiian Advancement (CNHA) writes in **support of SB1396** to dedicate additional funding towards critical environmental stewardship initiatives. The State need an estimated \$560 million each year at least to effectively care for our natural and cultural resources in Hawai'i. It makes sense to ask visitors to kōkua in caring for the environment they enjoy during their stay, and the TAT offers an existing program to do so.

The Hawai'i State Constitution requires the protection and enforcement of Native Hawaiian rights, including traditional and customary practices that are intrinsically dependent on our threatened natural resources. Native Hawaiian cultural values and stewardship practices already hold many of the solutions to increase climate resilience. It's important that any funding generated from visitors is distributed to solutions that are community-based and facilitate partnerships between community and agencies. This bill uplifts and supports existing community work to mālama 'āina.

Not only would this measure produce results, residents and visitors alike are incredibly supportive of the effort. Polling results found that 95% of Hawai'i voters believe that it is our kuleana to care for the ocean for future generations, and 82% support giving local communities a clear role in managing marine areas. Furthermore, 89% of those surveyed agree that we must increase our investment in our precious land, water, and animals, including our biocultural resources. Previous polling showed 88% of residents support a visitor green fee and, in January 2025, two-thirds of polled visitors support a \$50 visitor fee, and a quarter of them are more likely to visit Hawai'i with an enacted fee. Residents and visitors agree: giving back to the places you visit is more than acceptable, it's necessary.

We have watched the consequences of underinvestment in our 'āina, and we cannot wait another fire, flood, or bleaching season without a solution. This measure is a critical step toward a future where Hawai'i is protected, cared for, and healthy - for our communities, economy, and future generations. For these reasons, we humbly ask that you **PASS SB1396**.

Me ka ha'aha'a,

Madelyn McKeague
Director of Advocacy, CNHA



HAWAI'I LAND TRUST

House Committee on Energy & Environmental Protection

Date: Thursday, March 13, 2025

Time: 9:45 AM

Place: Via Video Conference & Conference Room 325

Re: SUPPORT – SB1396 SD3, Relating to Economic Development

Aloha e Luna Ho'omalu Lowen, Hope Luna Ho'omalu Perruso, a me nā Lālā o ke Kōmike:

Hawai'i Land Trust **SUPPORTS** SB1396 SD3, which addresses the urgent need of climate action while supporting the long-term health of Hawai'i's communities, natural resources, an economy. This measure recognizes that climate resilience and economic stability are interconnected and helps to ensure that resources are directed toward projects that protect Hawai'i's natural and cultural heritage, enhance disaster preparedness, and support tourism destination management.

Hawai'i faces increasingly severe climate impacts – rising sea levels, prolonged droughts, and devastating natural disasters – that threaten not only our ecosystems but also the resiliency of our communities and stability of our economy. SB1396 SD3 provides a framework to invest in projects that strengthen climate resilience, protect ecosystems, and support Hawai'i's economy as it adapts to these growing challenges.

We support continued efforts to strengthen funding commitments to ensure that climate resilience remains a priority. By investing in projects that address climate risks while fostering sustainable economic growth, this measure helps ensure that Hawai'i's communities can adapt and thrive for generations to come.

I ola ka 'āina, ola kākou nei. Healthy lands support thriving communities. SB1396 SD3 is a critical step toward building a more resilient and sustainable Hawai'i.

Mahalo for this opportunity to testify,

'Olu Campbell

President and Chief Executive Officer

SB-1396-SD-3

Submitted on: 3/11/2025 10:18:44 PM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
laurel brier	Kauai Climate Action Coalition	Support	Written Testimony Only

Comments:

People who come to visit Hawaii and appreciate its fabulous natural beauty want to help preserve it. With the looming loss of federal funds for climate resilience and mitigation we must find other resources for this most important challenge before us. As a Climate Action Coalition on Kauai we believe it is also important to include a community grant component. A wide reach of community members and organizations is needed in this important work. We are your frontline and the informed, involved, necessary part of this important work. The inclusion of indigenous knowledge and practices is of utmost importance. Climate Action is urgent and should be a top priority of the legislature



HAWAII APPLESEED
CENTER FOR LAW & ECONOMIC JUSTICE

Dear Chair Lowen, Vice Chair Perruso, and Members of the Committee,

Thank you for the opportunity to testify on behalf of Hawai'i Appleseed **in support** of Senate Bill 1396, which would increase the transient accommodations tax.

With the threat of massive federal budget cuts, the state must reinforce the funding for its critical programs and services. Addressing the impacts of climate change is also expected to cost Hawai'i billions of dollars for decades to come, requiring the state to raise its revenues through any means available. The DLNR's Climate Advisory Team recommends that the environmental stewardship of public lands should take an investment of \$137.5 million a year.

Hawai'i's tourism industry, particularly major hotels and other visitor accommodations, share some of the responsibility for this issue. One study found that visitor spending accounts for 22 percent of the state's greenhouse gas emissions—at four times the rate for local residents.

The tourism industry benefits directly from Hawai'i's natural beauty, culture, and public infrastructure, to the tune of millions of dollars each year. The transient accommodations tax (TAT) is a way for these companies to pay back into the communities that support them. This increased funding is especially important given the recent federal cuts to conservation, including dramatically decreased funding for the National Park Service.

We support the investment of these funds in climate change and resiliency, in addition to the general fund. We would also urge the legislature to consider dedicating some of the TAT funds towards the Hawai'ian Home General Loan Fund, a change that was proposed in House Bill 604. This fund primarily supports the development of dwellings and improvements to DHHL land. It also provides assistance for lessees to obtain loans, whether from DHHL itself, government agencies, or private lenders. Given the immediate need to develop more viable housing for DHHL beneficiaries, this provision would be a valuable addition to HB 1077.

Thank you for your consideration.

SB-1396-SD-3

Submitted on: 3/12/2025 12:29:34 PM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Matthew Chalker	Wildfire Safety Advocates of Waikoloa	Support	Written Testimony Only

Comments:

Testimony in Support of SB1395 and SB1396

**Submitted by Matt Chalker
Wildfire Safety Advocates of Waikōloa**

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Senate Ways and Means Committee,

My name is Matt Chalker, and I am submitting testimony on behalf of the Wildfire Safety Advocates of Waikōloa, a community-based organization dedicated to reducing wildfire risk and improving wildfire safety across Hawai‘i Island. We strongly support SB1395 and SB1396, both of which provide essential, long-term funding for climate resilience, disaster preparedness, and economic sustainability—crucial investments in the safety of Hawai‘i’s communities.

SB1395 ensures that excess interest from the Emergency and Budget Reserve Fund is directed toward climate adaptation, mitigation, and resilience projects. This is a fiscally responsible approach to funding disaster preparedness that does not require new taxes or additional financial burdens on local residents.

This bill is critical because it:

- Dedicates up to \$75 million annually to resilience projects, preparing Hawai‘i for wildfires, hurricanes, earthquakes, and floods.**
- Utilizes existing state funds rather than increasing costs for Hawai‘i families.**
- Supports proactive disaster preparedness, reducing the financial and human costs of future climate-related disasters.**

The Waikōloa region faces extreme wildfire risks, with some of the most hazardous power lines in the state. Without investment in defensible space, vegetation management, and infrastructure hardening, our communities remain highly vulnerable to future disasters. SB1395 helps ensure the state acts proactively to mitigate these threats.

SB1396, SD3 – Investing in Climate Resilience & Sustainable Tourism

SB1396 proposes a moderate increase to the Transient Accommodations Tax (TAT) to fund climate resilience and responsible tourism management. Visitors who enjoy our islands must also contribute to protecting them, ensuring Hawai‘i remains a desirable and safe destination for future generations.

This bill is vital because it:

- Ensures visitors help fund resilience projects that protect our communities and environment.**
- Acknowledges the impact of tourism on Hawai‘i’s resources and provides a sustainable funding source for disaster preparedness.**
- Strengthens economic stability by safeguarding Hawai‘i’s infrastructure, natural landscapes, and communities from climate disasters.**

The wildfires that devastated Lāhainā and threatened Waikōloa Village show that Hawai‘i cannot afford to delay climate action. Every dollar spent on mitigation saves six dollars or more in disaster recovery costs. Investing in climate resilience today will protect lives, reduce financial losses, and safeguard Hawai‘i’s future.

We urge the Senate Ways and Means Committee to advance SB1395 and SB1396 to ensure Hawai‘i makes the necessary investments in climate resilience and disaster preparedness. The Wildfire Safety Advocates of Waikōloa remain committed to working with state leaders, local agencies, and community partners to build a safer, more sustainable future for our islands.

Mahalo for your time and consideration. Please do not hesitate to contact me if you have any questions or require additional information.

**Sincerely,
Matt Chalker
Wildfire Safety Advocates of Waikōloa**



March 10, 2025

Representative Nicole Lowen, Chair
Representative Amy Perruso, Co-Chair
House Committee on Energy and Environmental Protection
Hawaii State Legislature

Opposition to SB1396 SD3

Dear Chair Lowen, Vice Chair Perruso and Members of the Committee on Energy and Environmental Protection,

Thank you for the opportunity to provide our testimony in opposition to SB1396 SD3.

Until the State of Hawaii, and all four counties have shown that they are fairly and equitably collecting the Transient Accommodations Tax (TAT) and General Excise Tax (GET) that are legally due from all accommodations types – hotels, timeshares and short-term vacation rentals - the Kohala Coast Resort Association (KCRA) will oppose any increases.

The KCRA conducts an economic and community impact report every two years. Through our attached 2024 report, it appears that the hotels and timeshares on the Kohala Coast paid the vast majority of the TAT collected from our island – more than \$75.7 million. And yet we represent only a portion of the hotels, timeshares, and short-term vacation rentals located on Hawaii Island.

Granicus/Host Compliance, which aggregates data from the hosting platforms and works with governments across the country, has been delving into the impact of unpaid TAT in Hawaii. They work with the County of Kauai and the City and County of Honolulu, and have provided proposals to the State Department of Taxation and Hawaii County. Granicus showed there were more than 8,700 unique short-term vacation rentals operating on Hawaii Island as of November 2024, with an average daily rate of \$347/night, and occupancy of 50%, based on DBEDT's vacation rental reports. If the TAT were equitably enforced and collected, those operators should have paid \$56.4M in TAT to the state, and \$16.5M in TAT to Hawaii County. And yet the budget line item for Hawaii County TAT for fiscal year 2023-24 was \$24M, \$17M of which was paid only by the members of the KCRA, leaving only a balance of \$7M. **The math just doesn't add up.**

Therefore, before the Hawaii State Legislature considers raising the TAT for any purpose, we believe it needs to fully enforce and collect the TAT and GET it is owed from all accommodations types.

Visitation to Hawaii is not a given. Visitors have more opportunities than ever before to visit destinations around the world. And Hawaii already has the reputation of having some of the highest visitor taxes in the world, as this article from the January 25, 2025 edition of *Travel+Leisure* attests - [What to Know About the Proposed Tourist Fee in Hawaii](#). Hawaii's high visitor taxes aren't just being discussed by lawmakers and the visitor industry, the visitors themselves, especially corporate meeting planners, are using our high visitor taxes as a justification to take their business to other destinations like Florida, the Caribbean and Mexico.

On behalf our 5,500 employees and their 17,500 family members, thank you for the opportunity to provide our comments.

Sincerely,

A handwritten signature in black ink that reads "Stephanie P. Donoho". The signature is written in a cursive, flowing style.

Stephanie Donoho, Administrative Director

PO Box 6991, Kamuela, HI 96743 * (808) 747-5762 * kohalacoastresortassn@gmail.com * www.kohalacoastresorts.com



2024 Executive Summary - KCRA Economic and Community Impacts

- ❖ The Kohala Coast consists of a twenty-mile stretch on the northwest shore of the Island of Hawaii. The Kohala Coast is a part of both the North Kona and South Kohala districts of Hawaii County. The KCRA was established in 1984 by the developers of the master-planned resorts along the Kohala Coast. Over the last 40 years, the KCRA has grown to include Hualalai, Waikoloa, Mauna Lani and Mauna Kea Resorts, as well as the hotel and timeshare management companies located within those resorts.
- ❖ KCRA members have invested billions of dollars in private funding to develop and maintain the infrastructure within the resorts, which are utilized and enjoyed by residents and visitors alike. These include roadways, water, wastewater, parks, restrooms, shopping centers, historic sites, interpretive signage, and community facilities.
- ❖ When combined, the amount paid by KCRA members for GET, TAT, property taxes, payroll for their employees, construction and renovation projects, marketing efforts, agricultural enhancements, and charitable donations sums to more than \$815 million for 2023 alone.
- ❖ KCRA members operate 2,718 hotel rooms and 1,229 timeshares. The resorts also contain 778 resort residential units, home to both full and part-time Hawaii residents, as well as legal short-term vacation rentals. KCRA resorts also include shopping centers, golf courses, spas, and restaurants representing more than 100 small businesses.
- ❖ KCRA members represent 5 of the top 10 private employers on the island according to *Pacific Business News*. Collectively KCRA members employ nearly 5,500 residents, supporting more than 17,000 community members.
- ❖ The average salary and benefits package for employees of KCRA member properties is nearly \$82,000 per year, with starting salaries for full-time positions in the mid-\$50K. Starting hourly rates for employees average more than \$17.50/per hour.
- ❖ The vast majority of KCRA members' employees live in zip codes neighboring the Kohala Coast (96738, 96740, 96743, 96755, 96727). Less than 8 percent of KCRA members' employees live in East Hawaii (from 2022 report).
- ❖ In 2023 KCRA members paid more than \$44.3 million in GET and **\$75.7 million in TAT to the State of Hawaii and County of Hawaii**. KCRA's members, as well as the businesses and residents within our resorts, paid nearly \$151 million in property taxes to Hawaii County in 2023, accounting for more than one-third of all property taxes.
- ❖ Member resorts have spent more than \$658 million on construction and renovations since 2020. We also welcomed back Kona Village, which had been a previous member, was destroyed by the 2006 tsunami, and came back online in 2023. These construction upgrades allow Hawaii County to keep its competitive advantage as a visitor destination, while creating numerous jobs for other residents statewide in the construction industry. During the next six years our members will invest nearly \$1 billion more, including major hotel renovations at Mauna Kea Beach Hotel, and the creation of the first affordable rental housing project within a resort footprint in the State of Hawaii, with the development of Kumu Hou at Waikoloa Resort.
- ❖ KCRA members actively participate in the Hawaii Island Destination Management Action Plan (DMAP) and have led efforts on Hawaiian cultural education programming for visitors; promotion of local agricultural products through their restaurants and retail outlets; as well as stewardship and maintenance of the natural resources along the coastlines where resorts are located. KCRA resort employees supplement the work of our first responders and emergency services with privately funded safety and security personnel and lifeguard programs benefiting visitors and residents alike. In addition, KCRA members actively participate in the marketing and management activities of the destination, supplementing the funding allocated to the Hawaii Tourism Authority and Island of Hawaii Visitors Bureau, spending nearly \$200 million in private funds in the last four years.

- ❖ KCRA is proud that the leadership teams for our hotels, timeshare management companies and resorts are comprised of hundreds of local residents. At seven of our member properties more than 40% of their managers are from Hawaii, with one property leading our efforts with 85% of its management team from the state.
- ❖ KCRA members are incredibly generous, collectively donating more than \$2 million annually to local non-profit organizations. One signature event, hosted at KCRA member properties, is the Hawaii Lodging and Tourism Association's annual Visitor Industry Charity Walk. Since its inception more than 40 years ago, the Charity Walk has raised nearly \$20 million for local charities, and new fundraising records are established each year.
- ❖ In addition to their substantial financial contributions, employees at KCRA member properties also volunteer thousands of hours annually to community organizations. As leaders within their respective resort communities, KCRA members also introduce part-time and full-time residents who live in their respective resorts to philanthropic opportunities across the island and the state. As a collective, we work hard to address the high cost of living for members of our community who fall into ALICE designations.
 - KCRA members regularly support the Hawaii Island Food Basket, Salvation Army food drives, and their chefs and culinary teams provide support for community meal programs, such as the one at St. James Episcopal Church in Waimea, which reaches more than 950 families each week.
 - KCRA members are highly invested in environmental causes including: Four Seasons Resort Hualalai's Legacy Trees initiative, where more than 65,000 koa trees have been planted to protect watersheds; Mauna Kea Resort's partnerships with the Nature Conservancy and Hawaii Island Land Trust; and Fairmont Orchid's partnership with the Waikoloa Dry Forest initiative. KCRA members' employees and family members regularly gather for beach and road cleanup projects all along the Kohala Coast.
 - Many KCRA members volunteer with different hula halaus, cultural clubs, sports teams and educational groups to showcase our island's diverse cultures and interests. Our members sponsor performances promoting the Hawaiian, Japanese, Portuguese, and Chinese cultures that make up our diverse island. We also host running, cycling, triathlons, paddling, golf, tennis and youth sports clinics and events.
 - Our KCRA team members serve on the board of directors for business, arts and cultural organizations; support educational, religious and community organizations; and even help defray the costs of education and home ownership, through our resident-driven ohana foundations.
- ❖ In addition to the arenas mentioned above, KCRA members provide vital support for other sectors including: retail – 3 shopping centers, restaurants, art galleries and pop-up small business incubators; services – real estate, architecture, landscape, interior design; special events – festivals, sports, weddings, photography, florists; natural resources stewardship - trails, bays, beaches, anchialine ponds, signage; and cultural preservation - historic sites, petroglyphs, and native Hawaiian cultural education programs.

Sustainable tourism management is exemplified by the members of the KCRA.

Craig Anderson, VP Operations, Mauna Kea Resort –President
 Pat Fitzgerald, CEO, Hualalai Investors – Vice President
 Charlie Parker, General Manager, Four Seasons Hualalai – Secretary
 Daniel Scott, Managing Director Rosewood Kona Village – Treasurer
 Chris Sessions, DOSM, Fairmont Orchid – Board of Directors
 Scott Head, VP Resort Operations, Waikoloa Land Company – Board of Directors
 David Givens, General Manager, Hilton Waikoloa Village – Board of Directors
 Rob Gunthner, Area VP Resort Operations, Hilton Grand Vacations – Board of Directors
 Pete Alles, Regional VP and GM, Mauna Lani, Auberge Resorts Collection – Board of Directors
 Mark Goldrup, General Manager, Waikoloa Beach Marriott – Board of Directors

SB-1396-SD-3

Submitted on: 3/11/2025 8:58:02 AM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
SLEIMAN K. SALIBI	TRUE BLUE INC.	Oppose	Written Testimony Only

Comments:

Strongly Oppose SB1396

Aloha Chair Lowen. Vice Chair Perruso and committee members,

My name is Antoinette Davis. It has been my honor to represent the Activities and Attractions Association of Hawaii (A3H), a not-for-profit 501c6 trade organization, as its executive director since 1997 (28 years). **A3H strongly opposes SB1396 due to the detrimental impact this will have on Tourism's most vulnerable businesses.**

While it is commendable to plan for the future and address climate concerns, we must approach this issue with a balanced perspective that considers both environmental impacts (future) and the affordability of visits to Hawaii (present-today). Increasing the Transient Accommodation Tax (TAT) will impose a significant financial burden on visitors, further pricing Hawaii vacations out of reach for many more.

Currently, Hawaii has the highest TAT in the nation, and evidence from 2023 and 2024 indicates that higher taxes leads to reduced spending by visitors in other areas, rather than an increase in their overall per person per trip expenditure.

This trend suggests that while we strive for sustainable tourism, we must also ensure that our local economy remains robust and our visitor experience remains enjoyable. A3H is committed to fostering collaboration among industry stakeholders to explore innovative strategies that harmonize environmental sustainability with economic vitality, and we invite open dialogue on how we can achieve this balance together.

As air, hotels, rental car and food increased, those extra vacation items such as attractions, activities, retail and restaurants are getting a smaller and smaller piece of visitor expenditures. Increasing the TAT will only exasperate this problem even more. This Bill will hurt the small businesses, resident owned businesses, businesses whose profit remain within this economy.

Mahalo, thank you for your time, consideration, and opportunity to testify.



Maui Hotel & Lodging
ASSOCIATION

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Nicole E. Lowen, Chair
Rep. Amy A. Perruso, Vice Chair

March 11th, 2025

Testimony in STRONG OPPOSITION to SB1396 SD3

Aloha Chair Lowen, Vice Chair Perruso and Committee members.

I am writing on behalf of the Maui Hotel and Lodging Association to express our **strong opposition** to SB1396 SD3, which proposes an increase in the Transient Accommodations Tax (TAT). While we fully recognize the urgent need to address climate change and invest in disaster preparedness, we believe that the proposed hike in the TAT would have devastating effects on Maui's struggling tourism industry.

Maui's visitor numbers and spending have been notably low, and our local businesses are already facing extremely challenging economic conditions. At this critical time, the tourism industry is still working to recover from past disruptions, and an increase in the TAT would only serve to further hinder that recovery.

Hawaii already carries the distinction of having the highest tourism tax rates in the nation. Raising the TAT at this juncture would further diminish our competitiveness in the global tourism market, putting us at a disadvantage compared to other destinations. While we wholeheartedly support efforts to address climate change and enhance economic resilience, we urge that alternative funding mechanisms be explored to avoid the potential harm that this tax increase would cause to Maui's economy and the livelihood of those who depend on tourism.

We appreciate your consideration of our concerns and respectfully request that SB1396 SD3 be revisited with an eye toward balancing necessary environmental efforts with the realities facing our local economy.

John Pele
Executive Director- Maui Hotel and Lodging Association
john.pele@mauihla.org



TESTIMONY SB1396

COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

Strongly Oppose SB1396

Aloha Chair Lowen. Vice Chair Perruso and committee members,

I, Peter Wood strongly oppose SB1396 due to the detrimental impact this will have on Tourism's most vulnerable businesses.

This Bill will adversely affect the small owner operated business such as ours. Consider the tourists who are traveling with children, the high-cost hotel rooms, rental cars and food are already pushing their budget, leaving no funds for extra attractions such as **activities**, retail and restaurants. We are competing in a world market for the tourist dollar and there are multiple tropical destinations in the USA and abroad that are far more affordable than Hawaii. By adding even more Taxes, we will eventually price ourselves too high and see dramatic drops in tourism, which is our number one source for economic survival. Currently, Hawaii has the highest TAT in the nation, and evidence from 2023 and 2024 indicates that higher taxes leads to reduced spending by visitors in other areas, rather than an increase in their overall per person per trip expenditure.

While it is commendable to plan and address climate concerns, we must approach this issue with a balanced perspective that considers both environmental impacts (future) and the affordability of visits to Hawaii (present-today). Increasing the Transient Accommodation Tax (TAT) will impose a significant financial burden on visitors, further pricing Hawaii vacations out of reach for many more. We need to continue to strive for sustainable tourism, while ensuring our local economy remains intact and visitors to our island's experiences remain enjoyable and memorable.

Thank you for your consideration of my strong opposition to this Bill.

Peter Wood 808-870-3672 – Owner and Operator Sailing Maui Inc.



March 11, 2025 - TESTIMONY OPPOSING SB1396

COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

Aloha Chair Lowen. Vice Chair Perruso and committee members,

I, Inca Robbin strongly oppose SB1396 due to the detrimental impact this will have on Tourism's most vulnerable businesses.

As a small owner operated business who has direct contact daily with Maui's visitors, it is very clear that this Bill will adversely affect our tourist-based activity. I ask you to consider the tourists who are traveling with children, the high-cost hotel rooms, rental cars and food are already stretching their budget, leaving no funds for extra attractions such as **activities**, retail and restaurants. We are competing in a world market for the tourist dollar and there are multiple tropical destinations in the USA and abroad that are far more affordable than Hawaii. I have family in Alaska who used to come to Hawaii every year for the winter months, now ever rising high cost of a Maui vacation has them choosing Mexico as a less expensive alternate for an extended holiday to get away from the snow. The discussion is Hawaii is becoming too expensive and there are plenty of other tropical destinations to choose from. By adding even more Taxes, we will eventually price ourselves too high and see dramatic drops in tourism, which is our number one source for economic survival.

While it is commendable to plan and address climate concerns, we must approach this issue with a balanced perspective that considers both environmental impacts (future) and the affordability of visits to Hawaii (present-today). Increasing the Transient Accommodation Tax (TAT) will impose a significant financial burden on visitors, further pricing Hawaii vacations out of reach for many more. We need to continue to strive for sustainable tourism, while ensuring our local economy remains intact and visitors to our island's experiences remain affordable and pleasurable.

Thank you for your consideration of my strong opposition to this Bill.

Inca Robbin, Owner and Operator – Hula Girl Sailing Charters – Sailing Maui Inc.
808 870-3673

March 13, 2025, 9:45 a.m.

Hawaii State Capitol

Conference Room 325 and Videoconference

To: House Committee on Energy & Environmental Protection

Rep. Nicole E. Lowen, Chair

Rep. Amy A. Perruso, Vice Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

RE: TESTIMONY IN OPPOSITION TO SB1396 SD3 — RELATING TO ECONOMIC DEVELOPMENT

Aloha Chair Lowen, Vice-Chair Perruso and other members of the Committee,

The Grassroot Institute of Hawaii would like to offer its comments **in opposition** to [SB1396 SD3](#), which would increase the current state transient accommodations tax rate by an unspecified amount. It also would direct an unspecified percentage of the TAT revenues to programs that address climate change, tourism marketing and economic development.

The use of blanks in lieu of amounts for this proposed tax hike makes it difficult to provide meaningful commentary on how the bill might affect Hawaii's residents, economy or state revenues.

It is fundamentally unfair to the public to consider or pass tax bills without specific figures included. The people have a right to know the rates proposed in any tax bill — especially if it is likely to involve a tax increase.

As for the TAT itself, support for such a tax is often based on the faulty notion that the effect of the tax will fall exclusively on tourists. However, the TAT also directly affects Hawaii residents who need to stay in local transient accommodations when traveling interisland or simply seeking to enjoy a "staycation."

Beyond that, a large body of research demonstrates that increasing taxes on tourists can also affect both the competitiveness of Hawaii's tourism industry and the health of local businesses that depend upon tourism dollars — which means the tax affects most, if not all, Hawaii residents, albeit in many cases indirectly.

For example, a 2017 European Union study on the impact of taxation on tourism in Europe found that high tourism taxes, passed on to tourists through higher prices, affected the competitiveness of particular destinations.¹ Coastal and leisure destinations in particular were most adversely affected by increases in tourism taxes, especially compared to locations that were more focused on business travelers.

In addition, occupancy taxes similar to Hawaii's TAT were singled out as inequitable and especially frustrating to tourists. The EU study recommended that countries that depend heavily on tourism should reduce their tourism taxes in order to increase competitiveness.

Even unique destinations are not immune from the effect of taxation on international arrivals. A study of the Maldives, a country that earns as much as 70% of its revenue from tourism taxes, found that a 10% increase in tourism taxes reduces demand by 5.4%.²

To put it plainly, increasing tourism taxes decreases the number of visitors.

In addition, policymakers cannot assume that tourism taxes will not have an additional effect on visitor spending. It is common sense to assume that tourists will compensate for higher tourism taxes by adjusting their budgets and spending less on dining, activities or shopping.

This is borne out by a study of the effect of an air passenger duty on the budget allocations of United Kingdom tourists. The study found that tourists compensated for the higher taxes by decreasing destination expenditures on items such as accommodations and food.³

Thus, increasing tourism taxes will ultimately hurt Hawaii's restaurants, stores and hotels, as tourists decrease their expenditures to compensate for the state's higher taxes.

This is on top of the fact that Hawaii already has some of the world's highest tourism taxes,⁴ making any additional hike a threat to the continued health of the industry and the businesses that depend on it. Tourism is such a critical part of the state's economy that even industries that are not directly linked to tourism are linked to businesses that are.

¹ PricewaterhouseCoopers LLP, "[The Impact of Taxes on the Competitiveness of European Tourism](#)," European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, October 2017.

² Festus Fatai Adedoyin, Neelu Seetaram and George Filis, "[The Effect of Tourism Taxation on International Arrivals to a Small, Tourism-Dependent Economy](#)," Journal of Travel Research, Vol. 62, Iss. 1, pp. 135-153.

³ Haiyan Song, Neelu Seetaram and Sunh Ye, "[The effect of tourism taxation on tourists' budget allocation](#)," Journal of Destination Marketing and Management, March 2019, pp. 32-39.

⁴ Alison Fox, "[These Cities — Including 3 in the U.S. — Have the Most Expensive Tourist Taxes in the World. Study Shows](#)," Travel + Leisure, Aug. 12, 2022.

In addition, as I mentioned earlier, we should not ignore the fact that tourists are not the only ones who pay the TAT. For example, neighbor island residents who stay on Oahu for medical care, or families in need of a temporary dwelling after a natural disaster, must book either a hotel or a short-term rental. Likewise, medical professionals must stay somewhere while temporarily practicing in Hawaii.

In other words, a TAT increase will have a negative effect on the health of the state's tourism industry, its economy and the cost of living in general.

The worthiness of the purpose of this proposed tax increase would not negate the effect of that increase. If anything, it should prompt more careful analysis of the programs that would benefit from the tax revenues.

Finally, the fact that some of the tax revenues from the increase will be spent on tourism marketing is ironic, but it does not erase the potential negative effect of the tax hike that will burden Hawaii businesses and residents. The last thing Hawaii's economy needs is more taxes..

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 325
Thursday, March 13, 2025, 9:45 A.M.

To The Honorable Nicole E. Lowen, Chair
The Honorable Amy A. Perruso, Vice Chair
Members of the committee on Energy & Environmental Protection

OPPOSE SB1396 SD3 RELATING TO ECONOMIC DEVELOPMENT

The Maui Chamber of Commerce **OPPOSES SB1396 SD3** which establishes the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund and beginning January 1, 2026, increases the Transient Accommodations Tax.

Hawai'i already has a reputation for having the highest visitor taxes of any destination in the world. In addition to taxes on visitor accommodations, visitors are also subject to the general excise tax (GET), rental car fees and taxes on our roads, parking fees at state parks, and other taxes and fees assessed to activity-based businesses, all of which are passed down to the consumer.

While we appreciate the establishment of the Climate Mitigation and Resiliency Special Fund and the Economic Development and Revitalization Special Fund in this bill, we are deeply concerned about the impact this proposed TAT increase will have on our visitor industry. Maui's visitor counts and spending remain low, and businesses are struggling. This proposed increase could further hinder our economic recovery, which is still below pre-pandemic levels and was severely impacted by the wildfires in August 2023.

For these reasons, we **OPPOSE SB1396 SD3**.

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.



March 12, 2025

The Honorable Representative Nicole E. Lowen
Chair, The Hawaii State House Committee on Energy and Environmental Protection

The Honorable Representative Amy A. Perruso
Vice Chair, The Hawaii State House Committee on Energy and Environmental Protection

Subject: Opposition to SB1396 SD3

Aloha Chair Lowen, Vice Chair Perruso, and Honorable Members of the Committee on Energy and Environmental Protection,

Thank you for the opportunity to provide our joint testimony on behalf of the Hawaii Hotel Alliance (HHA) and the American Hotel & Lodging Association (AHLA) regarding SB1396 SD3. We respectfully express our sincere concerns regarding the proposed increase in the Transient Accommodations Tax (TAT).

First and foremost, as an industry we remain committed to the protection of our natural resources, we promote best practices in climate mitigation across our properties, and have encouraged and supported State guided efforts to develop comprehensive climate resiliency best practices and measures. The work that our hotels engage in on this front include shoreline replenishment and renourishment projects, active management of critically endangered habitats, restoration of our watersheds, invasive species abatement, environmental educational programs for kama'aina and guests alike, native species protection and reforestation, ocean safety and awareness programs, coral reef replanting and resilience, and direct investment in site specific environmental standards, to name just a few. For a generation, Hawaii's hotels have been at the forefront of developing and deploying 'aina based regenerative tourism that puts people and place at the focus of our work. Our collective opposition to this measure is rooted not in our concerns over the real and tangible need for State led climate mitigation projects. Our concern is rooted in the harsh reality that Hawaii's Hotels and Hawaii's people cannot afford to shoulder additional increases to the cost of Hotel operations in our State.

Hawaii's hotel and lodging community recognizes the importance of contributing to the state's revenue. Our members diligently collect and remit the TAT and General Excise Tax (GET) that are due to the state and counties. However, we are deeply concerned that an additional tax burden

would severely impact our industry's competitiveness and long-term sustainability and would be an additional tax on the more than 200,000 kama'aina rate guest nights that are booked each year. Locals already pay too much in taxes. A TAT increase would further hurt the wallets of Hawaii residents who choose a stay-cation, this would raise costs for teams traveling between islands for little league games, this makes medical treatment more costly for patients who need to travel to O'ahu for care, and it makes it harder for families to visit our relatives who live on different islands.

Hawaii already holds the distinction of having the highest tourism tax in the world, as recently highlighted in the January 25, 2025, article "Highest Tourist Tax in the World" published by *Travel + Leisure* (<https://www.travelandleisure.com/honolulu-hawaii-highest-tourism-tax-in-the-world-8763376>)

This fact resonates with potential visitors and meeting planners, who are increasingly considering alternative destinations with more favorable tax structures and competitive pricing, like Florida, Bali, South Korea, Mexico, and the Caribbean.

Our hotels compete against global markets that offer similar destination experiences at a fraction of the cost. We are particularly concerned about the impact on key markets like Japan. DBEDT data indicates that Japanese visitor arrivals remain significantly below 2019 levels, with feedback consistently citing Hawaii's high cost as a deterrent. Further increasing costs will impede our ability to attract and retain these valuable visitors.

While hotel room rates have adjusted to reflect the rising costs of property taxes, wages, and general inflation, our profit margins are being squeezed. Our members are committed to providing competitive wages, contributing as major taxpayers, and investing in our communities. However, the proposed TAT increase within SB1396 SD3 would further strain our operations and hinder our ability to grow and contribute to Hawaii's economy.

Notwithstanding all of this, there does exist a TAT revenue source for the State to dedicate in support of our climate mitigation plans. As evidenced by recent discussions with the City and County of Honolulu, the County of Maui, and with DBEDT, there is a substantial gap between the number of known legal short-term vacation rentals and the estimated number of units operating throughout the state. This discrepancy suggests that the state and counties are missing out on substantial TAT and GET revenue. We urge the legislature to prioritize the fair and equitable collection of TAT and GET from these non-payers as a way of funding these efforts.

The argument that TAT increases do not influence visitor behavior is not supported by our experience, especially in the conventions, meetings, and incentives market. Meeting planners are acutely aware of costs, and any increase that compromises Hawaii's competitiveness will lead to lost business. Moreover, our industry is facing significant challenges in 2025. As reported by the *Star Advertiser*, hotel performance declined across the islands in 2024 (<https://www.staradvertiser.com/2025/02/18/hawaii-news/sle-hotels-performance-lost-ground-during-2024/>). Additionally, fluctuating federal employment policies are impacting government

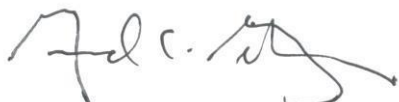
bookings, which are essential for maintaining employment. At some hotels, government bookings on O'ahu are down more than 50% since January.

Just this week, the nation's three largest airlines lowered their projections for the year while Southwest announced they will begin charging for checked bags. This will make trips to Hawaii more expensive, further exacerbating the reality that hotel booking pace for the balance of 2025 remains depressed. President Trump's on-again off-again trade war has caused a sharp market decline and created what CNN described as an environment of "extreme fear" as investors and average Americans are left in a state of economic uncertainty. Making a bad situation worse, these trade wars have triggered foreign guest cancellations from key markets, like Canada, across the state.

We understand the State's need to prioritize climate resilience. However, we believe that increasing the TAT, as proposed in SB1396 SD3, would be detrimental to Hawaii's tourism industry and overall economy. An increase in the TAT is a tax on everyone of us who enjoy a Kama'aina rate, it hurts the more than 160 hotels that we represent who are investing every day in the communities we serve, and it hurts our ability to care for the more than 110,000 member employees who depend on our industry. We respectfully urge the Hawaii State Legislature to prioritize the full and equitable collection of existing taxes and defer any increases to the TAT.

Thank you for your consideration of our comments on SB1396 SD3.

Mahalo,



Hawaii Hotel Alliance (HHA)

Gerard C. Gibson President



American Hotel & Lodging Association (AHLA)

Kekoa McClellan, Spokesperson AHLA Hawaii

Hawaii Hotel Alliance Board Members:

Jeff Wagoner, Secretary, HHA, President & CEO Outrigger Hospitality Group

Debi Bishop, Treasurer, HHA, Managing Director, Hilton Hawaiian Village Waikiki Beach Resort

Craig Anderson, VP of Operations, Mauna Kea Beach Hotel

Tom Calame, Marriott International

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Subject: Opposition to SB1396 SD3

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burden would severely impact our industry's competitiveness and long-term sustainability and would be an additional tax on the more than 200,000 kama'aina rate guest nights that are booked each year. Locals already pay too much in taxes. A TAT increase would further hurt the wallets of Hawaii residents who choose a stay-cation, this would raise costs for teams traveling between islands for little league games, this makes medical treatment more costly for patients who need to travel to O'ahu for care, and it makes it harder for families to visit our relatives who live on different islands.

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While hotel room rates have adjusted to reflect the rising costs of property taxes, wages, and general inflation, our profit margins are being squeezed. Our members are committed to providing competitive wages, contributing as major taxpayers, and investing in our communities. However, the proposed TAT increase within SB1396 SD3 would further strain our operations and hinder our ability to grow and contribute to Hawaii's economy.

Notwithstanding all of this, there does exist a TAT revenue source for the State to dedicate in support of our climate mitigation plans. As evidenced by recent discussions with the City and County of Honolulu, the County of Maui, and with DBEDT, there is a substantial gap between the number of known legal short-term vacation rentals and the estimated number of units operating throughout the state. This discrepancy suggests that the state and counties are missing out on substantial TAT and GET revenue. We urge the legislature to prioritize the fair and equitable collection of TAT and GET from these non-payers as a way of funding these efforts.

The argument that TAT increases do not influence visitor behavior is not supported by our experience, especially in the conventions, meetings, and incentives market. Meeting planners are acutely aware of costs, and any increase that compromises Hawaii's competitiveness will lead to lost business. Moreover, our industry is facing significant challenges in 2025. As reported by the *Star Advertiser*, hotel performance declined across the islands in 2024 (<https://www.staradvertiser.com/2025/02/18/hawaii-news/sle-hotels-performance-lost-ground-during-2024/>). Additionally, fluctuating federal employment policies are impacting

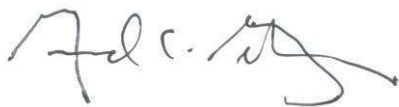
government bookings, which are essential for maintaining employment. At some hotels, government bookings on O'ahu are down more than 50% since January.

Just this week, the nation's three largest airlines lowered their projections for the year while Southwest announced they will begin charging for checked bags. This will make trips to Hawaii more expensive, further exacerbating the reality that hotel booking pace for the balance of 2025 remains depressed. President Trump's on-again off-again trade war has caused a sharp market decline and created what CNN described as an environment of "extreme fear" as investors and average Americans are left in a state of economic uncertainty. Making a bad situation worse, these trade wars have triggered foreign guest cancellations from key markets, like Canada, across the state.

We understand the State's need to prioritize climate resilience. However, we believe that increasing the TAT, as proposed in SB1396 SD3, would be detrimental to Hawaii's tourism industry and overall economy. An increase in the TAT is a tax on everyone of us who enjoy a Kama'aina rate, it hurts the more than 160 hotels that we represent who are investing every day in the communities we serve, and it hurts our ability to care for the more than 110,000 member employees who depend on our industry. We respectfully urge the Hawaii State Legislature to prioritize the full and equitable collection of existing taxes and defer any increases to the TAT.

Thank you for your consideration of our comments on SB1396 SD3.

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Linda Rodrigues, SVP of Marketing, Hilton Grand Vacations

Kelly Sanders, Group President, Highgate

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, Establish two new special funds and increase the TAT to feed them

BILL NUMBER: SB 1396 SD 3

INTRODUCED BY: Senate Committee on Ways and Means

EXECUTIVE SUMMARY: Beginning 1/1/2026, increases the Transient Accommodation Tax by an unspecified amount. Requires the Governor to request in the budget or supplemental budget submitted to the Legislature for an amount of general funds equal to an unspecified percentage of the transient accommodations tax revenue be expended to advance specific projects that address climate change and support tourism marketing and destination management.

SYNOPSIS: Adds a new section to Part IV, Chapter 37, HRS, to have the Governor request in the budget or supplemental budget, an amount of general funds equal to (blank)% of the Chapter 237D, transient accommodation tax be expended to advance specific projects that address climate change and support tourism marketing and destination management, including projects that mitigate, adapt to, or increase resiliency to climate change and tourism.

Amends section 237D-2(a) & (c), HRS, for a tax of ___%, for the period beginning January 1, 2026, and thereafter. The current 9.25% tax for the period beginning July 1, 2010 will end on December 31, 2025.

Amends section 237D-2(e), HRS, notwithstanding the amended tax rates in section 237D-2(a)(6) and (c)(4), the 10.25% rate collected pursuant to section 237D-2(e) shall sunset on 12-31-2025 and ___% for the period beginning January 1, 2026 to December 31, 2030 will apply.

Conforming changes made in section 237D-2(e)(1) & (2) for the disposition of the excess revenues resulting from the difference in -2(a) & (c) rates and -2(e) rates.

EFFECTIVE DATE: July 1, 2050.

STAFF COMMENTS: This is an Administration bill sponsored by the Office of the Governor and designated GOV-02 (25).

The bill includes unspecified tax rates and otherwise contains blanks for important information. The bill cannot be scored for revenue gain/loss in its current form, and cannot be vetted properly unless numbers are inserted. We assume from the preamble of the bill that a TAT increase is intended.

This proposed increase in TAT will be borne largely by visitors. With the recent ability of counties to impose their own TAT charge, Hawaii already has the highest accommodation tax in the country. Although the bill's proponents may think that this is simply picking the pockets of our

tourists to help our own, there may be ripple effects from further squeezing our tourists. What policy makers need to realize is that the more they extract from the economy in taxes and fees, the more economic performance declines. To put it specifically, tourists can't vote for our lawmakers at the ballot box but they can vote with their feet. We aren't the only resort island destination in the world, and the tourists know this. As economic performance declines, so do tax revenues.

We are impressed that the bill is trying to solve this problem without the use of a special fund. However, we are concerned that the mandatory budget request violates the separation of powers doctrine. Less objectionable would be a requirement that the executive branch report the amount to the Legislature and/or selected committees and executive departments, so said committees and executive departments can work out a way to spend the funds.

Digested: 3/11/2025



HAWAI'I LODGING & TOURISM
ASSOCIATION

*Testimony of
Mufi Hannemann
President & CEO*

Hawai'i Lodging & Tourism Association

Committee on Energy and Environmental Protection

Thursday, March 13, 2025

SB1396 SD3 – Relating to Economic Development

Chair Lowen, Vice Chair Perruso, and Members of the Committee:

Mahalo for the opportunity to submit testimony with comments on SB1396 SD3, which seeks to address the impacts of climate change while supporting tourism marketing and destination management through an increase to the Transient Accommodations Tax (TAT).

The Hawai'i Lodging & Tourism Association (HLTA) supports the intent of this measure and appreciates Governor Green's administration for exploring ways to invest in climate adaptation, disaster preparedness, and sustainable economic development. The visitor industry depends on the long-term health of our natural and cultural resources, and we remain committed to ensuring that Hawai'i remains resilient, competitive, and well-managed for both visitors and residents.

That said, we have concerns regarding the financial impact on the hospitality industry, particularly given the ongoing slow recovery of travel, the continued lag in Japanese visitor arrivals, and economic challenges following recent natural disasters. Hawai'i's tourism industry has not yet fully rebounded, and an additional TAT increase at this time could place a significant burden on hotels and lodging providers.

We have previously recommended that the Legislature explore alternative revenue sources that promote sustainability and fairness. Stronger enforcement of TAT collection on short-term rentals would increase revenues while leveling the playing field for all accommodation providers. Additionally, targeted visitor impact fees at heavily trafficked sites—similar to the Hanauma Bay Model—could generate significant revenue to maintain natural and cultural resources without overburdening hotels and resorts.

However, if the legislature decides that a modest TAT increase is ultimately deemed necessary, it is critical to establish clear safeguards to ensure that any additional revenue

maintains a direct and enforceable nexus to the visitor industry. These funds should be dedicated to tourism marketing and destination management, strengthening the Hawai'i Tourism Authority's efforts to strategically market and manage tourism across the islands. Additionally, funding should support sustainability and climate resilience projects that have a clear connection to tourism, such as coastal protection, infrastructure improvements, and conservation efforts that directly impact visitor experiences.

Finally, the visitor industry must have a formal role in determining how these funds are allocated and utilized.

We appreciate the opportunity to engage in this discussion and advocate for a balanced, sustainable approach that supports both Hawai'i's economic vitality and environmental resilience.

Mahalo for your time and consideration.

Testimony of Sustainable Coastlines Hawai'i

3/12/2025

Bill: **SB1396 SD3**

Committee: House EEP

Position: **Support with amendments**

Hearing Date: 3/13/25 10:30 AM

Aloha Chair Lowen and Members of Energy and Environmental Protection Committee,

My name is Rafael Bergstrom, the Executive Director of Sustainable Coastlines Hawai'i (SCH), a local nonprofit with a mission to inspire communities to care for coastlines. SCH is in support of SB 1396 if amendments are included that focus the bill on environmental stewardship. We appreciate the opportunity to offer support for this program that escalates in need every year. Please read below for a more detailed look at who we are and why we support these efforts. While there are things that we love about SB1396 in its current form, we also offer upfront the need for a few **amendments**:

- We suggest that the **minimum fee to protect our natural environment and ensure support to adapt to climate risk equals or is equivalent to a minimum of \$50** per visitor to the islands and be slated to go up over time.
- We believe that it makes far more sense to allocate an environmental stewardship fee to DLNR to build on their work (as opposed to DOD, whose mission is not aligned with the intent of this fee). In addition to DLNR we believe funds should also be directed to a community NGO **grant program** that is simple and gets funds to the organizations that tirelessly dedicate their energies to making sure Hawai'i is protected, restored, and enhanced.
- We encourage the committee to continue exploring the possibility of mechanisms of collection that will provide a dedicated fund that is not wrapped up in other revenue streams.
- An **educational component** (videos, signage, etc.) of these fees should be mandated by law in order to help visitors understand the positive momentum they are creating by supporting the work of DLNR and other 'āina based organizations. This will enhance the experience of everyone who comes to the islands.

The vision of SCH is a world of inspired people, clean beaches, and healthy coastlines. Visitor engagement and education, volunteerism, and restoration efforts are all core actions of how we achieve our mission. Over the past 14 years SCH has removed 750,000 lbs. of debris from our coastlines, united 50,000 volunteers, reached 55,000 students with presentations and immersive education, and waded through a destructive mess of plastic pollution. We are experts on plastic pollution, the consequences of inaction, and the solutions we have at our fingertips.

The impact of visitors to our islands can be seen everywhere. While it is of course necessary to acknowledge the economy that is created around this industry, it is equally, if not more important, to understand the negative externalities of that industry and be proactive in mitigating them. While inviting visitors to be better stewards of the islands should continue, it is

not enough. Our islands run huge deficits when it comes to funding both reactive and proactive conservation and sustainability efforts. The current levels of impact are not sustainable for a livable future in Hawai'i. We need more funding to expand this work, especially in an era where federal funding mechanisms that have been in place to protect our precious resources are being rapidly dismantled.

SCH believes that the fee structure should involve an equitable disbursement of funds that offers opportunity for those doing incredible work in Hawai'i to enhance their efforts. This means that the traditional grants system needs to be broken down and realigned with a reality that most nonprofits are overwhelmed by a lack of capacity while doing their important work. Additionally, the minimum fund amount allocated to each nonprofit should be in alignment with a full-time salary and benefits at a level that is connected to the cost of living in this State. No nonprofit employee doing the work to protect this incredible place against the effects of visitors should be paid less than it costs to truly live here. For these reasons, it is imperative that an environmental stewardship fund should generate enough through the fees to allow for meaningful work to be conducted by the organizations tasked with this kuleana.

Models of similar funds have been effective across the globe and have great opportunity to create local jobs in protecting our islands for the future. Hawai'i is an ecological wonder and has a responsibility to have one of its biggest workforces be in conservation. In doing so, we will become a leader and model for the world.

We will continue to do our part with hands-in-the-sand and hands-in-the-soil work while engaging residents and visitors in opportunities to learn while restoring. Ideally everyone goes home from one of our events feeling empowered to take both individual and community action to protect our future. Mahalo for taking time to consider this important bill.

With Aloha,

A handwritten signature in black ink, appearing to read 'Rafael Bergstrom', written in a cursive style.

Rafael Bergstrom
Executive Director
Sustainable Coastlines Hawai'i

Testimony in Support of SB1396 SD3
House Committee on Energy & Environmental Protection
Position: Support

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee,

‘O Jocelyn Whei-Tsi Grandinetti ko‘u inoa, no Wai‘alae Nui mai au. Aloha, my name is Jocelyn Whei-Tsi Grandinetti and I come from the ‘ili ‘āina of Wai‘alae Nui on the island of O‘ahu. My mountain is Lanipō of the Ko‘olau range, and my waters are the waters that flow down Wai‘alae Nui stream. I am submitting written testimony in strong support of SB1396 SD3, which would help dedicate funding toward Hawai‘i’s natural and cultural resources that sustain the safety of our people, place, and economy. Having dedicated my life to building kuleana to caring for ‘āina in our keiki as an environmental educator, it is absolutely vital for Hawai‘i to have a solid financial foundation with which to enact more sustainable and proactive solutions for the benefit of future generations. If we want our keiki to stay in Hawai‘i and contribute to the islands, they need us to ensure that they will have a livable island on which to thrive.

We are watching the consequences of underinvesting in our ‘āina impact the people and places we love. Coral bleaching, fires, floods, and brown water pollution are harming the environment that sustains our visitor industry and economic livelihoods. This consistent underinvestment is costing our state tremendous financial resources when disasters strike, when instead we could be preventatively resourcing community-driven projects that build resilience and prevent damage when climate shocks come. It is estimated **we need at least \$560 million each year** to effectively care for our natural and cultural resources in Hawai‘i. Enacting legislation like SB1396 could help fund this preventative work that can save our state millions of dollars each year, create jobs, and sustain our economic livelihoods.

The protection, management, restoration, and stewardship of Hawai‘i is a shared kuleana and requires meaningful collaboration across sectors and knowledge systems. We know that community organizations are working on the frontlines of resilience, adaptation, and stewardship, and this measure will empower experts across Hawai‘i to work together to implement effective resilience solutions and equitably allocate resources to leaders in the field. **I support the inclusion of a community grant program to work in partnership with organizations, agencies, local governments, and Indigenous knowledge holders to meet the unique needs of Hawai‘i.** I have been involved with organizations such as Kauluakalana, Ho‘okua‘āina, Sustainable Coastlines Hawai‘i, Kupu, Kōkua Hawai‘i Foundation, and so much more that are doing vital work to educate our keiki, restore ‘āina, and build community in a time of immense financial struggle and political disarray. My Master’s Thesis focused on biocultural restoration, and I found that while these groups do amazing work, their capacity is constantly being limited by financial restraints and consequential quick staff turnaround, both of which could be addressed with a more solid financial foundation for these community group efforts.

This is the year elected leaders must act to keep our communities safe. There is immense public pressure for this initiative, and there has been for years. Previous polling showed 88% of residents support a visitor green fee. In January 2025, visitors were polled on their attitudes to a fee. *The results show that two-thirds of visitors support a \$50 visitor fee, and a quarter of them are more likely to visit Hawai‘i with an enacted fee.* Visitors and residents agree: giving back to the places you visit is more than acceptable, it’s necessary.

We cannot wait for another fire, flood, or tragedy without a solution. This measure is a critical step toward a future where Hawai‘i is protected, cared for, and healthy - for our communities, economy, and future generations. I am calling on lawmakers to take bold action to safeguard our home, and listen to the overwhelmingly supportive visitors and residents that have been calling for action.

Mahalo for the opportunity to testify,
Jocelyn Whei-Tsi Grandinetti

SB-1396-SD-3

Submitted on: 3/11/2025 1:03:03 PM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee,

My name is Will Caron, and I am a resident of Kahalu‘u, O‘ahu. I am testifying in strong support of SB1396 SD3, which would help dedicate funding toward Hawai‘i’s natural and cultural resources that sustain the safety of our people, place, and economy.

We are watching the consequences of underinvesting in our ‘āina impact the people and places we love. Coral bleaching, fires, floods, and brown water pollution are harming the environment that sustains our visitor industry and economic livelihoods. This consistent underinvestment is costing our state tremendous financial resources when disasters strikes, when instead we could be preventatively resourcing community-driven projects that build resilience and prevent damage when climate shocks come.

It estimated we need at least \$560 million each year to effectively care for our natural and cultural resources in Hawai‘i. Enacting legislation like SB1396 could help fund this preventative work that can save our state millions of dollars each year, create jobs, and sustain our economic livelihoods.

The protection, management, restoration, and stewardship of Hawai‘i is a shared kuleana and requires meaningful collaboration across sectors and knowledge systems. We know that community organizations are working on the frontlines of resilience, adaptation, and stewardship, and this measure will empower experts across Hawai‘i to work together to implement effective resilience solutions and equitably allocate resources to leaders in the field.

This is the year elected leaders must act to keep our communities safe. There is immense public pressure for this initiative, and there has been for years. Previous polling showed 88% of residents support a visitor green fee. In January 2025, visitors were polled on their attitudes to a fee. The results show that two-thirds of visitors support a \$50 visitor fee, and a quarter of them are more likely to visit Hawai‘i with an enacted fee. Visitors and residents agree: giving back to the places you visit is more than acceptable, it’s necessary.

We cannot wait for another fire, flood, or tragedy without a solution. This measure is a critical step toward a future where Hawai‘i is protected, cared for, and healthy—for our communities, economy, and future generations. I am calling on lawmakers to take bold action to safeguard our

home, and listen to the overwhelmingly supportive visitors and residents that have been calling for action.

Mahalo for the opportunity to testify.

SB-1396-SD-3

Submitted on: 3/11/2025 1:19:08 PM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Liat Portner	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee,

My name is Liat Portner and I am submitting written testimony in strong support of SB1396 SD3, which would help dedicate funding toward Hawai‘i’s natural and cultural resources that sustain the safety of our people, place, and economy. I am privileged to be born and raised in Mānoa Valley on the island of O‘ahu. This facilitated my connection to both the mountains and the ocean, but was also juxtaposed against the visitor industry with Waikīki down the way. My upbringing led me to a career in conservation and I have experienced first hand the impacts of an underfunded, underresourced and ultimately undervalued field. It is imperative that we find ways to increase our ability to support programs that care for the ‘āina, not only in the face of increasing climate impacts, or in light of changes in federal support. In order to support place-based, ‘āina-based care we have to be able to provide livable wages to the ‘āina "workforce" and develop resources to expand that workforce.

We are watching the consequences of underinvesting in our ‘āina impact the people and places we love. Coral bleaching, fires, floods, and brown water pollution are harming the environment that sustains our visitor industry and economic livelihoods. This consistent underinvestment is costing our state tremendous financial resources when disasters strike, when instead we could be preventatively resourcing community-driven projects that build resilience and prevent damage when climate shocks come. It is estimated we need at least \$560 million each year to effectively care for our natural and cultural resources in Hawai‘i. Enacting legislation like SB1396 could help fund this preventative work that can save our state millions of dollars each year, create jobs, and sustain our economic livelihoods.

The protection, management, restoration, and stewardship of Hawai‘i is a shared kuleana and requires meaningful collaboration across sectors and knowledge systems. We know that community organizations are working on the frontlines of resilience, adaptation, and stewardship, and this measure will empower experts across Hawai‘i to work together to implement effective resilience solutions and equitably allocate resources to leaders in the field. I support the inclusion of a community grant program to work in partnership with organizations, agencies, local governments, and Indigenous knowledge holders to meet the unique needs of

Hawai‘i. Nonprofit and community group are integral partners in ‘āina-based management and education. They serve to connect their communities with the biocultural resources that shape anyone community.

This is the year elected leaders must act to keep our communities safe. There is immense public pressure for this initiative, and there has been for years. Previous polling showed 88% of residents support a visitor green fee. In January 2025, visitors were polled on their attitudes to a fee. The results show that two-thirds of visitors support a \$50 visitor fee, and a quarter of them are more likely to visit Hawai‘i with an enacted fee. Visitors and residents agree: giving back to the places you visit is more than acceptable, it’s necessary.

We cannot wait for another fire, flood, or tragedy without a solution. This measure is a critical step toward a future where Hawai‘i is protected, cared for, and healthy - for our communities, economy, and future generations. I am calling on lawmakers to take bold action to safeguard our home, and listen to the overwhelmingly supportive visitors and residents that have been calling for action.

Mahalo for the opportunity to testify,

Liat Portner

SB-1396-SD-3

Submitted on: 3/11/2025 1:56:39 PM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Denise E Antolini	Individual	Support	Written Testimony Only

Comments:

Aloha EEP Chair Lowen, Vice Chair Perruso, and Members,

I write in my individual capacity, as a community member living in a rural area vulnerable to climate disasters - I am in strong support of SB1396.

I greatly appreciate your hearing this bill and moving it forward!

Mahalo,

Denise

SB-1396-SD-3

Submitted on: 3/11/2025 4:04:39 PM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Kirsten Oleson	Individual	Support	Written Testimony Only

Comments:

Testimony in Support of SB1396 SD3

House Committee on Energy & Environmental Protection

Position: Support

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee,

My name is Kirsten Oleson and I am submitting written testimony in strong support of SB1396 SD3, which would help dedicate funding toward Hawai'i's natural and cultural resources that sustain the safety of our people, place, and economy. I am an ecological economist, living in Ka'ōhāo, O'ahu, whose professional work centers on ensuring that Hawai'i's natural wealth is considered in decisions.

We are watching the consequences of underinvesting in our 'āina impact the people and places we love. Coral bleaching, fires, floods, and brown water pollution are harming the environment that sustains our visitor industry and economic livelihoods. This consistent underinvestment is costing our state tremendous financial resources when disasters strike, when instead we could be preventatively resourcing community-driven projects that build resilience and prevent damage when climate shocks come. It estimated we need at least \$560 million each year to effectively care for our natural and cultural resources in Hawai'i. Enacting legislation like SB1396 could help fund this preventative work that can save our state millions of dollars each year, create jobs, and sustain our economic livelihoods. Moreover, numerous studies have shown visitor willingness to pay for conservation efforts to safeguard Hawai'i, the beautiful paradise of their dreams.

The protection, management, restoration, and stewardship of Hawai'i is a shared kuleana and requires meaningful collaboration across sectors and knowledge systems. We know that community organizations are working on the frontlines of resilience, adaptation, and stewardship, and this measure will empower experts across Hawai'i to work together to implement effective resilience solutions and equitably allocate resources to leaders in the field. I support the inclusion of a community grant program to work in partnership with organizations, agencies, local governments, and Indigenous knowledge holders to meet the

unique needs of Hawai'i. In my neighborhood, I volunteer with our community association to safeguard our nearby trails, parks, and beaches. Across the islands, I support efforts of 'āina restoration organizations through my research and students. They need resources to continue their critical efforts.

This is the year elected leaders must act to keep our communities safe. There is immense public pressure for this initiative, and there has been for years. Previous polling showed 88% of residents support a visitor green fee. In January 2025, visitors were polled on their attitudes to a fee. The results show that two-thirds of visitors support a \$50 visitor fee, and a quarter of them are more likely to visit Hawai'i with an enacted fee. Visitors and residents agree: giving back to the places you visit is more than acceptable, it's necessary.

We cannot wait for another fire, flood, or tragedy without a solution. This measure is a critical step toward a future where Hawai'i is protected, cared for, and healthy - for our communities, economy, and future generations. I am calling on lawmakers to take bold action to safeguard our home, and listen to the overwhelmingly supportive visitors and residents that have been calling for action.

Mahalo for the opportunity to testify,

Kirsten Oleson

SB-1396-SD-3

Submitted on: 3/12/2025 9:05:07 AM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Sienna Streamfellow	Individual	Support	Written Testimony Only

Comments:

Aloha, my names sienna streamfellow. I've worked in forest restoration most of my lworking career and we need funding to keep caring for our aina. We need to make sure there is funds allocated more than ever to help make sure we have a beautiful land for future keiki as we struggle with climate change and federal funding cuts. Mahalo Sienna

Testimony by Dr. Clay Trauernicht IN SUPPORT of SB 1396, Relating to Economic Development.

To Senators Nicole Lowen and Amy Perruso, Chair and Vice Chair, respectively, of the Committee on Energy and Environmental Protection and to the Committee Members,

I am submitting testimony in support of SB1396. I have been working at the University of Hawai'i at Mānoa in the field of wildfire science and management since 2013. However, I am submitting this testimony as a private citizen and not as an official University of Hawai'i spokesperson.

The 2023 Maui fires are a devastating example of a multi-billion dollar, climate-related disaster that could have been prevented with far less costly, proactive investments in land management, fire prevention, and community preparedness. The Climate Advisory Team has made a clear case that the state needs to increase funding for the stewardship of natural resources and the social and economic benefits this would provide for Hawai'i.

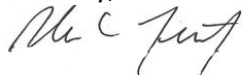
For wildfire, last year's state budget allocated nearly \$30 million to the Department of Transportation and the DLNR Division of Forestry and Wildlife for fire risk reduction programs. However, these efforts only cover roadside vegetation and forest reserve protection, which has arguably been underfunded for decades. This leaves huge gaps where communities lie directly against mauka areas or former plantation lands covered in high risk fuels.

I have worked for more than a decade with many of the organizations trying to fill these gaps – environmental and aloha 'aina non-profits, neighborhood organizations, the watershed partnerships, as well as private landowners. Beyond being underfunded, this work is almost entirely dependent on federal funds, which are clearly in jeopardy under the current administration.

The diversity of these groups also reflects both the diversity of place-based solutions to environmental problems and the complexities of land tenure across the areas where our communities are most at risk to fire, flooding and other potential disasters. It is therefore imperative that we design local funding structures that are adaptable to place-based organizations and uniquely Hawaiian solutions. To that end I call on the legislature to include in this bill a community grants program that can work in partnership and provide direct support to the many of the groups above, especially those supporting and exercising lineal rights and kuleana in these spaces.

It is clear that Hawai'i needs a long-term and locally directed funding program for projects and programs that support the protection of both communities and ecosystems. This is your opportunity to prioritize aloha 'aina and foster long-term care for Hawai 'i's land, water, and people.

Sincerely,



Clay Trauernicht, PhD
Extension Specialist in Ecosystems and Fire
University of Hawai'i at Mānoa

SB-1396-SD-3

Submitted on: 3/12/2025 7:42:59 AM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Navin Tagore-Erwin	Individual	Support	Written Testimony Only

Comments:

Please support this bill to help balance the impact of tourism on our ‘āina and on our communities. The ‘āina that attracts tourism is the same that is harmed by tourism. This bill is a step in the right direction to bring about some balance.

Additionally, the uncertainty of federal funds for climate resilience and sustainable land management highlights the need for Hawai'i to establish self-sustaining funding sources for climate and community resilience. We simply cannot afford to be dependent on the Federal government for such matters.

Mahalo for your consideration. Please pass this bill for our communities.

SB-1396-SD-3

Submitted on: 3/11/2025 8:17:14 PM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Johanna Stone	Individual	Support	Written Testimony Only

Comments:

Aloha mai kakou,

O au no keia o Kapomaikai Stone, he wahi kama keia no Kailua, Koolaupoko. Kakoo au i keia pila e hapai ia mai nei.

I am submitting written testimony in strong support of SB1396 SD3, which would help dedicate funding toward Hawai‘i’s natural and cultural resources that sustain the safety of our people, place, and economy. **THIS IS A BARE MINIMUM** for how we should be managing and regulating tourists. Really we should be charging \$250 / person, keiki included.

We are watching the consequences of underinvesting in our ‘āina impact the people and places we love. Coral bleaching, fires, floods, and brown water pollution are harming the environment that sustains our visitor industry and economic livelihoods. This consistent underinvestment is costing our state tremendous financial resources when disasters strikes, when instead we could be preventatively resourcing community-driven projects that build resilience and prevent damage when climate shocks come. It estimated we need at least \$560 million each year to effectively care for our natural and cultural resources in Hawai‘i. Enacting legislation like SB1396 could help fund this preventative work that can save our state millions of dollars each year, create jobs, and sustain our economic livelihoods.

The protection, management, restoration, and stewardship of Hawai‘i is a shared kuleana and requires meaningful collaboration across sectors and knowledge systems. We know that community organizations are working on the frontlines of resilience, adaptation, and stewardship, and this measure will empower experts across Hawai‘i to work together to implement effective resilience solutions and equitably allocate resources to leaders in the field. I support the inclusion of a community grant program to work in partnership with organizations, agencies, local governments, and Indigenous knowledge holders to meet the unique needs of Hawai‘i.

This is the year elected leaders must act to keep our communities safe. There is immense public pressure for this initiative, and there has been for years. Previous polling showed 88% of

residents support a visitor green fee. In January 2025, visitors were polled on their attitudes to a fee. The results show that two-thirds of visitors support a \$50 visitor fee, and a quarter of them are more likely to visit Hawai'i with an enacted fee. Visitors and residents agree: giving back to the places you visit is more than acceptable, it's necessary.

We cannot wait for another fire, flood, or tragedy without a solution. This measure is a critical step toward a future where Hawai'i is protected, cared for, and healthy - for our communities, economy, and future generations. I am calling on lawmakers to take bold action to safeguard our home, and listen to the overwhelmingly supportive visitors and residents that have been calling for action.

SB-1396-SD-3

Submitted on: 3/11/2025 7:54:55 PM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Alex Filardo	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee,

My name is Alex Filardo and I am submitting written testimony in strong support of SB1396 SD3, which would help dedicate funding toward Hawai'i's natural and cultural resources that sustain the safety of our people, place, and economy. At a community work day at Kako'o O'iwi, I was talking to the alaka'i and he was concerned for his job. These community members who work in aloha āina are the true heroes of our state, because without them, Hawai'i would not be the destination adored by millions per year.

We are watching the consequences of underinvesting in our 'āina impact the people and places we love. Coral bleaching, fires, floods, and brown water pollution are harming the environment that sustains our visitor industry and economic livelihoods. This consistent underinvestment is costing our state tremendous financial resources when disasters strikes, when instead we could be preventatively resourcing community-driven projects that build resilience and prevent damage when climate shocks come. It estimated we need at least \$560 million each year to effectively care for our natural and cultural resources in Hawai'i. Enacting legislation like SB1396 could help fund this preventative work that can save our state millions of dollars each year, create jobs, and sustain our economic livelihoods.

The protection, management, restoration, and stewardship of Hawai'i is a shared kuleana and requires meaningful collaboration across sectors and knowledge systems. We know that community organizations are working on the frontlines of resilience, adaptation, and stewardship, and this measure will empower experts across Hawai'i to work together to implement effective resilience solutions and equitably allocate resources to leaders in the field. I support the inclusion of a community grant program to work in partnership with organizations, agencies, local governments, and Indigenous knowledge holders to meet the unique needs of Hawai'i.

This is the year elected leaders must act to keep our communities safe. There is immense public pressure for this initiative, and there has been for years. Previous polling showed 88% of residents support a visitor green fee. In January 2025, visitors were polled on their attitudes to a fee. The results show that two-thirds of visitors support a \$50 visitor fee, and a quarter of them are more likely to visit Hawai'i with an enacted fee. Visitors and residents agree: giving back to the places you visit is more than acceptable, it's necessary.

We cannot wait for another fire, flood, or tragedy without a solution. This measure is a critical step toward a future where Hawai'i is protected, cared for, and healthy - for our communities, economy, and future generations. I am calling on lawmakers to take bold action to safeguard our home, and listen to the overwhelmingly supportive visitors and residents that have been calling for action.

Mahalo for the opportunity to testify,

Alex Filardo

Testimony in Support of SB1396 SD3

House Committee on Energy & Environmental Protection

Position: Support

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee,

My name is Jack Kittinger, and I am submitting written personal testimony in strong support of SB1396 SD3, which would help dedicate funding toward Hawai'i's natural and cultural resources that sustain the safety of our people, place, and economy. I have worked for years to establish and support the Care for 'Āina Now (CAN) initiative focused on increasing funding to support our environment and natural resources, which are our best defense against climate-driven tragedies like the Lāhainā wildfire.

The people of Hawai'i are currently grappling with the consequences of underinvesting in our natural resources and the protection they give our communities and economy. The science is clear: we are experiencing increased fires, floods, droughts and other climate-driven threats that harm the places we love, which also sustain our visitor industry. It estimated we need at least \$560 million each year to effectively care for our natural and cultural resources in Hawai'i. It is logical to ask visitors to help contribute to caring for the environment they enjoy during their stay, and SB1396 SD3 offers an existing program to do so.

The protection, management, restoration, and stewardship of Hawai'i's natural resources is an essential piece toward gaining resilience as an island to climate disasters. Healthier watersheds are less likely to flood, restored coral reefs protect our shorelines from storms, and removal of invasive plants protect us from wildfires. Enacting this legislation will help fund this preventative work that can save our state millions of dollars each year, create jobs, and sustain our economic livelihoods.

When it comes to this important work, nonprofit organizations and community groups are on the frontlines, and are leading the way in stewardship. It's important that any funding generated from visitors is distributed to solutions that are community based and facilitate partnerships between community and agencies. **I therefore recommend the inclusion of a community grant program as an addition to this bill, to work in partnership with the State to fulfill our stewardship needs.** For example, in my own backyard, Mālama Maunaloa is doing important work to restore watersheds, reduce invasive species, and increase coral reef health – this work compliments the efforts of DLNR.

There is immense public pressure for this initiative, and there has been for years. Previous polling showed 88% of residents support a visitor green fee. In January 2025, visitors were polled on their attitudes to a fee. *The results show that two-thirds of visitors support a \$50 visitor fee, and a quarter of them are more likely to visit Hawai'i with an enacted fee.* Visitors and residents agree: giving back to the places you visit is more than acceptable, it is necessary.

This is the year elected leaders must act to keep our communities safe. We have watched the consequences of underinvestment in our 'āina, and we cannot wait another fire, flood, or bleaching season without a solution. This measure is a critical step toward a future where Hawai'i is protected, cared for, and healthy - for our communities, economy, and future generations.

I urge this committee to pass SB1396 SD3 this session.

Mahalo nui for your courage and leadership, and for the opportunity to testify.

Jack Kittinger, PhD

SB-1396-SD-3

Submitted on: 3/12/2025 9:22:19 AM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Ashley de Coligny	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee,

I am submitting written testimony in strong support of SB1396 SD3, which would help dedicate funding toward Hawai‘i’s natural and cultural resources that sustain the safety of our people, place, and economy.

Previous polling showed 88% of residents support a visitor green fee. In January 2025, visitors were polled on their attitudes to a fee. The results show that two-thirds of visitors support a \$50 visitor fee, and a quarter of them are more likely to visit Hawai‘i with an enacted fee. Visitors and residents agree: giving back to the places you visit is more than acceptable, it’s necessary.

Mahalo for the opportunity to testify,

Ashley de Coligny

SB-1396-SD-3

Submitted on: 3/12/2025 8:00:08 AM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
KEALA FUNG	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee,

My name is Keala Fung from Honolulu and I am submitting written testimony in strong support of SB1396 SD3, which would help dedicate funding toward Hawai'i's natural and cultural resources that sustain the safety of our people, place, and economy. I am a fisher person and I get my food and medicine from the ocean. I get my medicine from the land. I harvest materials from the land (and sea) for the various things that I make. And in return I protect her too.

We are watching the consequences of underinvesting in our 'āina impact the people and places we love. Coral bleaching, fires, floods, and brown water pollution are harming the environment that sustains our visitor industry and economic livelihoods. This consistent underinvestment is costing our state tremendous financial resources when disasters strikes, when instead we could be preventatively resourcing community-driven projects that build resilience and prevent damage when climate shocks come. It estimated we need at least \$560 million each year to effectively care for our natural and cultural resources in Hawai'i. Enacting legislation like SB1396 could help fund this preventative work that can save our state millions of dollars each year, create jobs, and sustain our economic livelihoods.

The protection, management, restoration, and stewardship of Hawai'i is a shared kuleana and requires meaningful collaboration across sectors and knowledge systems. We know that community organizations are working on the frontlines of resilience, adaptation, and stewardship, and this measure will empower experts across Hawai'i to work together to implement effective resilience solutions and equitably allocate resources to leaders in the field. I support the inclusion of a community grant program to work in partnership with organizations, agencies, local governments, and Indigenous knowledge holders to meet the unique needs of Hawai'i.

This is the year elected leaders must act to keep our communities safe. There is immense public pressure for this initiative, and there has been for years. Previous polling showed 88% of residents support a visitor green fee. In January 2025, visitors were polled on their attitudes to a fee. The results show that two-thirds of visitors support a \$50 visitor fee, and a quarter of them are more likely to visit Hawai'i with an enacted fee. Visitors and residents agree: giving back to the places you visit is more than acceptable, it's necessary.

We cannot wait for another fire, flood, or tragedy without a solution. This measure is a critical step toward a future where Hawai'i is protected, cared for, and healthy - for our communities, economy, and future generations. I am calling on lawmakers to take bold action to safeguard our home, and listen to the overwhelmingly supportive visitors and residents that have been calling for action.

Mahalo for the opportunity to testify,

Keala Fung, Honolulu

SB-1396-SD-3

Submitted on: 3/12/2025 7:52:57 AM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Oppose	Written Testimony Only

Comments:

This is a blank check bill that could potentially send the tax receipts to the general fund and not used for impacts of climate change or tourism marketing.

SB-1396-SD-3

Submitted on: 3/11/2025 1:02:08 PM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Monique L LeBlanc	Individual	Oppose	Written Testimony Only

Comments:

I strongly opposes SB1396 due to the detrimental impact this will have on Tourism's most vulnerable businesses.

While it is commendable to plan for the future and address climate concerns, we must approach this issue with a balanced perspective that considers both environmental impacts (future) and the affordability of visits to Hawaii (present-today). Increasing the Transient Accommodation Tax (TAT) will impose a significant financial burden on visitors, further pricing Hawaii vacations out of reach for many more.

Currently, Hawaii has the highest TAT in the nation, and evidence from 2023 and 2024 indicates that higher taxes leads to reduced spending by visitors in other areas, rather than an increase in their overall per person per trip expenditure.

This trend suggests that while we strive for sustainable tourism, we must also ensure that our local economy remains robust and our visitor experience remains enjoyable. A3H is committed to fostering collaboration among industry stakeholders to explore innovative strategies that harmonize environmental sustainability with economic vitality, and we invite open dialogue on how we can achieve this balance together.

As air, hotels, rental car and food increased, those extra vacation items such as attractions, activities, retail and restaurants are getting a smaller and smaller piece of visitor expenditures. Increasing the TAT will only exasperate this problem even more. This Bill will hurt the small businesses, resident owned businesses, businesses whose profit remain within this economy.

Mahalo, thank you for your time, consideration, and opportunity to testify.

SB-1396-SD-3

Submitted on: 3/11/2025 9:19:18 AM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Kathleen Fleming	Individual	Oppose	Written Testimony Only

Comments:

To: Hawaii State Legislature

Re: SB 1396 and any other bill that attempts to raise TAT or impose green fees on visitors

Visitors to Hawaii now pay the highest occupancy tax in the US: 17.95%. Added to the cost of a Hawaii vacation - high lodging, expensive meals, pricey airfare - vacationing in Hawaii is nearly cost prohibitive, especially when there are so many other alternatives for travel.

Raising the TAT would have the opposite effect on government revenue: instead of raising it, tax revenue would be lowered, as visitors choose to spend their dollars elsewhere.

Kathy Fleming, Maui

SB-1396-SD-3

Submitted on: 3/10/2025 5:18:10 PM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Patricia Cadiz	Individual	Oppose	Written Testimony Only

Comments:

Please oppose this measure. Our state's small business operators (I am one) are already struggling to survive all of the challenges in today's economy. Now IS NOT THE TIME to be raising mroe fees on TVRs.

Each TVR is a small business that is managed and cleaned and maintained by residents of this state. All that money stays in the community. On the other hand, the big hotels are owned by mainland corporations and venture capitalists. Tax the hotels - they don't pay thier fair share of property taxes and they don't keep the profits in Hawaii!

Save our small businesses and local jobs. Oppose this proposed tax on small business!

SB-1396-SD-3

Submitted on: 3/11/2025 9:13:31 AM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Ashley Roussel	Individual	Oppose	Written Testimony Only

Comments:

Strongly Oppose SB 1396

Aloha Chair Lowen, Vice Chair Perruso, and Committee Members,

My name is Ashley with Sail Maui, a locally owned and operated marine tourism company in Maui. I am writing in **strong opposition to SB 1396** due to the detrimental impact this measure would have on Hawaii’s small businesses, tourism industry, and local economy.

While I fully support efforts to protect Hawaii’s natural resources and plan for a more sustainable future, **increasing the Transient Accommodations Tax (TAT) is not the right approach.** Hawaii already has the highest TAT in the nation, and additional increases will make our destination even more expensive, further discouraging travel and reducing overall visitor spending.

Negative Impact on Small Businesses

The cost of visiting Hawaii is already at an all-time high. When travelers’ budgets are stretched by increasing taxes, they cut back on discretionary spending—**which directly affects small, locally owned businesses like mine.** Activities, tours, restaurants, and retail are often the first expenses to be trimmed when visitors face higher costs.

Hawaii’s tourism industry is not just made up of large hotels and airlines—it’s **sustained by small, resident-owned businesses that provide unique, culturally significant, and environmentally responsible experiences.** This tax hike would place an unfair burden on the very businesses that contribute to the authenticity and charm of our islands.

Economic Consequences

Historical data from 2023 and 2024 has already shown that increased taxation leads to **lower overall visitor spending**, not higher. The unintended consequence of this bill would be a **decline in tourism-related revenue**, which in turn affects local job stability, tax revenue, and business viability. Instead of raising the TAT, we should focus on policies that encourage visitor spending in ways that support both the economy and environmental conservation efforts.

A Call for Balanced Solutions

Sustainable tourism should not come at the cost of Hawaii's economic vitality. Rather than increasing the TAT, I encourage the legislature to explore alternative solutions, such as **visitor education programs, conservation surcharges tied to specific experiences, and private-public partnerships that directly fund environmental initiatives without burdening travelers.**

I urge you to **oppose SB 1396** and consider more effective and balanced approaches that protect our islands while keeping Hawaii accessible and welcoming for visitors and businesses alike.

Mahalo for your time and consideration.

Sincerely,
Ashley Roussel

Sail Maui

SB-1396-SD-3

Submitted on: 3/12/2025 9:34:32 AM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
joseph simpliciano	Individual	Support	Written Testimony Only

Comments:

Please support something game changing especially when tourist is willing to help with our Aina.

SB-1396-SD-3

Submitted on: 3/12/2025 9:45:25 AM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Charlotte Frank	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee,

My name is Charlotte Frank, and I am submitting written testimony in strong support of SB1396, which would help dedicate funding toward Hawai'i's natural and cultural resources that sustain the safety of our people, place and economy.

We are watching the consequences of underinvesting in our 'aina impact the people and places we love. Coral bleaching, fires, floods, and brown water pollution are harming the environment that sustain our visitor industry and economic livelihoods. This consistent underinvestment is costing our state tremendous financial resources when disasters strikes, when instead we could be preventatively resourcing community-driven projects that build resilience and prevent damage when climate shocks come. It is estimated we need at least \$560 million each year to effectively care for our natural and cultural resources in Hawai'i. Enacting legislation like SB1396 could help fund this preventative work that can save our state millions of dollars each year, create jobs, and sustain our economic livelihoods.

Please pass this bill. We cannot wait. The time is now. I am calling on lawmakers to take bold action to safeguard our home.

Mahalo for the opportunity to testify,

Charlotte Frank

SB-1396-SD-3

Submitted on: 3/12/2025 11:29:06 AM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Dr. Kioni Dudley	Individual	Support	In Person

Comments:

I strongly support this bill. At the end of the bill, there are appropriations assigned to various entities for specific projects. I do ask the committee to add an additional project. I ask that \$100,000,000 be assigned to the Department of Defense for the fortifying of hurricane shelters and creating new hurricane shelters.

As we all know, with warming seas, the spawning area for hurricanes near Mexico has moved northward, and now hurricanes crossing the Pacific that used to pass below Hawai'i are headed directly at us. We will be hit many times in the future. Two hundred thousand people are expected to seek shelter in a Category 1, but we only have space for 100,000. Hurricanes are also getting stronger and stronger. Categories 3, 4, and 5 are coming. We have NO shelters at all that will withstand a Cat 3, 4, or 5 hurricane. Zero. There's absolutely no place for any of us to go. We have 187,000 wooden homes that will be badly damaged or destroyed even in a Category 1 hurricane. Many thousands will die in their homes.

We need to fortify existing shelters and build new hurricane shelters. I ask that \$100,000,000 be put into this bill and assigned to the Department of Defense for the fortifying of hurricane shelters and creating new hurricane shelters.

TO: Members of the Committee on Energy and Environmental Protection

FROM: Natalie Iwasa
808-395-3233

HEARING: 9:45 a.m. Thursday, March 13, 2025

SUBJECT: SB1396, SD3, Economic Development - **OPPOSED**

Aloha Chair Lowen and Committee Members,

Thank you for this opportunity to provide testimony on SB1396, SD3, which would increase the transient accommodations tax (TAT) and require the governor to request general funds for certain specific projects. The following testimony is given in my individual capacity and should not be interpreted to represent any position of HART.

This bill has been amended to include a blank for the percent of general fund taxes to be used for climate mitigation as well as a blanks for the TAT rate to go into effect after December 31, 2025, and amounts to be deposited into the mass transit special fund. Blanks make it difficult to estimate the impacts of the changes proposed in this bill.

HART recently unveiled its updated financial plan with costs for the City Center and Guideway Stations contract. That plan includes estimated amounts of state TAT for fiscal years 2027 - 2031 of about \$540 million. The amounts allotted to the mass transit special fund in this bill could potentially be decreased, although the intent seems to be to increase them. **Please leave the TAT rate and the allocation to the mass transit special fund alone.**

Visitors and residents are not bottomless pits from which the state can, or should attempt, to get taxes.

Please vote "no" on SB1396, SD3.

SB-1396-SD-3

Submitted on: 3/13/2025 5:52:37 AM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Mike Kelley	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose passing of SB1396

Given the economic hardships we continue to go through on Maui the last thing we should be doing is further taxing the visitors that are still coming to Maui. Many, if not all, of the West Maui hotels are suffering low occupancies in the mid 60 percentile where the norm is usually 80-90%. Because of this those of us in the boating community are suffering through the longer than expected return to economic recovery. For West Maui boating operations outside of Lahaina Harbor, which is pretty much all of them at this point a rate hike beyond the 3% of gross fees "AND" as of 2025 \$1.00 per passenger to DAR an additional rate hike would be very difficult. Beyond this the rationale for gathering new and greater fees from taxing operations is for repair and upgrade of Small Bopat Harbors which really boating operators outside Lahaina Harbor do not have access to nor enjoy the benefits of a Harbor. I'd encourage you to defer this at least a year and give Maui a chance to recover.

Sincerely,

Michael T. Kelley

SB-1396-SD-3

Submitted on: 3/13/2025 10:03:18 AM

Testimony for EEP on 3/13/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Carissa Cabrera	Individual	Support	In Person

Comments:

This measure is critically needed to resource climate and environmental solutions and the leaders implementing them across Hawai'i. I urge passage of an environmental stewardship fee this session.