
A BILL FOR AN ACT

RELATING TO ECONOMIC DEVELOPMENT.

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

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

10 The legislature further finds that given the scale and
11 impact of the climate emergency, the State must invest in bold
12 actions to prepare for, mitigate, and adapt to climate change,
13 including resiliency to intensifying natural disasters.

14 The legislature further finds that economic development, in
15 particular, must consider climate change. Tourism,
16 infrastructure, and community development are all predicated
17 upon Hawaii's land and natural resources. Resiliency to and



1 mitigation of climate change must remain at the forefront of any
2 economic development or revitalization project.

3 The legislature further finds that Hawaii needs to invest
4 in efforts to reduce climate change impacts now to limit current
5 and future costs of climate change. The anticipated extent of
6 the impact of climate change is such that state government needs
7 to take comprehensive and coordinated mitigation efforts as soon
8 as possible.

9 The purpose of this Act is to increase the transient
10 accommodations tax and allocate a portion of the tax to the
11 general fund for projects that address climate change impacts
12 and advance economic development and revitalization.

13 SECTION 2. Section 237D-2, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "**§237D-2 Imposition and rates.** (a) There is levied and
16 shall be assessed and collected each month a tax of:

- 17 (1) Five per cent for the period beginning on January 1,
18 1987, to June 30, 1994;
19 (2) Six per cent for the period beginning on July 1, 1994,
20 to December 31, 1998;



1 (3) 7.25 per cent for the period beginning on January 1,
2 1999, to June 30, 2009;

3 (4) 8.25 per cent for the period beginning on July 1,
4 2009, to June 30, 2010; [and]

5 (5) 9.25 per cent for the period beginning on July 1,
6 2010, [~~and thereafter;~~] to December 31, 2025; and

7 (6) 11 per cent for the period beginning on January 1,
8 2026, and thereafter;

9 on the gross rental or gross rental proceeds derived from
10 furnishing transient accommodations.

11 (b) Every transient accommodations broker, travel agency,
12 and tour packager who arranges transient accommodations at
13 noncommissioned negotiated contract rates and every operator or
14 other taxpayer who receives gross rental proceeds shall pay to
15 the State the tax imposed by subsection (a), as provided in this
16 chapter.

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

20 (1) 7.25 per cent on the fair market rental value until
21 December 31, 2015;



1 (2) 8.25 per cent on the fair market rental value for the
2 period beginning on January 1, 2016, to December 31,
3 2016; and

4 (3) 9.25 per cent on the fair market rental value for the
5 period beginning on January 1, 2017, [~~and thereafter.~~]
6 to December 31, 2025; and

7 (4) 11 per cent on the fair market rental value for the
8 period beginning on January 1, 2026, and thereafter.

9 (d) Every plan manager shall be liable for and pay to the
10 State the transient accommodations tax imposed by subsection (c)
11 as provided in this chapter. Every resort time share vacation
12 plan shall be represented by a plan manager who shall be subject
13 to this chapter.

14 (e) Notwithstanding the tax rates established in
15 subsections (a) (5) and (6) and (c) (3) [~~7~~] and (4), the tax rates
16 levied, assessed, and collected pursuant to subsections (a) and
17 (c) shall be 10.25 per cent for the period beginning on January
18 1, 2018, to December 31, 2025, and 12 per cent for the period
19 beginning on January 1, 2026, to December 31, 2030; provided
20 that:



(1) The tax revenues levied, assessed, and collected pursuant to this subsection that are in excess of the revenues realized from the levy, assessment, and collection of tax at the ~~[9.25 per cent rate]~~ rates established in subsections (a) (5) and (6) and (c) (3) and (4) shall be deposited quarterly into the mass transit special fund established under section 248-2.7; and

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

The remaining tax revenues levied, assessed, and collected at the ~~[9.25 per cent tax rate pursuant to]~~ rates established in



1 subsections (a) and (c) shall be deposited into the general fund
2 in accordance with section 237D-6.5(b)."

3 SECTION 3. Section 237D-6.5, Hawaii Revised Statutes, is
4 amended by amending subsection (b) to read as follows:

5 "(b) Except for the revenues collected pursuant to section
6 237D-2(e), revenues collected under this chapter shall be
7 distributed in the following priority, with the excess revenues
8 to be deposited into the general fund:

9 (1) \$1,500,000 shall be allocated to the Turtle Bay
10 conservation easement special fund beginning July 1,
11 2015, for the reimbursement to the state general fund
12 of debt service on reimbursable general obligation
13 bonds, including ongoing expenses related to the
14 issuance of the bonds, the proceeds of which were used
15 to acquire the conservation easement and other real
16 property interests in Turtle Bay, Oahu, for the
17 protection, preservation, and enhancement of natural
18 resources important to the State, until the bonds are
19 fully amortized;



1 (2) \$11,000,000 shall be allocated to the convention
2 center enterprise special fund established under
3 section 201B-8;

4 (3) An allocation shall be deposited into the tourism
5 emergency special fund, established in section 201B-
6 10, in a manner sufficient to maintain a fund balance
7 of \$5,000,000 in the tourism emergency special fund;
8 [and]

9 (4) \$3,000,000 shall be allocated to the special land and
10 development fund established under section 171-19;
11 provided that the allocation shall be expended in
12 accordance with the Hawaii tourism authority strategic
13 plan for:

14 (A) The protection, preservation, maintenance, and
15 enhancement of natural resources, including
16 beaches, important to the visitor industry;

17 (B) Planning, construction, and repair of facilities;
18 and

19 (C) Operation and maintenance costs of public lands,
20 including beaches, connected with enhancing the
21 visitor experience[-];



1 (5) 7.3 per cent of the total revenue collected pursuant
2 to section 237D-2 shall be allocated to the general
3 fund for projects addressing climate change impacts,
4 including projects that mitigate, adapt to, or
5 increase resiliency against climate change; provided
6 that funding may be used for consultant, personnel,
7 and administrative costs required to develop and
8 implement these projects; and

9 (6) 7.3 per cent of the total revenue collected pursuant
10 to section 237D-2 shall be allocated to the general
11 fund for projects advancing economic development and
12 revitalization, including projects that advance
13 infrastructure improvements within tourism or resort
14 districts and tourism marketing.

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

19 SECTION 4. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 5. This Act shall take effect on July 1, 3000.



Report Title:

Transient Accommodations Tax; Climate Change; Economic
Development; Revitalization

Description:

Increases the transient accommodations tax and allocates a
portion of the tax to the general fund for projects that address
climate change impacts and advance economic development and
revitalization. Effective 7/1/3000. (HD2)

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