

---

# A BILL FOR AN ACT

RELATING TO ENVIRONMENTAL STEWARDSHIP.

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

1 PART I

2 SECTION 1. The legislature finds that Hawaii's natural  
3 resources, including reefs, oceans, forests, streams, estuaries,  
4 shorelines, and beaches, provide irreplaceable and invaluable  
5 benefits to visitors, residents, and the global community. The  
6 Hawaii State Constitution establishes that the State's natural  
7 and cultural resources are subject to the public trust and  
8 therefore must be managed and protected for the benefit of  
9 present and future generations. The Hawaii State Constitution  
10 further requires the State and its agencies to protect and  
11 enforce native Hawaiian rights, including traditional and  
12 customary practices associated with, and dependent upon,  
13 carefully managed and abundant natural resources.

14 The legislature further finds that Hawaii's natural  
15 environment faces significant environmental pressure from  
16 climate change and the heavy use it receives from persons  
17 traveling to enjoy the State's natural resources. The current



1 underinvestment in the State's natural resources poses a  
2 significant liability to the visitor industry and to Hawaii's  
3 residents; the stability of the State's natural systems,  
4 including food systems and water quality; and the ecosystems,  
5 services, fisheries, economic resilience, and health and safety  
6 of the State. The escalating impacts from climate change and  
7 visitor use create an increasing threat to Hawaii's island  
8 ecosystem and communities. Additional funding is needed to  
9 restore the State's natural resources to help prevent climate  
10 crises from occurring, including wildfires, floods, coastal  
11 erosion, and degradation of coral reefs. Additional funds are  
12 also needed to respond to climate crises when they occur.

13 The legislature believes that a modest increase in the  
14 transient accommodations tax can generate greatly needed funding  
15 to support the restoration of the State's valuable natural  
16 resources, help prevent and respond to the climate crisis, and  
17 leave a strengthened environmental legacy for future  
18 generations. The increased tax is a reasonable and appropriate  
19 way to generate these needed revenues.

20 Accordingly, the purpose of this part is to increase the  
21 transient accommodations tax to create a source of revenue for



1 environmental stewardship, to be implemented through additional  
2 funding to the department of land and natural resources.

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

5 "**§237D-2 Imposition and rates.** (a) There is levied and  
6 shall be assessed and collected each month a tax of:

7 (1) Five per cent for the period beginning on January 1,  
8 1987, to June 30, 1994;

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

11 (3) 7.25 per cent for the period beginning on January 1,  
12 1999, to June 30, 2009;

13 (4) 8.25 per cent for the period beginning on July 1,  
14 2009, to June 30, 2010; ~~[and]~~

15 (5) 9.25 per cent for the period beginning on July 1,  
16 2010~~[, and thereafter,]~~ to December 31, 2026; and

17 (6) per cent for the period beginning on January 1,  
18 2027, and thereafter,

19 on the gross rental or gross rental proceeds derived from  
20 furnishing transient accommodations.



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

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

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

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

(3) 9.25 per cent on the fair market rental value for the period beginning on January 1, 2017~~[, and thereafter.]~~ to December 31, 2026; and

(4) \_\_\_\_\_ per cent on the fair market rental value for the period beginning on January 1, 2027, and thereafter.

(d) Every plan manager shall be liable for and pay to the State the transient accommodations tax imposed by subsection (c)



1 as provided in this chapter. Every resort time share vacation  
2 plan shall be represented by a plan manager who shall be subject  
3 to this chapter.

4 (e) Notwithstanding the tax rates established in  
5 subsections [~~(a)-(5)~~] (a) (6) and [~~(c)-(3),~~] (c) (4), the tax rates  
6 levied, assessed, and collected pursuant to subsections (a) and  
7 (c) shall be [~~10.25~~] \_\_\_\_ per cent for the period beginning on  
8 January 1, 2018, to December 31, 2030; provided that:

9 (1) [~~The~~] \_\_\_\_ per cent of the tax revenues levied,  
10 assessed, and collected pursuant to this [~~subsection~~  
11 ~~that are in excess of the revenues realized from the~~  
12 ~~levy, assessment, and collection of tax at the 9.25~~  
13 ~~per cent rate]~~ section shall be deposited quarterly  
14 into the mass transit special fund established under  
15 section 248-2.7; and  
16 (2) If a court of competent jurisdiction determines that  
17 the amount of county surcharge on state tax revenues  
18 deducted and withheld by the State, pursuant to  
19 section 248-2.6, violates statutory or constitutional  
20 law and, as a result, awards moneys to a county with a  
21 population greater than five hundred thousand, then an



1 amount equal to the monetary award shall be deducted  
2 and withheld from the tax revenues deposited under  
3 paragraph (1) into the mass transit special fund, and  
4 those funds shall be a general fund realization of the  
5 State.

6 The remaining tax revenues levied, assessed, and collected  
7 ~~[at the 9.25 per cent tax rate pursuant to subsections (a) and~~  
8 ~~(e)]~~ shall be deposited into the general fund in accordance with  
9 section 237D-6.5(b).

10 (f) Beginning on January 1, 2027, there is levied and  
11 shall be assessed and collected each month a tax of \$20 per  
12 night on each furnishing of a transient accommodation in  
13 exchange for points, miles, or other amounts provided through a  
14 membership, loyalty, or rewards program. In addition to amounts  
15 owed under this subsection, any additional gross rental or gross  
16 rental proceeds derived from furnishing or arranging a transient  
17 accommodation in exchange for points, miles, or other amounts  
18 provided through a membership, loyalty, or rewards program shall  
19 remain subject to levy, assessment, and collection pursuant to  
20 subsection (a)."



1       SECTION 3. The department of land and natural resources  
2 shall submit a report to the legislature no later than twenty  
3 days prior to the convening of the regular sessions of 2026 and  
4 2027 on each project funded through section 4 of this Act. The  
5 report shall contain the following information:

- 6       (1) Progress and outcomes of each project;  
7       (2) The total project cost;  
8       (3) Benefits to visitors; and  
9       (4) How the project protected, restored, or enhanced  
10       Hawaii's natural resources and its unique and  
11       vulnerable ecosystem during the previous fiscal year.

12       SECTION 4. There is appropriated out of the general  
13 revenues of the State of Hawaii the sum of \$               or so  
14 much thereof as may be necessary for fiscal year 2025-2026 and  
15 the same sum or so much thereof as may be necessary for fiscal  
16 year 2026-2027 for projects that:

- 17       (1) Protect, restore, or enhance the State's natural  
18       resources, including native forests, native plants and  
19       animals, aquatic resources, coastal lands, and  
20       freshwater resources, and promote economic development  
21       relating to the tourism industry;



(2) Address climate change impacts, including projects that mitigate, adapt to, or increase resiliency against climate change; these projects may include vegetation management to reduce wildfire risk, coastal environmental management and restoration, or watershed restoration to reduce flooding and enhance water management;

(3) Promote sustainable tourism models and destination management to reduce visitor impacts on the natural environment; or

(4) Ensure that the State's natural resources are maintained for future visitors;

provided that the department of land and natural resources may utilize these funds for consultants, personnel, contracts, and administrative costs required to develop and implement these projects; provided further that the department of land and natural resources shall consult with the Hawaii tourism authority and the respective county on tourism-related projects.

The sums appropriated shall be expended by the department of land and natural resources for the purposes of this part.

PART II





1 SECTION 5. Chapter 39, Hawaii Revised Statutes, is amended  
2 by adding a new section to part I to be appropriately designated  
3 and to read as follows:

4 **"§39- Reimbursable general obligation bond debt service**  
5 **special fund; established; distribution of funds.** (a) There is  
6 established a reimbursable general obligation bond debt service  
7 special fund to be administered by the department of budget and  
8 finance.

9 (b) Moneys allocated to the reimbursable general  
10 obligation bond debt service special fund shall be used to fund  
11 debt service payments on general obligation bond funds issued.  
12 All interest earned on the moneys in the special fund shall be  
13 credited to the special fund. The special fund shall be exempt  
14 from the central service expenses deduction under section 36-27  
15 and departmental administrative expenses deduction under section  
16 36-30.

17 (c) Any amounts allocated and disbursed pursuant to this  
18 section shall be subject to the availability of funds deposited  
19 and on balance in the special fund. The director of finance  
20 shall not allocate or disburse any amounts from the special fund



1 that are in excess of any amounts deposited and on balance in  
2 the special fund.

3 (d) The department of budget and finance shall submit an  
4 annual report to the legislature no later than twenty days prior  
5 to the convening of each regular session on the total amount of  
6 funds allocated pursuant to this section.

7 (e) The director of finance may establish rules, exempt  
8 from chapter 91, for the purposes of this section."

9 PART III

10 SECTION 6. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

12 SECTION 7. This Act shall take effect on July 1, 3000.



**Report Title:**

Transient Accommodations Tax; Minimum Tax; Increase; DLNR;  
Natural Resources; Reimbursable General Obligation Bond Debt  
Service Special Fund; Appropriation

**Description:**

Amends the transient accommodations tax rate beginning on 1/1/2027. Beginning 1/1/2027, requires a \$20 transient accommodation tax to be levied per night for each furnishing of transient accommodations in exchange for points, miles, or other amounts provided through a membership, loyalty, or rewards program. Appropriates funds to DLNR for certain environmental stewardship projects. Establishes the Reimbursable General Obligation Bond Debt Service Special Fund. Effective 7/1/3000. (HD2)

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

