
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 also the people of Hawaii and the State's
7 economic sustainability. To ensure the health and safety of
8 Hawaii's lands, waters, and people, as well as its economic
9 viability, successful mitigation of and adaptation to climate
10 change are imperative.

11 The legislature further finds that economic development
12 cannot be separated from environmental stewardship. Hawaii's
13 economy is deeply reliant on its natural resources, from tourism
14 and agriculture to marine industries and renewable energy.
15 Degradation of these resources due to climate change and
16 environmental mismanagement will result in significant financial
17 losses across multiple sectors. By investing in sustainability,



1 the State secures long-term economic stability while preserving
2 its unique landscapes and biodiversity.

3 The legislature further finds that climate resilience must
4 be integrated into all economic planning efforts. Resiliency
5 measures, such as sustainable land use practices, shoreline
6 protection, and forestry projects, ensure that Hawaii's economy
7 remains robust in the face of climate-related disasters.
8 Without proactive investment, businesses and communities will
9 continue to suffer financial losses due to increased flooding,
10 wildfires, and extreme weather events.

11 The legislature further finds that investing in Hawaii's
12 environment is, in itself, economic development. Supporting
13 sustainable practices protects the islands' unique ecosystems
14 while simultaneously fostering economic growth. This includes
15 funding renewable energy projects, enhancing conservation
16 efforts, and supporting environmental tourism initiatives.
17 These investments preserve natural resources, reduce carbon
18 footprints, and stimulate economic opportunities, such as job
19 creation in renewable energy sectors and eco-friendly tourism.

20 The legislature further finds that Hawaii has an
21 opportunity to be a global leader in sustainable innovation. By



1 investing in conservation-focused business models, the State can
2 attract investors and industries that prioritize sustainability.
3 These initiatives not only protect the environment but also
4 diversify the economy, reducing reliance on tourism and
5 traditional extractive industries.

6 The legislature further finds that Hawaii's cultural
7 heritage and traditions are deeply connected to its natural
8 environment. The protection and restoration of forests, coral
9 reefs, and coastal ecosystems safeguard the foundation of Native
10 Hawaiian practices and knowledge systems. Investing in
11 environmental conservation ensures that these traditions can
12 continue to thrive, enriching community well-being and cultural
13 tourism.

14 The legislature further finds that a failure to act now
15 will result in increased costs in the future. The economic
16 burden of climate inaction will far exceed the cost of proactive
17 investment in mitigation and adaptation strategies.
18 Infrastructure damage, loss of biodiversity, increased health
19 issues due to heat and pollution, and disruptions to tourism and
20 agriculture will place a heavy financial strain on the State if
21 environmental action is delayed.



1 The legislature further finds that a strong commitment to
2 environmental sustainability enhances Hawaii's reputation as a
3 world-class destination for ecotourism. Travelers are
4 increasingly seeking destinations that prioritize
5 sustainability, and by investing in conservation efforts,
6 renewable energy, and sustainable tourism practices, Hawaii can
7 maintain its competitive edge in the global tourism market while
8 ensuring the long-term viability of its natural resources.

9 The legislature therefore declares that investment in
10 climate resilience and environmental sustainability is a
11 fundamental component of Hawaii's economic development strategy.
12 By prioritizing policies and funding mechanisms that support
13 climate action, conservation, and sustainable industries, Hawaii
14 can build a more resilient, prosperous, and environmentally
15 secure future for all residents and visitors.

16 Accordingly, the purpose of this Act is to increase the
17 transient accommodations tax to create a source of revenue for
18 environmental stewardship, to be implemented through additional
19 funding to the department of land and natural resources.

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



1 **"§237D-2 Imposition and rates.** (a) There is levied and
2 shall be assessed and collected each month a tax of:

3 (1) Five per cent for the period beginning on January 1,
4 1987, to June 30, 1994;

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

7 (3) 7.25 per cent for the period beginning on January 1,
8 1999, to June 30, 2009;

9 (4) 8.25 per cent for the period beginning on July 1,
10 2009, to June 30, 2010; ~~[and]~~

11 (5) 9.25 per cent for the period beginning on July 1,
12 2010~~[, and thereafter,]~~ to December 31, 2026; and

13 (6) per cent for the period beginning on January 1,
14 2027, and thereafter,

15 on the gross rental or gross rental proceeds derived from
16 furnishing transient accommodations.

17 (b) Every transient accommodations broker, travel agency,
18 and tour packager who arranges transient accommodations at
19 noncommissioned negotiated contract rates and every operator or
20 other taxpayer who receives gross rental proceeds shall pay to



1 the State the tax imposed by ~~[subsection]~~ subsections (a) ~~[7]~~ and
2 (f), as provided in this chapter.

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

6 (1) 7.25 per cent on the fair market rental value until
7 December 31, 2015;

8 (2) 8.25 per cent on the fair market rental value for the
9 period beginning on January 1, 2016, to December 31,
10 2016; ~~[and]~~

11 (3) 9.25 per cent on the fair market rental value for the
12 period beginning on January 1, 2017, ~~[and thereafter.]~~
13 to December 31, 2026; and

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

16 (d) Every plan manager shall be liable for and pay to the
17 State the transient accommodations tax imposed by subsection (c)
18 as provided in this chapter. Every resort time share vacation
19 plan shall be represented by a plan manager who shall be subject
20 to this chapter.



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

6 (1) [~~The~~] ____ per cent of the tax revenues levied,
7 assessed, and collected pursuant to this [~~subsection~~
8 ~~that are in excess of the revenues realized from the~~
9 ~~levy, assessment, and collection of tax at the 9.25~~
10 ~~per cent rate~~] section shall be deposited quarterly
11 into the mass transit special fund established under
12 section 248-2.7; and

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



1 those funds shall be a general fund realization of the
2 State.

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

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

18 SECTION 3. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$ or so
20 much thereof as may be necessary for fiscal year 2025-2026 and
21 the same sum or so much thereof as may be necessary for fiscal



1 year 2026-2027 to protect, manage, and restore the State's
2 natural resources, including native forests; native plants and
3 animals; aquatic resources; coastal lands; and freshwater
4 resources.

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

7 SECTION 4. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

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



Report Title:

Transient Accommodations Tax; Membership, Loyalty, or Rewards Programs; Increase; DLNR; Natural Resources; 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 protection, management, and restoration of the State's natural resources. Effective 7/1/3000. (HD1)

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