

Honolulu, Hawaii

MAR 24 2026

RE: H.B. No. 1950  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Third State Legislature  
Regular Session of 2026  
State of Hawaii

Sir:

Your Committee on Economic Development and Tourism, to which was referred H.B. No. 1950, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE TRANSIENT ACCOMMODATIONS TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish the State-led Marketing and Branding Special Fund and require that a portion of all transient accommodations taxes that would otherwise be deposited into the general fund be deposited into the special fund, to be used for state-led marketing, branding, and tourism management; and
- (2) Require the Department of Business, Economic Development, and Tourism to develop and submit an annual comprehensive marketing, branding, and tourism management plan to the Legislature.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Hawai'i Tourism Authority; Hawai'i Hotel Alliance, American Hotel & Lodging Association; Kohala Coast Resort Association; Maui Hotel & Lodging Association; and five individuals.



Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that funding uncertainty and volatile geopolitical events, including the COVID-19 pandemic and fluctuating tariffs, hinder long-term strategic planning and make it increasingly difficult for the Hawaii Tourism Authority to fulfill its role of protecting and promoting the Hawaii brand. Structured, reliable funding to the Authority's marketing, branding, and tourism management functions, expended according to a comprehensive plan, will ensure the State maintains global competitiveness in tourism while supporting sustainable tourism principles. This measure therefore promotes economic resilience within the State's most significant industry.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 3050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes the testimony by the Hawaii Tourism Authority during the public hearing for this measure, that a percentage-based transient accommodations tax allocation of at least ten percent is necessary to fulfill the Authority's marketing functions in the increasingly competitive and volatile global visitor market, and that this measure may benefit from clarifying the contingency process if legislative action to approve the required comprehensive plan is delayed. The Authority further testified that restoring the percentage-based allocation to the Tourism Special Fund that was repealed in 2021, rather than creating a new fund, would preserve greater clarity and better reflect the original purpose of dedicating transient accommodations tax revenues to support the visitor industry and address public impacts of tourism. Your Committee further notes that, in the discussions with the Hawaii Hotel Alliance during the hearing, a tiered tax system was identified as a potentially more equitable alternative to the existing blended tax structure for the assessment and expenditure of the transient accommodations tax for the benefit of the tourism industry and the public. Your



Committee finds that these issues merit further consideration and respectfully requests that your Committee on Ways and Means, should it choose to deliberate on this measure, consider these matters.

As affirmed by the record of votes of the members of your Committee on Economic Development and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1950, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1950, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development and Tourism,

  
LYNN DECOITE, Chair



