



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'ŌIHAŌA HO'ŌMOHALA PĀ'ŌIHAŌA, 'IMI WAIWAI
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Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Thursday, March 5, 2026
2:00 PM
State Capitol, Conference Room 308

In consideration of
HB 1950, HD1
RELATING TO THE TRANSIENT ACCOMMODATIONS TAX

Chair Todd Vice Chair Takenouchi, and Members of the Committee:

The Department of Business, Economic Development and Tourism (DBEDT) **supports** HB1950, HD1, which establishes the State-led Marketing and Branding Special Fund requires that a portion of all transient accommodations taxes be deposited into the special fund, to be used for state-led marketing, branding and tourism management, and requires DBEDT to develop and submit to the Legislature an annual comprehensive marketing, branding and tourism management plan.

In calendar year 2025, total visitor spending is estimated at \$21.75 billion, with approximately \$3.04 billion in state tax revenue, and Hawai'i tourism supporting approximately 222,000 jobs directly and indirectly.

The Hawai'i Tourism Authority, administratively attached to DBEDT, is responsible for protecting the iconic brand of the Hawaiian Islands, including perpetuating the Hawaiian culture, preserving Hawai'i's natural environment and strengthening communities by managing tourism in a way that helps improve the quality of life for residents, families and communities.

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This measure would help the HTA fulfill its mission as dedicated funding will provide the tourism industry with a strong indicator of support for destination marketing and promotions and curates visitor quality by enabling targeted marketing to attract respectful and high-value visitors. Structured and reliable funding will ensure economic resilience by ensuring that Hawai'i is able to maintain global competitiveness in tourism, supporting responsible destination marketing aligned with sustainable tourism principles.

We look forward to continued collaboration to achieve Hawai'i's branding and tourism management goals.

Thank you for the opportunity to testify in support of this measure.



TO:

Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
House Committee on Finance

FROM:

Jerry Gibson
President, Hawaii Hotel Alliance

&

Kekoa McClellan
Chief Advocate, Hawaii Hotel Alliance,
& AHLA Hawaii Spokesperson

DATE: March 5, 2026

**RE: HB 1950, HD1 – RELATING TO THE TRANSIENT ACCOMMODATIONS TAX
POSITION: STRONG SUPPORT**

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

Together the membership of the Hawaii Hotel Alliance (HHA) and American Hotel & Lodging Association represent the heartbeat of Hawaii’s hospitality industry—the dedicated operators and owners of the hotels, resorts, and lodging facilities that serve as the primary economic engine for our State and our more than 110,000 member employees. Our mission is to ensure that the visitor industry remains a sustainable, regenerative force that provides meaningful careers for our residents and preserves the unique quality of life we enjoy in the islands.

HHA stands in **STRONG SUPPORT** of **HB 1950, HD1**, which establishes a dedicated funding mechanism for state-led marketing and branding through a dedicated set percentage of existing Transient Accommodations Tax (TAT) collections.

The Strategic Necessity of Continuous Marketing

In a global marketplace, Hawaii does not have the luxury of silence. "Brand Hawaii" is our most valuable intangible asset, yet it is under constant pressure from well-funded competing destinations. This bill recognizes that marketing dollars are not a "cost" to be minimized, but an investment to be maximized.

By tying funding to a percentage of existing TAT collections, the State creates a self-scaling model: when the industry thrives, we reinvest in our brand; when the industry faces headwinds, we have the guaranteed resources necessary to fight for market share. This stability allows the private sector to align its own significant marketing spend with the State's broader vision,

creating a "multiplier effect" that amplifies Hawaii's presence globally without placing the entire burden on the taxpayer.

Tourism as a Pillar of Hawaii's Social and Cultural Fabric

Tourism in our established resort districts is far more than a transaction; it is additive to the social fabric of Hawaii. Our member hotels are often the largest employers and community partners in their respective districts. Beyond the hundreds of millions of dollars returned to the State's coffers to fund schools, roads, and social services, our industry provides the following:

- **Host Culture & Education:** Our resorts celebrate and perpetuate Hawaiian culture, employ practitioners and provide platforms for artisans and musicians to share their talents with the world. We are incubators for environmental and cultural stewardship, and embrace this role by providing careers for kama'aina rooted in these fields.
- **Natural Resource Protection:** The revenue generated by TAT—specifically as collected by the Green Fee, by the County's 3% TAT surcharge, and by General Fund appropriations of the TAT to DLNR, DOT and DAB, provide critical funding to the protection and maintenance of our State's natural resources.
- **Economic Stability:** By focusing on state-led, managed growth, we can curate a visitor profile that respects our environment and local customs, ensuring that tourism remains a "lifeline" for the 200,000 residents who depend on it.

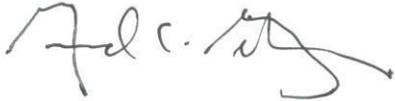
Dedicated marketing funding, as outlined in this measure, allows the State to plan and program the placement of our brand, to better assess future revenue, and in so doing ensure that we have the needed funding for critical long-term investments in our people and our kai and 'aina resources.

Maximizing Value for the State

Legal tourism within our designated resort districts is the most efficient and highest-value form of economic activity for the State. It allows for the concentration of infrastructure and services while protecting our residential neighborhoods. HB 1950, HD1 ensures that the revenue generated by these districts is reinvested strategically to protect the very industry that creates it. The requirement for an annual comprehensive plan submitted to the Legislature ensures transparency and alignment with our shared state goals of tourism management and community-first branding - in this way, the State can direct and concentrate branding where we *want* it to be while also visualizing a measurable return on our annual marketing investment.

We urge this Committee to pass this measure to ensure Hawaii remains competitive and economically resilient for generations to come.

Mahalo for the opportunity to testify and for your consideration of this measure.

A handwritten signature in black ink, appearing to read "Jerry Gibson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jerry Gibson
President, Hawaii Hotel Alliance

A handwritten signature in black ink, appearing to read "Kekoa McClellan". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Kekoa McClellan
Chief Advocate, Hawaii Hotel Alliance,
& AHLA Hawaii Spokesperson